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# SENATE BILL No. 209

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-4; IC 4-13.5-4-6; IC 5-1-4-26; IC 5-1.4-9-9; IC 5-1.5-9-9; IC 5-20-2-14; IC 5-21-2-15; IC 6-4.1; IC 6-8-5-1; IC 8-10-1-27; IC 8-14.5-6-12; IC 8-21-9-31; IC 8-22; IC 14-13; IC 14-14-1-46; IC 15-1.5-9-9; IC 16-22; IC 20-12-63-27; IC 21-9-7-3; IC 27-1-29-17; IC 28-5-2-2; IC 29-1-17; IC 29-3-3-3; IC 30-4; IC 33-19-5-6; IC 34-24; IC 36-7; IC 36-9; IC 36-10.

**Synopsis:** Repeal of inheritance tax. Provides that the state inheritance tax does not apply to property interest transfers from the estate of a person who dies after June 30, 2001. Amends the Indiana estate tax formula and provides that the amended formula applies to the estate of a person who dies after June 30, 2001. Repeals the inheritance tax effective July 1, 2003. Makes conforming amendments.

**Effective:** July 1, 2001; July 1, 2003.

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January 9, 2001, read first time and referred to Committee on Finance.

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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.

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## SENATE BILL No. 209



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

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

1 SECTION 1. IC 4-4-11-36.1 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 36.1. (a) Except as  
3 provided in subsections (b) through (c), all property, both tangible and  
4 intangible, acquired or held by the authority under this chapter,  
5 IC 4-4-21, or IC 15-7-5 is declared to be public property used for  
6 public and governmental purposes, and all such property and income  
7 therefrom shall at all times be exempt from all taxes imposed by this  
8 state, any county, any city, or any other political subdivision of this  
9 state, except for the financial institutions tax imposed under IC 6-5.5  
10 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

11 (b) Property owned by the authority and leased to a person for an  
12 industrial development project is not public property. The property and  
13 the industrial development project are subject to all taxes of the state  
14 or any county, city, or other political subdivision of the state in the  
15 same manner and subject to the same exemptions as are applicable to  
16 all persons.

17 (c) Any industrial development project financed by a loan under the



1 authority of this chapter shall not be considered public property and  
 2 shall not be exempt from any taxes of this state, or any county, city, or  
 3 other political subdivision thereof, except for pollution control  
 4 equipment.

5 (d) An agricultural enterprise or rural development project financed  
 6 by a loan under the authority of this chapter or IC 15-7-5 shall not be  
 7 considered public property and shall not be exempt from Indiana taxes  
 8 or any county, city, or other political subdivision of the state.

9 (e) This section does not provide a tax exemption for a financial  
 10 institution that receives a guaranteed participating loan or an exporter  
 11 that receives an eligible export loan or performance bond guarantee  
 12 under this chapter or IC 4-4-21.

13 SECTION 2. IC 4-4-11.2-29 IS AMENDED TO READ AS  
 14 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 29. All property of the  
 15 authority is public property devoted to an essential public and  
 16 governmental function and purpose and is exempt from all taxes and  
 17 special assessments, direct or indirect, of the state or a political  
 18 subdivision of the state. All bonds issued under this chapter are issued  
 19 by a body corporate and public of the state, but not a state agency, and  
 20 for an essential public and governmental purpose, and the bonds, the  
 21 interest thereon, the proceeds received by a holder from the sale of the  
 22 bonds to the extent of the holder's cost of acquisition, proceeds  
 23 received upon redemption prior to maturity, and proceeds received at  
 24 maturity and the receipt of the interest and proceeds shall be exempt  
 25 from taxation in the state for all purposes except a ~~state inheritance~~ tax  
 26 imposed under IC 6-4.1.

27 SECTION 3. IC 4-13.5-4-6 IS AMENDED TO READ AS  
 28 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 6. (a) All property of  
 29 the commission is public property devoted to an essential public and  
 30 governmental function and purpose and is exempt from all taxes and  
 31 special assessments of the state or a political subdivision of the state.

32 (b) All bonds or loan contracts issued under this article are issued  
 33 by a body corporate and politic of this state, but not a state agency, and  
 34 for an essential public and governmental purpose, and the bonds and  
 35 loan contracts, the interest thereon, the proceeds received by a holder  
 36 from the sale of the bonds or loan contracts to the extent of the holder's  
 37 cost of acquisition, proceeds received upon redemption before  
 38 maturity, proceeds received at maturity, and the receipt of the interest  
 39 and proceeds are exempt from taxation for all purposes except the  
 40 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
 41 tax imposed under IC 6-4.1.

42 SECTION 4. IC 5-1-4-26 IS AMENDED TO READ AS FOLLOWS



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1 [EFFECTIVE JULY 1, 2001]: Sec. 26. The exercise of the powers  
 2 granted by this chapter will be in all respects for the benefit of the  
 3 people of the state, for the increase of their commerce and prosperity,  
 4 and for the improvement of their health and living conditions, and as  
 5 the operation and maintenance of a project by an authority or its agent  
 6 will constitute the performance of essential governmental functions,  
 7 such authority shall not be required to pay any taxes or assessments  
 8 upon or in respect of a project or any property acquired or used by such  
 9 authority under the provisions of this chapter, or upon the income  
 10 therefrom, and the bonds issued under the provisions of this chapter,  
 11 the interest thereon, the proceeds received by a holder from the sale of  
 12 such bonds to the extent of the holder's cost of acquisition, or proceeds  
 13 received upon redemption prior to maturity or proceeds received at  
 14 maturity, and the receipt of such interest and proceeds shall be exempt  
 15 from taxation in the state of Indiana for all purposes except the  
 16 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
 17 tax imposed under IC 6-4.1.

18 SECTION 5. IC 5-1.4-9-9 IS AMENDED TO READ AS  
 19 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 9. All property of the  
 20 bank is public property devoted to an essential public and  
 21 governmental function and purpose and is exempt from all taxes and  
 22 special assessments of the state or a political subdivision of the state.  
 23 All bonds or notes issued under this article are issued by a body  
 24 corporate and public of this state, but not a state, city, or county agency,  
 25 and for an essential public and governmental purpose. The bonds and  
 26 notes, the interest thereon, the proceeds received by a holder from the  
 27 sale of the bonds or notes to the extent of the holder's cost of  
 28 acquisition, proceeds received upon redemption before maturity,  
 29 proceeds received at maturity, and the receipt of the interest and  
 30 proceeds shall be exempt from taxation in the state for all purposes  
 31 except the financial institutions tax imposed under IC 6-5.5 or a ~~state~~  
 32 ~~inheritance~~ tax imposed under IC 6-4.1.

33 SECTION 6. IC 5-1.5-9-9 IS AMENDED TO READ AS  
 34 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 9. All property of the  
 35 bank is public property devoted to an essential public and  
 36 governmental function and purpose and is exempt from all taxes and  
 37 special assessments, direct or indirect, of the state or a political  
 38 subdivision of the state. All bonds or notes issued under this article are  
 39 issued by a body corporate and public of this state, but not a state  
 40 agency, and for an essential public and governmental purpose and the  
 41 bonds and notes, the interest thereon, the proceeds received by a holder  
 42 from the sale of the bonds or notes to the extent of the holder's cost of

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1 acquisition, proceeds received upon redemption prior to maturity, ~~and~~  
 2 proceeds received at maturity, and the receipt of the interest and  
 3 proceeds shall be exempt from taxation in the state for all purposes  
 4 except the financial institutions tax imposed under IC 6-5.5 or a ~~state~~  
 5 ~~inheritance~~ tax imposed under IC 6-4.1.

6 SECTION 7. IC 5-20-2-14 IS AMENDED TO READ AS  
 7 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 14. All bonds and  
 8 interim receipts or certificates, proceeds received by a holder from the  
 9 sale of them to the extent of the holder's cost of acquisition, proceeds  
 10 received upon redemption prior to maturity, proceeds received at  
 11 maturity, and interest thereon, are exempt from taxation in the state of  
 12 Indiana for all purposes except the financial institutions tax imposed  
 13 under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

14 SECTION 8. IC 5-21-2-15 IS AMENDED TO READ AS  
 15 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 15. (a) All property of  
 16 the commission is public property devoted to an essential public and  
 17 governmental function and purpose and is exempt from all taxes and  
 18 special assessments of the state or a political subdivision of the state.

19 (b) All bonds or loan contracts issued under this article are issued  
 20 by a body corporate and politic of this state, but not a state agency, and  
 21 for an essential public and governmental purpose. The bonds and loan  
 22 contracts, the interest on them, the proceeds received by a holder from  
 23 the sale of the bonds or loan contracts to the extent of the holder's cost  
 24 of acquisition, proceeds received upon redemption before maturity,  
 25 proceeds received at maturity, and the receipt of the interest and  
 26 proceeds are exempt from taxation for all purposes except the financial  
 27 institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax  
 28 imposed under IC 6-4.1.

29 SECTION 9. IC 6-4.1-2-0.5 IS ADDED TO THE INDIANA CODE  
 30 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY  
 31 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this chapter does not**  
 32 **apply to a property interest transferred from the estate of a person**  
 33 **whose death occurs after June 30, 2001.**

34 SECTION 10. IC 6-4.1-3-0.5 IS ADDED TO THE INDIANA  
 35 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
 36 [EFFECTIVE JULY 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this**  
 37 **chapter does not apply to a property interest transferred from the**  
 38 **estate of a person whose death occurs after June 30, 2001.**

39 SECTION 11. IC 6-4.1-4-0.2 IS ADDED TO THE INDIANA  
 40 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
 41 [EFFECTIVE JULY 1, 2001]: **Sec. 0.2. Beginning July 1, 2001, this**  
 42 **chapter does not apply to a property interest transferred from the**

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1 **estate of a person whose death occurs after June 30, 2001.**

2 SECTION 12. IC 6-4.1-5-0.5 IS ADDED TO THE INDIANA  
3 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
4 [EFFECTIVE JULY 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this**  
5 **chapter does not apply to a property interest transferred from the**  
6 **estate of a person whose death occurs after June 30, 2001.**

7 SECTION 13. IC 6-4.1-6-0.5 IS ADDED TO THE INDIANA  
8 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
9 [EFFECTIVE JULY 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this**  
10 **chapter does not apply to a property interest transferred from the**  
11 **estate of a person whose death occurs after June 30, 2001.**

12 SECTION 14. IC 6-4.1-7-0.5 IS ADDED TO THE INDIANA  
13 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
14 [EFFECTIVE JULY 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this**  
15 **chapter does not apply to a property interest transferred from the**  
16 **estate of a person whose death occurs after June 30, 2001.**

17 SECTION 15. IC 6-4.1-8-0.5 IS ADDED TO THE INDIANA  
18 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
19 [EFFECTIVE JULY 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this**  
20 **chapter does not apply to a property interest transferred from the**  
21 **estate of a person whose death occurs after June 30, 2001.**

22 SECTION 16. IC 6-4.1-9-0.5 IS ADDED TO THE INDIANA  
23 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
24 [EFFECTIVE JULY 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this**  
25 **chapter does not apply to a property interest transferred from the**  
26 **estate of a person whose death occurs after June 30, 2001.**

27 SECTION 17. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA  
28 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
29 [EFFECTIVE JULY 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this**  
30 **chapter does not apply to a property interest transferred from the**  
31 **estate of a person whose death occurs after June 30, 2001.**

32 SECTION 18. IC 6-4.1-11-2 IS AMENDED TO READ AS  
33 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 2. (a) **This section**  
34 **applies to the estate of a person whose death occurs before July 1,**  
35 **2001.**

36 (b) The Indiana estate tax is the amount determined in STEP FOUR  
37 of the following formula:

38 STEP ONE: Divide:

39 (A) the value of the decedent's Indiana gross estate; by

40 (B) the value of the decedent's total gross estate for federal  
41 estate tax purposes.

42 STEP TWO: Multiply:

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- 1 (A) the quotient determined under STEP ONE; by  
 2 (B) the federal state death tax credit allowable against the  
 3 decedent's federal estate tax.  
 4 The product is the Indiana portion of the federal state death tax  
 5 credit.  
 6 STEP THREE: Subtract:  
 7 (A) the amount of all Indiana inheritance taxes actually paid  
 8 as a result of the decedent's death; from  
 9 (B) the product determined under STEP TWO.  
 10 STEP FOUR: Determine the greater of the following:  
 11 (A) The remainder determined under STEP THREE.  
 12 (B) Zero (0).  
 13 ~~(b)~~ (c) For purposes of this section, the value of a nonresident  
 14 decedent's Indiana gross estate equals the total fair market value on the  
 15 appraisal date of tangible personal property and real estate which had  
 16 an actual situs in Indiana at the time of the decedent's death and which  
 17 is included in the decedent's gross estate for federal estate tax purposes  
 18 under Sections 2031 through 2044 of the Internal Revenue Code.  
 19 ~~(c)~~ (d) For purposes of this section, the value of a resident  
 20 decedent's Indiana gross estate equals the total fair market value on the  
 21 appraisal date of personal property and real estate that had an actual  
 22 situs in Indiana at the time of the decedent's death and all intangible  
 23 personal property wherever located that is included in the decedent's  
 24 gross estate for federal estate tax purposes.  
 25 ~~(d)~~ (e) For purposes of this section, the value of a resident or  
 26 nonresident decedent's total gross estate for federal estate tax purposes  
 27 equals the total fair market value on the appraisal date of the property  
 28 included in the decedent's gross estate for federal estate tax purposes  
 29 under Sections 2031 through 2044 of the Internal Revenue Code.  
 30 ~~(e)~~ (f) For purposes of determining the value of a decedent's Indiana  
 31 gross estate and the decedent's total gross estate, the appraisal date for  
 32 each property interest is the date on which the property interest is  
 33 valued for federal estate tax purposes.  
 34 ~~(f)~~ (g) The estate tax does not apply to a property interest transfer  
 35 made by a resident decedent if the interest transferred is in:  
 36 (1) real property located outside Indiana, regardless of whether  
 37 the property is held in a trust or whether the trustee is required to  
 38 distribute the property in-kind; or  
 39 (2) real property located in Indiana, if:  
 40 (A) the real property was transferred to an irrevocable trust  
 41 during the decedent's lifetime;  
 42 (B) the transfer to the trust was not made in contemplation of

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1 the transferor's death, as determined under IC 6-4.1-2-4; and  
 2 (C) the decedent does not have a retained interest in the trust.

3 SECTION 19. IC 6-4.1-11-2.5 IS ADDED TO THE INDIANA  
 4 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 5 [EFFECTIVE JULY 1, 2001]: **Sec. 2.5. (a) This section applies to the**  
 6 **estate of a person whose death occurs after June 30, 2001.**

7 **(b) The Indiana estate tax is the amount determined in STEP**  
 8 **THREE of the following formula:**

9 **STEP ONE: Divide:**

10 **(A) the value of the decedent's Indiana gross estate; by**  
 11 **(B) the value of the decedent's total gross estate for federal**  
 12 **estate tax purposes.**

13 **STEP TWO: Multiply:**

14 **(A) the quotient determined under STEP ONE; by**  
 15 **(B) the federal state death tax credit allowable against the**  
 16 **decedent's federal estate tax.**

17 **The product is the Indiana portion of the federal state death**  
 18 **tax credit.**

19 **STEP THREE: Determine the greater of the following:**

20 **(A) The product determined under STEP TWO.**  
 21 **(B) Zero (0).**

22 **(c) For purposes of this section, the value of a nonresident**  
 23 **decedent's Indiana gross estate equals the total fair market value**  
 24 **on the appraisal date of tangible personal property and real estate**  
 25 **that had an actual situs in Indiana at the time of the person's death**  
 26 **and that is included in the decedent's gross estate for federal estate**  
 27 **tax purposes under Sections 2031 through 2044 of the Internal**  
 28 **Revenue Code.**

29 **(d) For purposes of this section, the value of a resident**  
 30 **decedent's Indiana gross estate equals the total fair market value**  
 31 **on the appraisal date of personal property and real estate that had**  
 32 **an actual situs in Indiana at the time of the person's death and all**  
 33 **intangible personal property wherever located that is included in**  
 34 **the decedent's gross estate for federal estate tax purposes.**

35 **(e) For purposes of this section, the value of a resident or**  
 36 **nonresident decedent's total gross estate for federal estate tax**  
 37 **purposes equals the total fair market value on the appraisal date**  
 38 **of the property included in the decedent's gross estate for federal**  
 39 **estate tax purposes under Sections 2031 through 2044 of the**  
 40 **Internal Revenue Code.**

41 **(f) For purposes of determining the value of a decedent's**  
 42 **Indiana gross estate and the decedent's total gross estate, the**

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1 appraisal date for each property interest is the date on which the  
2 property interest is valued for federal estate tax purposes.

3 (g) The estate tax does not apply to a property interest transfer  
4 made by a resident decedent if the interest transferred is in:

5 (1) real property located outside Indiana, regardless of  
6 whether the property is held in a trust or whether the trustee  
7 is required to distribute the property in-kind; or

8 (2) real property located in Indiana, if:

9 (A) the real property was transferred to an irrevocable  
10 trust during the decedent's lifetime;

11 (B) the transfer to the trust was not made in contemplation  
12 of the transferor's death, as determined under  
13 IC 6-4.1-2-4; and

14 (C) the decedent does not have a retained interest in the  
15 trust.

16 SECTION 20. IC 6-4.1-12-6 IS AMENDED TO READ AS  
17 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 6. The department of  
18 state revenue:

19 (1) shall supervise the enforcement of this article;

20 (2) shall supervise the collection of taxes imposed under this  
21 article;

22 (3) shall investigate the manner in which this article is  
23 administered and enforced in the various counties of this state;

24 (4) shall provide the forms and books required to implement this  
25 article;

26 (5) shall promulgate any rules or regulations which are necessary  
27 for the interpretation or the enforcement of this article;

28 (6) may investigate any facts or circumstances which are relevant  
29 to the taxes imposed under this article;

30 (7) shall provide the inheritance tax administrator with a secretary  
31 **(until the elimination of the office of inheritance tax**  
32 **administrator);** and

33 (8) may provide the inheritance tax administrator with assistants,  
34 clerks, or stenographers **(until the elimination of the office of**  
35 **inheritance tax administrator).**

36 SECTION 21. IC 6-4.1-12-11 IS AMENDED TO READ AS  
37 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 11. The department of  
38 state revenue and the inheritance tax administrator **(until the**  
39 **elimination of the office of inheritance tax administrator)** shall  
40 gather information and make investigations concerning the estates of  
41 non-residents whose deaths result in the imposition of a tax under this  
42 article.



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1 SECTION 22. IC 6-4.1-12-12 IS AMENDED TO READ AS  
 2 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12. (a) The department,  
 3 the department's counsel, agents, clerks, stenographers, other  
 4 employees, or former employees, or any other person who gains access  
 5 to the inheritance tax files shall not divulge any information disclosed  
 6 by the documents required to be filed under this article. However,  
 7 disclosure may be made in the following cases:

- 8 (1) To comply with an order of a court.  
 9 (2) To the members and employees of the department.  
 10 (3) To the members and employees of county offices and courts  
 11 to the extent they need the information for inheritance tax  
 12 purposes. IC 5-14-3-6.5 does not apply to this subdivision.  
 13 (4) To the governor.  
 14 (5) To the attorney general.  
 15 (6) To any other legal representative of the state in any action  
 16 pertaining to the tax due under this article.  
 17 (7) To any authorized officer of the United States, when the  
 18 recipient agrees that the information is confidential and will be  
 19 used solely for official purposes.  
 20 (8) Upon the receipt of a certified request, to any designated  
 21 officer of a tax department of any other state, district, territory, or  
 22 possession of the United States, when the state, district, territory,  
 23 or possession permits the exchange of like information with the  
 24 taxing officials of Indiana and when the recipient agrees that the  
 25 information is confidential and will be used solely for tax  
 26 collection purposes.  
 27 (9) Upon receipt of a written request, to the director of the  
 28 division of family and children and to any county director of  
 29 family and children, when the recipient agrees that the  
 30 information is confidential and will be used only in connection  
 31 with their official duties.  
 32 (10) To the attorney listed on the inheritance tax return under  
 33 IC 6-4.1-4-1 (**before its repeal**) or IC 6-4.1-4-7 (**before its**  
 34 **repeal**).  
 35 (11) To a devisee, an heir, a successor in interest, or a surviving  
 36 joint tenant of the decedent for whom an inheritance tax return  
 37 was filed or, upon the receipt of a written request, to an agent or  
 38 attorney of a devisee, an heir, a successor in interest, or a  
 39 surviving joint tenant of the decedent.  
 40 (b) Any person who knowingly violates this section:  
 41 (1) commits a Class C misdemeanor; and  
 42 (2) shall be immediately dismissed from the person's office or

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1 employment, if the person is an officer or employee of the state.  
 2 SECTION 23. IC 6-8-5-1 IS AMENDED TO READ AS FOLLOWS  
 3 [EFFECTIVE JULY 1, 2001]: Sec. 1. (a) All bonds issued after March  
 4 11, 1959, or notes, warrants, or other evidences of indebtedness issued  
 5 in the state of Indiana by or in the name of any county, township, city,  
 6 incorporated town, school corporation, state educational institution or  
 7 state supported institution of higher learning, or any other political,  
 8 municipal, public or quasi-public corporation or body, or in the name  
 9 of any special assessment or taxing district or in the name of any  
 10 authorized body of any such corporation or district, the interest thereon,  
 11 the proceeds received by a holder from the sale of such obligations to  
 12 the extent of the holder's cost of acquisition, or proceeds received upon  
 13 redemption prior to maturity, or proceeds received at maturity, and the  
 14 receipt of such interest and proceeds, shall be exempt from taxation in  
 15 the state of Indiana for all purposes except a ~~state inheritance~~ tax  
 16 imposed under IC 6-4.1.  
 17 (b) All bonds issued after March 11, 1933, and before March 12,  
 18 1959, by any municipality in this state under the provisions of any  
 19 statute whereby the terms thereof provide for the payment of such  
 20 bonds out of the funds derived from the revenues of any municipally  
 21 owned utility or which are to be paid by pledging the physical property  
 22 of any such municipally owned utility, or any bonds issued pledging  
 23 both the physical property and the revenues of such utility, or any  
 24 bonds issued for additions to or improvements to be made to such  
 25 municipally owned utility, or any bonds issued by any municipality to  
 26 be paid out of taxes levied by such municipality for the acquiring,  
 27 purchase, construction, or the reconstruction of a utility, or any part  
 28 thereof, shall be exempt from taxation for all purposes except a ~~state~~  
 29 ~~inheritance~~ tax imposed under IC 6-4.1.  
 30 (c) This section does not apply to measuring the franchise tax  
 31 imposed on the privilege of transacting the business of a financial  
 32 institution in Indiana under IC 6-5.5.  
 33 (d) No other statute exempting interest paid on debt obligations of:  
 34 (1) a state or local public entity, including an agency, a  
 35 government corporation, or an authority; or  
 36 (2) a corporation or other entity leasing real or personal property  
 37 to an entity described in subdivision (1);  
 38 applies to measuring of the franchise tax imposed on financial  
 39 institutions under IC 6-5.5.  
 40 SECTION 24. IC 8-10-1-27 IS AMENDED TO READ AS  
 41 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 27. (a) The exercise of  
 42 the powers granted by this chapter will be in all respects for the benefit

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1 of the people of the state, for the increase of their commerce and  
2 prosperity, and for the improvement of their health and living  
3 conditions.

4 (b) As the operation and maintenance of a port project by the  
5 commission will constitute the performance of essential governmental  
6 functions, the commission shall not be required to pay any taxes or  
7 assessments upon any port project or any property acquired or used by  
8 the commission under the provisions of this chapter or upon the income  
9 therefrom. The bonds issued by the commission, the interest thereon,  
10 the proceeds received by a holder from the sale of such bonds to the  
11 extent of the holder's cost of acquisition, or proceeds received upon  
12 redemption prior to maturity or proceeds received at maturity, and the  
13 receipt of such interest and proceeds shall be exempt from taxation in  
14 the state of Indiana for all purposes except the financial institutions tax  
15 imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under  
16 IC 6-4.1.

17 (c) Notwithstanding any other statute, a lessee's leasehold estate in  
18 land that is part of a port and that is owned by the state or the  
19 commission is exempt from property taxation.

20 SECTION 25. IC 8-14.5-6-12 IS AMENDED TO READ AS  
21 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12. All bonds or notes  
22 issued under this article are issued by a body corporate and politic of  
23 this state, but not a state agency, and for an essential public and  
24 governmental purpose. The bonds and notes, the interest on the bonds  
25 and notes, the proceeds received by an owner from the sale of the  
26 bonds or notes to the extent of the owner's cost of acquisition, proceeds  
27 received upon redemption for maturity, proceeds received at maturity,  
28 and the receipt of the interest and proceeds are exempt from taxation  
29 for all purposes except the financial institutions tax imposed under  
30 IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

31 SECTION 26. IC 8-21-9-31 IS AMENDED TO READ AS  
32 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 31. (a) The exercise of  
33 the powers granted by this chapter will be in all respects for the benefit  
34 of the people of the state, for the increase of their commerce and  
35 prosperity, and for the improvement of their health and living  
36 conditions, and as the operation and maintenance of an airport facility  
37 or airport facilities by the department will constitute the performance  
38 of essential governmental functions, the department shall not be  
39 required to pay any taxes or assessments upon any airport facility or  
40 airport facilities or any property acquired or used by the department  
41 under the provisions of this chapter, or upon the income therefrom, and  
42 the bonds issued under the provisions of this chapter, the interest

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1 thereon, the proceeds received by a holder from the sale of such bonds  
 2 to the extent of the holder's cost of acquisition, or proceeds received  
 3 upon redemption prior to maturity or proceeds received at maturity, and  
 4 the receipt of such interest and proceeds shall be exempt from taxation  
 5 in the state of Indiana for all purposes except the financial institutions  
 6 tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under  
 7 IC 6-4.1.

8 (b) All properties both real and personal owned and operated by the  
 9 department or leased by the department for proprietary purposes shall  
 10 be assessed and added to the local tax rolls as any other private  
 11 property. Such proprietary operations, under control of either the  
 12 authority or a lessee of the department, shall be subject to Indiana state  
 13 gross income, adjusted gross income, and sales tax laws.

14 SECTION 27. IC 8-22-3-17 IS AMENDED TO READ AS  
 15 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 17. (a) For the purpose  
 16 of raising money to pay all bonds issued under section 16 of this  
 17 chapter and any interest on them, the principal of and interest on any  
 18 outstanding bonds or obligations payable from taxes and assumed  
 19 under section 33 of this chapter, and leases entered into under  
 20 IC 8-22-3.6 that are payable in whole or in part from a property tax  
 21 levy, the board shall levy each year a special tax upon all of the  
 22 property, both real and personal, located within the district in a manner  
 23 and in an amount to meet and pay the principal of the bonds as they  
 24 severally mature, together with all interest accruing on them, and to pay  
 25 lease rentals as they become due, after taking into account all other  
 26 revenues pledged to the payment of the bonds or lease rentals.

27 (b) The board shall file the tax levied each year with the county  
 28 auditor of the county in which the district is located under IC 6-1.1-17.

29 (c) The tax levied shall be collected and enforced by the treasurer  
 30 of the county under IC 6-1.1, and as the tax is collected by the treasurer  
 31 of the county it shall be paid over to the treasurer of the authority. The  
 32 treasurer shall accumulate and keep the tax in a separate fund to be  
 33 known as the "airport authority bond fund", which shall be applied to  
 34 the payment of the bonds and the interest on them as they severally  
 35 mature and to the payment of lease rentals and to no other purposes.

36 (d) The bonds issued under this chapter and the interest on them are  
 37 exempt from taxation for all purposes except the financial institutions  
 38 tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under  
 39 IC 6-4.1.

40 SECTION 28. IC 8-22-3-18.1 IS AMENDED TO READ AS  
 41 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 18.1. (a) The board  
 42 may:



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1 (1) finance capital improvements, including the acquisition of real  
 2 estate;  
 3 (2) refund any bonds; or  
 4 (3) pay any loan contract;  
 5 by borrowing money and issuing revenue bonds from time to time  
 6 under this section.

7 (b) The issuance of revenue bonds must be authorized by ordinance  
 8 of the board in at least one (1) series, may bear a date or dates, may  
 9 mature at a time or times not exceeding forty (40) years from their  
 10 respective dates, may bear interest, may be in a denomination or  
 11 denominations, may be in a form, either coupon or registered, may  
 12 carry registration and conversion privileges, may be executed in a  
 13 manner, may be payable in a medium of payment and at a place or  
 14 places, may be subject to terms of redemption, with or without a  
 15 premium, may be declared or become due before the maturity date,  
 16 may provide for the replacement of mutilated, destroyed, stolen, or lost  
 17 bonds, may be authenticated in a manner and upon compliance with  
 18 conditions, and may contain other terms and covenants that the  
 19 ordinance of the board provides. Notwithstanding the form or tenor of  
 20 the bonds, and in the absence of express recitals on their faces that the  
 21 bonds are nonnegotiable, the bonds are negotiable instruments.

22 (c) The issuance of revenue bonds must be approved as follows:  
 23 (1) When the authority is established by an eligible entity, by the  
 24 entity's executive.  
 25 (2) When the authority is established by at least two (2) eligible  
 26 entities acting jointly, by the executive of each of those entities.  
 27 (3) When the authority was established under IC 19-6-2 (before  
 28 its repeal on April 1, 1980), by the executive of the consolidated  
 29 city.  
 30 (4) When the authority was established under IC 19-6-3 (before  
 31 its repeal on April 1, 1980), by the county fiscal body.

32 For purposes of this subsection, the entire legislative body of a town is  
 33 considered the executive of the town.

34 (d) The bonds must be executed in the name of the authority by the  
 35 president of the board and attested by the secretary, and interest  
 36 coupons may be executed by placing on the interest coupons the  
 37 facsimile signature of the president of the board. The bonds are valid  
 38 and binding obligations of the authority for all purposes,  
 39 notwithstanding that before delivery of the bonds any of the persons  
 40 whose signatures appear on the bonds have ceased to be officers of the  
 41 entity or authority, as if the persons had continued to be officers of the  
 42 entity and authority until after delivery. The validity of the

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1 authorization and issuance of the bonds is not dependent on or affected  
 2 in any way by proceedings taken for the improvement for which the  
 3 bonds are to be issued, or by contracts made in connection with the  
 4 improvement. An ordinance authorizing revenue bonds must provide  
 5 that a revenue bond contain a recital that the bond is issued under this  
 6 chapter, and a bond containing the recital under authority of an  
 7 ordinance is considered valid and issued in conformity with this  
 8 chapter.

9 (e) At the discretion of the board, the revenue bonds shall be sold  
 10 either under the procedures for selling public bonds or at a negotiated  
 11 sale. The bonds may be sold in installments at different times, or an  
 12 entire issue or series may be sold or exchanged at one (1) time. Any  
 13 issue or series of the bond may be sold in part or sold in part in  
 14 installments at different times or at one (1) time.

15 (f) The bonds are special obligations of the authority and are  
 16 payable solely from and secured by a lien upon the revenues of all or  
 17 part of the facilities of the authority, as shall be more fully described in  
 18 the ordinance of the board authorizing the issuance of the bonds, and,  
 19 subject to the Constitution and to the prior or superior rights of any  
 20 person, the board may by ordinance pledge and assign for the security  
 21 of the bonds all or part of the gross or net revenues of the enterprise.

22 (g) All bonds of the same issue shall be equally and ratably secured,  
 23 without priority by reason of number, date of bonds, of sale, of  
 24 execution, or of delivery, by a lien upon the revenues in accordance  
 25 with this section and the ordinance authorizing the issuance of the  
 26 bonds.

27 (h) This chapter does not alter the rights granted to or the  
 28 agreements made with the holders of any notes, bonds, or other  
 29 obligations of the board outstanding on April 1, 1980.

30 (i) The bonds, and interest on the bonds, are not a debt of the  
 31 authority or the board, nor a charge, a lien, or an encumbrance, legal or  
 32 equitable, upon property of the board, or upon income, receipts, or  
 33 revenues of the board other than those revenues of the facilities that  
 34 have been pledged to the payment of the bonds. Every bond must recite  
 35 in substance that the bond, including interest, is payable solely from the  
 36 revenues pledged to the bond's payment, and that the board is under no  
 37 obligation to pay the bond, except from those revenues.

38 (j) The bonds and the income from the bonds are exempt from  
 39 taxation, except the financial institutions tax imposed under IC 6-5.5  
 40 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

41 (k) In order that the payment of the revenue bonds and the interest  
 42 on the bonds be adequately secured, the board and its officers, agents,

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and employees shall:  
(1) pay or cause to be paid punctually the principal of every bond, and the interest on every bond, on the date or dates and at the place or places and in the manner and out of the funds mentioned in the bonds and in the attached coupons, in accordance with the ordinance authorizing their issuance;  
(2) operate the facilities of the authority, the revenues of which are pledged to the bonds, in an efficient and economical manner and establish, levy, maintain, and collect fees, tolls, rentals, rates, and other charges that may be necessary or proper, which must be at least sufficient after making due and reasonable allowance for contingencies and for a margin of error in the estimates:  
(A) to pay all current expenses of operation, maintenance, and repair of the facilities;  
(B) to pay the interest on and principal of the bonds as the bonds become due and payable;  
(C) to comply in all respects with the terms of the ordinance authorizing the issuance of bonds or any other contract or agreement with the holders of the bonds; and  
(D) to meet any other obligations of the board that are charges, liens, or encumbrances upon the revenues of the facilities;  
(3) operate and maintain the facilities and every part of the facilities in good working order and condition;  
(4) preserve the security of the bonds and the rights of the holders, and warrant and defend the rights against all claims and demands of all persons;  
(5) pay the lawful claims for labor, materials, and supplies, which, if unpaid, might by law become a lien or charge upon the revenues or part of the revenues, superior to the lien of the bonds, or that might impair the security of the bonds, to the end that the priority and security of the bonds be fully preserved;  
(6) hold in trust the revenues pledged to the payment of the bonds for the benefit of the holders of the bonds and apply the revenues only as provided by the ordinance authorizing the issuance of the bonds or, if the ordinance is modified, as provided in the ordinance as modified; and  
(7) keep proper books of record and accounts of the facilities (separate from all other records and accounts) in which complete and correct entries are made of all transactions relating to the facilities or part of the facilities, the revenues of which are pledged and that, together with all other books and papers of the board, are at all times subject to the inspection of the holder or

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1 holders of not less than ten percent (10%) of the bonds then  
 2 outstanding or the holder's or the holders' representative duly  
 3 authorized in writing.

4 None of the duties in this subsection require the expenditure in any  
 5 manner or for any purpose by the board of any funds other than  
 6 revenues received or receivable from the enterprise or facilities.

7 (l) The board may insert provisions in an ordinance or a resolution  
 8 authorizing the issuance of revenue bonds, which becomes a part of the  
 9 contract with the holders of the revenue bonds, as to:

10 (1) limitations on the purpose to which the proceeds of sale of any  
 11 issue of revenue bonds, or any notes, bonds, or other obligations  
 12 payable from the revenues to finance the improving of the  
 13 facilities may be applied;

14 (2) limitations on the issuance of additional bonds, or additional  
 15 notes, bonds, or other obligations to finance the improving of the  
 16 facilities, including liens;

17 (3) limitations on the right of the board to restrict and regulate the  
 18 use of the facilities;

19 (4) the amount and kind of insurance to be maintained on the  
 20 facilities and the use and disposition of insurance money;

21 (5) pledging all or part of the revenues of the facilities to which  
 22 the board's right exists;

23 (6) covenanting against pledging all or part of the revenues of the  
 24 facilities to which its right exists;

25 (7) events of default and terms and conditions upon which the  
 26 bonds become or may be declared due before maturity and as to  
 27 the terms and conditions upon which declaration and its  
 28 consequences may be waived;

29 (8) the rights, liabilities, powers, and duties arising upon the  
 30 breach by it of any covenants, conditions, or obligations;

31 (9) the vesting in a trust or trustees the right to enforce covenants  
 32 made to secure, to pay, or in relation to the bonds, as to the  
 33 powers and duties of the trustee or trustees, and the limitation of  
 34 liabilities, and as to the terms and conditions upon which the  
 35 holders of the bonds or any proportion or percentage of the  
 36 holders of the bonds may enforce any covenants made or duties  
 37 imposed under this chapter;

38 (10) a procedure by which the terms of an ordinance authorizing  
 39 revenue bonds, or any other contract with bondholders, such as an  
 40 indenture of trust or similar instrument, may be amended or  
 41 abrogated and as to the amount of bonds, the holders of which  
 42 must consent to them and the manner in which such consent may

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- 1           be given;
- 2           (11) the execution of all instruments necessary or convenient in
- 3           the exercise of the powers granted by this chapter or in the
- 4           performance of the duties of the board and the officers, agents,
- 5           and employees of them;
- 6           (12) refraining from pledging, claiming, or taking the benefit or
- 7           advantage of any stay or extension law whenever enacted, which
- 8           may affect the duties or covenants of the board in relation to the
- 9           bonds, or the performance or the lien of the bonds;
- 10          (13) the purchase out of funds available, including the proceeds
- 11          of revenue bonds, of outstanding notes, bonds, or obligations and
- 12          the price or prices at which and the manner in which purchases
- 13          may be made; and
- 14          (14) other acts and things that may be necessary, convenient, or
- 15          desirable in order to secure the bonds, or that may tend to make
- 16          the bonds more marketable.

17          This section does not authorize the board to make covenants, to  
 18          perform an act, or to do anything that requires the expenditure by the  
 19          board of funds other than revenues received or receivable from the  
 20          facilities.

21          (m) In the event that the board defaults in the payment of the  
 22          principal or interest on any of the revenue bonds after the bonds  
 23          become due, whether at maturity or upon call for redemption, and the  
 24          default continues for a period of thirty (30) days, or in the event that the  
 25          board or the board's officers, agents, or employees fail or refuse to  
 26          comply with this chapter or default in an agreement made with the  
 27          holders of the bonds, any holder or holders of revenue bonds, or a  
 28          trustee for the holder or holders of the bonds, has the right to apply in  
 29          an appropriate judicial proceeding to the circuit or superior court of the  
 30          county in which the district is situated, in which the facilities are  
 31          located, or in any court of competent jurisdiction, for the appointment  
 32          of a receiver of the facilities, whether or not the holder, holders, or  
 33          trustee is seeking or has sought to enforce any other right or to exercise  
 34          any remedy in connection with the bonds. Upon application, the circuit  
 35          or superior court may appoint, and if the application is made by the  
 36          holders of twenty-five percent (25%) in principal amount of the bonds  
 37          then outstanding or by a trustee for holders of the bonds in that amount  
 38          shall appoint, a receiver for the enterprise.

39          (n) The receiver appointed shall, directly or by the receiver's agents  
 40          and attorneys, enter into and upon and take possession of the facilities,  
 41          the revenues of which are pledged, and every part of the facilities, and  
 42          may exclude the board, the board's officers, agents, and employees, and

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1 all persons claiming under them. The receiver may have, hold, use,  
 2 operate, manage, and control the facilities in the name of the board or  
 3 otherwise, as the receiver considers best, and may exercise all rights  
 4 and powers of the board with respect to the facilities as the board itself  
 5 might do. The receiver shall maintain, restore, and insure the facilities,  
 6 shall make all necessary repairs, shall establish, levy, maintain, and  
 7 collect fees, tolls, rentals, and other charges in connection with the  
 8 facilities that the receiver considers necessary or proper and  
 9 reasonable, and shall collect and receive all revenues, deposit the  
 10 revenues in a separate account, and apply the revenues in the manner  
 11 that the court directs.

12 (o) Whenever all that is due upon the revenue bonds and interest on  
 13 the bonds, and upon other notes, bonds, or other obligations, and  
 14 interest on the notes, bonds, or obligations, having a charge, lien, or  
 15 encumbrance on the revenues of the facilities and under the terms of  
 16 covenants or agreements with bondholders has been paid or deposited,  
 17 and all defaults have been cured and made good, the court may in its  
 18 discretion, and after notice and hearing that the court considers  
 19 reasonable and proper, direct the receiver to surrender possession of  
 20 the facilities to the board, with the right of the holders of the bonds to  
 21 secure the appointment of a receiver upon subsequent default  
 22 remaining in force.

23 (p) The receiver shall act under the direction and supervision of the  
 24 court making the appointment and is at all times subject to the orders  
 25 and decrees of the court, including possible removal. Nothing  
 26 contained in this section limits or restricts the jurisdiction of the court  
 27 to enter other or further orders and decrees as the court considers  
 28 necessary or appropriate for the exercise by the receiver of functions  
 29 specifically set forth.

30 (q) Subject to contractual limitations binding upon the holders or a  
 31 trustee of an issue of revenue bonds, including but not limited to the  
 32 restrictions of the exercise of a remedy to a specified proportion or  
 33 percentage of the holders, a holder or trustee of the bonds may, for the  
 34 equal benefit and protection of all holders of revenue bonds similarly  
 35 situated:

36 (1) by mandamus or other suit, action, or proceeding at law or in  
 37 equity enforce rights against the board and any of the board's  
 38 officers, agents, and employees and require and compel the board  
 39 or the board's officers, agents, or employees to perform and carry  
 40 out duties and obligations under this chapter and covenant  
 41 agreements with bondholders;

42 (2) by action or suit in equity require the board to account as if the

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1 board were the trustee of an express trust;  
 2 (3) by action or suit in equity enjoin any acts or things that may be  
 3 unlawful or in violation of the rights of the bondholders; or  
 4 (4) bring suit upon the bonds.

5 No remedy conferred by this chapter upon a holder or trustee of  
 6 revenue bonds is intended to be exclusive of any other remedy, but  
 7 each remedy is in addition to every other remedy and may be exercised  
 8 without exhausting and without regard to any other remedy conferred  
 9 by this chapter or by any other law. No waiver of a default or breach of  
 10 duty or contract, whether by a holder or trustee of revenue bonds  
 11 extends to or affects a subsequent default or breach of duty or contract  
 12 or impairs any rights or remedies on them. No delay or omission of a  
 13 bondholder or trustee extends to or affects a subsequent default or  
 14 breach of duty or contract or impairs any rights or remedies. No delay  
 15 or omission of a bondholder or trustee to exercise a right or power  
 16 accruing upon default impairs the right or power or may be construed  
 17 to be a waiver of the default or acquiescence in it. Every substantive  
 18 right and every remedy conferred upon the holders of revenue bonds  
 19 may be enforced and exercised from time to time and as often as is  
 20 expedient. In case any suit, action, or proceeding to enforce a right or  
 21 exercise a remedy is brought or taken and then discontinued or  
 22 abandoned, or is determined adversely to the holder or trustee of the  
 23 revenue bonds, then the board and the holder or trustee shall be  
 24 restored to their former positions and rights and remedies as if no suit,  
 25 action, or proceeding had been brought or taken.

26 (r) Refunding or refunding and improvement revenue bonds may be  
 27 issued in accordance with the provisions for the refinancing or  
 28 refinancing and improving of any of the facilities for which revenue  
 29 bonds or a loan contract have been issued or made under this section  
 30 or section 19 of this chapter.

31 (s) This section constitutes full authority for the issuance of revenue  
 32 bonds. No procedure, proceedings, publications, notices, consents,  
 33 approvals, orders, acts, or things by the board, by a board, an officer,  
 34 a commission, a department, an agency, or an instrumentality of the  
 35 state, or by an eligible entity ~~is~~ **are** required to issue revenue bonds or  
 36 to do any act or perform anything under this chapter, except as  
 37 presented by this chapter. The powers conferred by this chapter are in  
 38 addition to, and not in substitution for, and the limitations imposed by  
 39 this section do not affect the powers conferred in another section of this  
 40 chapter or by any other statute.

41 SECTION 29. IC 8-22-3.7-21 IS AMENDED TO READ AS  
 42 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 21. (a) All:



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1 (1) property owned by the development authority;  
 2 (2) revenues of the development authority; and  
 3 (3) bonds issued by the development authority, the interest on the  
 4 bonds, the proceeds received by a holder from the sale of bonds  
 5 to the extent of the holder's cost of acquisition, proceeds received  
 6 upon redemption before maturity, proceeds received at maturity,  
 7 and the receipt of interest in proceeds;  
 8 are exempt from taxation in Indiana for all purposes except the  
 9 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
 10 tax imposed under IC 6-4.1.

11 (b) All securities issued under this chapter are exempt from the  
 12 registration requirements of IC 23-2-1 and other securities registration  
 13 statutes.

14 SECTION 30. IC 14-13-1-38 IS AMENDED TO READ AS  
 15 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 38. (a) The commission  
 16 is not required to pay any taxes or assessments upon any of the  
 17 following:

- 18 (1) A project of the commission.
- 19 (2) A facility, betterment, or improvement within a project.
- 20 (3) Property acquired or used by the commission under this
- 21 chapter or IC 14-6-29 (before its repeal).
- 22 (4) The income or revenue from the property.

23 (b) The:

- 24 (1) bonds issued under this chapter or under IC 14-6-29 (before
- 25 its repeal);
- 26 (2) interest on the bonds;
- 27 (3) proceeds received by a holder from the sale of the bonds to the
- 28 extent of the holder's cost of acquisition;
- 29 (4) proceeds received upon redemption before maturity or
- 30 proceeds received at maturity; and
- 31 (5) receipt of interest and proceeds;

32 are exempt from taxation in Indiana for all purposes except the  
 33 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
 34 tax imposed under IC 6-4.1.

35 SECTION 31. IC 14-13-2-28 IS AMENDED TO READ AS  
 36 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 28. (a) The commission  
 37 is not required to pay any taxes or assessments upon any of the  
 38 following:

- 39 (1) A project of the commission.
- 40 (2) A facility, a betterment, or an improvement within a project.
- 41 (3) Property acquired or used by the commission under this
- 42 chapter or under IC 14-6-29.5 (before its repeal).

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- 1 (4) The income or revenue from the property.  
 2 (b) The:  
 3 (1) bonds issued under this chapter or under IC 14-6-29.5 (before  
 4 its repeal);  
 5 (2) interest on the bonds;  
 6 (3) proceeds received by a holder from the sale of the bonds to the  
 7 extent of the holder's cost of acquisition;  
 8 (4) proceeds received upon redemption before maturity or  
 9 proceeds received at maturity; and  
 10 (5) receipt of interest and proceeds;  
 11 are exempt from taxation in Indiana for all purposes except the  
 12 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
 13 tax imposed under IC 6-4.1.

14 SECTION 32. IC 14-14-1-46 IS AMENDED TO READ AS  
 15 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 46. (a) The exercise of  
 16 the powers granted by this chapter will be in all respects for the benefit  
 17 of the people of Indiana and for the increase of their commerce, health,  
 18 enjoyment, and prosperity. The operation and maintenance of a park  
 19 project by the commission will constitute the performance of essential  
 20 governmental functions.

21 (b) The commission is not required to pay taxes or assessments  
 22 upon a park project or property acquired or used by the commission  
 23 under this chapter or IC 14-3-12 (before its repeal) or upon the income  
 24 from the property. The following are exempt from taxation in Indiana  
 25 for all purposes except the financial institutions tax imposed under  
 26 IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1:

- 27 (1) Bonds issued under this chapter or under IC 14-3-12 (before  
 28 its repeal).  
 29 (2) Interest on the bonds.  
 30 (3) Proceeds:  
 31 (A) received by a holder from the sale of bonds to the extent  
 32 of the holder's cost of acquisition;  
 33 (B) received upon redemption before maturity; or  
 34 (C) received at maturity.  
 35 (4) Receipt of the interest and proceeds.

36 SECTION 33. IC 15-1.5-9-9 IS AMENDED TO READ AS  
 37 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 9. Interest paid on  
 38 bonds issued under this chapter is exempt from taxation for all  
 39 purposes, except ~~an inheritance a~~ tax under IC 6-4.1 and for  
 40 determining financial institution tax liabilities under IC 6-5.5.

41 SECTION 34. IC 16-22-6-34 IS AMENDED TO READ AS  
 42 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 34. The following are

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1 exempt from state taxation except for the financial institutions tax  
 2 imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under  
 3 IC 6-4.1:

- 4 (1) Property owned by the authority.
- 5 (2) Revenues of the authority.
- 6 (3) Bonds or other securities and the interest on bonds and  
 7 securities issued by the authority.
- 8 (4) Proceeds received by a holder from the sale of the bonds, to  
 9 the extent of the holder's cost of acquisition.
- 10 (5) Proceeds received upon redemption at or before maturity and  
 11 the interest on the proceeds.

12 SECTION 35. IC 16-22-7-39 IS AMENDED TO READ AS  
 13 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 39. The following are  
 14 exempt from state taxation except the financial institutions tax  
 15 **imposed under IC 6-5.5** and the ~~state inheritance tax~~ **taxes imposed**  
 16 **under IC 6-4.1:**

- 17 (1) All property owned by the authority.
- 18 (2) All revenues of the authority.
- 19 (3) All bonds or other securities issued by the authority and the  
 20 interest on the bonds or other securities, the proceeds received by  
 21 a holder from the sale of bonds to the extent of the holder's cost  
 22 of acquisition, proceeds received upon redemption at or before  
 23 maturity, and the interest on the proceeds.

24 SECTION 36. IC 20-12-63-27 IS AMENDED TO READ AS  
 25 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 27. The exercise of the  
 26 powers granted by this chapter will be in all respects for the benefit of  
 27 the people of this state, for the increase of their commerce, welfare, and  
 28 prosperity, and for the improvement of their health and living  
 29 conditions. Because the operation and maintenance of a project by the  
 30 authority or its agent will constitute the performance of an essential  
 31 public function, neither the authority nor its agent shall be required to  
 32 pay any taxes or assessments, including mortgage recording taxes,  
 33 upon or in respect of:

- 34 (1) a project or any property acquired or used by the authority or  
 35 its agent under the provisions of this chapter or upon the income  
 36 from the project or property;
- 37 (2) the bonds issued under the provisions of this chapter or the  
 38 interest on those bonds; and
- 39 (3) the proceeds received from bonds issued under this chapter:  
 40 (A) by a holder from the sale of such bonds, to the extent of  
 41 the holder's cost of acquisition;
- 42 (B) upon redemption prior to maturity; or

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1 (C) at maturity.  
 2 All bonds and the interest on bonds issued under this chapter are  
 3 exempt from taxation in the state of Indiana for all purposes except the  
 4 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
 5 tax imposed under IC 6-4.1.

6 SECTION 37. IC 21-9-7-3 IS AMENDED TO READ AS  
 7 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 3. An individual  
 8 account is not an asset for the purposes of IC 6-4.1-2 (**repealed July**  
 9 **1, 2003**).

10 SECTION 38. IC 27-1-29-17 IS AMENDED TO READ AS  
 11 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 17. (a) As used in this  
 12 section:

13 (1) "basic fund" refers to the political subdivision risk  
 14 management fund established by this chapter; and

15 (2) "catastrophic fund" refers to the political subdivision  
 16 catastrophic liability fund established by IC 27-1-29.1.

17 (b) The commission may issue its bonds or notes in amounts that it  
 18 considers necessary to provide funds to:

19 (1) establish or maintain the reserve account in the catastrophic  
 20 fund provided for in IC 27-1-29.1-8;

21 (2) provide for the payment of liabilities payable out of the basic  
 22 fund to the extent such liabilities exceed the money in the basic  
 23 fund; and

24 (3) pay, fund, or refund, regardless of when due, the principal of  
 25 or interest or redemption premiums on bonds or notes issued  
 26 under subdivision (1) or (2).

27 Bonds or notes issued under subdivision (2) must mature within three  
 28 (3) years after their date of issuance.

29 (c) The bonds or notes of the commission may be issued and sold by  
 30 the commission to the Indiana bond bank under IC 5-1.5.

31 (d) Every issue of bonds or notes is an obligation of the commission.  
 32 An issue of bonds or notes under subsection (b)(1) is payable solely  
 33 from assessments imposed by the commission under IC 27-1-29.1 on  
 34 political subdivisions that are members of the catastrophic fund, and  
 35 the commission may secure such bonds or notes by a pledge of  
 36 assessments imposed under IC 27-1-29.1. An issue of bonds or notes  
 37 under subsection (b)(2) is payable solely from assessments imposed by  
 38 the commission under section 12 of this chapter on political  
 39 subdivisions that are members of the basic fund, and the commission  
 40 may secure such bonds or notes by a pledge of assessments imposed  
 41 under section 12 of this chapter.

42 (e) A bond or note of the commission:



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- 1 (1) is not a debt, liability, loan of credit, or pledge of the faith and  
 2 credit of the state; and  
 3 (2) must contain on its face a statement that the commission is  
 4 obligated to pay principal and interest, and the redemption  
 5 premium, if any, and that the faith, credit, and taxing power of the  
 6 state are not pledged to the payment of the bond or note.
- 7 (f) The state pledges to and agrees with the holders of the bonds or  
 8 notes issued under this chapter that the state will not:  
 9 (1) limit or restrict the rights vested in the commission to fulfill  
 10 the terms of any agreement made with the holders of its bonds or  
 11 notes; or  
 12 (2) in any way impair the rights or remedies of the holders of the  
 13 bonds or notes;  
 14 until the bonds or notes, together with the interest on the bonds or  
 15 notes, and interest on unpaid installments of interest, and all costs and  
 16 expenses in connection with an action or proceeding by or on behalf of  
 17 the holders, are fully met, paid, and discharged.
- 18 (g) The bonds or notes of the commission are negotiable instruments  
 19 for all purposes of IC 26-1, subject only to the provisions of the bonds  
 20 and notes for registration.
- 21 (h) Bonds or notes of the commission must be authorized by  
 22 resolution of the commission, may be issued in one (1) or more series,  
 23 and must:  
 24 (1) bear the date;  
 25 (2) mature at the time or times;  
 26 (3) be in the denomination;  
 27 (4) be in the form;  
 28 (5) carry the conversion or registration privileges;  
 29 (6) have the rank or priority;  
 30 (7) be executed in the manner;  
 31 (8) be payable from the sources in the medium of payment at the  
 32 place inside or outside the state; and  
 33 (9) be subject to the terms of redemption;  
 34 as the resolution of the commission or the trust agreement securing the  
 35 bonds or notes provides.
- 36 (i) Bonds or notes may be issued under this chapter without  
 37 obtaining the consent of any agency of the state and without any other  
 38 proceeding or condition other than the proceedings or conditions  
 39 specified in this chapter.
- 40 (j) The rate or rates of interest on the bonds or notes may be fixed  
 41 or variable. Variable rates shall be determined in the manner and in  
 42 accordance with the procedures set forth in the resolution authorizing

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1 the issuance of the bonds or notes. Bonds or notes bearing a variable  
 2 rate of interest may be converted to bonds or notes bearing a fixed rate  
 3 or rates of interest, and bonds or notes bearing a fixed rate or rates of  
 4 interest may be converted to bonds or notes bearing a variable rate of  
 5 interest, to the extent and in the manner set forth in the resolution  
 6 pursuant to which the bonds or notes are issued. The interest on bonds  
 7 or notes may be payable semiannually or annually or at any other  
 8 interval or intervals as may be provided in the resolution, or the interest  
 9 may be compounded and paid at maturity or at any other times as may  
 10 be specified in the resolution.

11 (k) The bonds or notes may be made subject, at the option of the  
 12 holders, to mandatory redemption by the commission at the times and  
 13 under the circumstances set forth in the authorizing resolution.

14 (l) Bonds or notes of the commission may be sold at public or  
 15 private sale at such price, either above or below the principal amount,  
 16 as the commission fixes. If bonds or notes of the commission are to be  
 17 sold at public sale, the commission shall comply with IC 5-1-11 and  
 18 shall publish notice of the sale in accordance with IC 5-3-1-2 in two (2)  
 19 newspapers published and of general circulation in Indianapolis.

20 (m) The commission may periodically issue its notes under this  
 21 chapter and pay and retire the principal of the notes, pay the interest  
 22 due on the notes, or fund or refund the notes from proceeds of bonds or  
 23 of other notes or from other funds or money of the commission  
 24 available for that purpose in accordance with a contract between the  
 25 commission and the holders of the notes.

26 (n) The commission may secure any bonds or notes issued under  
 27 this chapter by a trust agreement by and between the commission and  
 28 a corporate trustee, which may be any trust company or bank having  
 29 the powers of a trust company within or outside Indiana.

30 (o) The trust agreement or the resolution providing for the issuance  
 31 of the bonds or notes may contain provisions for protecting and  
 32 enforcing the rights and remedies of the holders of any such bonds or  
 33 notes as are reasonable and proper and not in violation of law.

34 (p) The trust agreement or resolution may set forth the rights and  
 35 remedies of the holders of any bonds or notes and of the trustee and  
 36 may restrict the individual right of action by the holders.

37 (q) In addition to the provisions of subsections (n) through (p), any  
 38 trust agreement or resolution may contain other provisions the  
 39 commission considers reasonable and proper for the security of the  
 40 holders of any bonds or notes.

41 (r) All expenses incurred in carrying out the provisions of the trust  
 42 agreement or resolution may be paid from assessments, revenues, or

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1 assets pledged or assigned to the payment of the principal of and the  
2 interest on bonds and notes or from any other funds available to the  
3 commission.

4 (s) Notwithstanding the restrictions of any other law, all financial  
5 institutions, investment companies, insurance companies, insurance  
6 associations, executors, administrators, guardians, trustees, and other  
7 fiduciaries may legally invest sinking funds, money, or other funds  
8 belonging to them or within their control in bonds or notes issued under  
9 this chapter.

10 (t) All bonds or notes issued under this chapter are issued by a body  
11 corporate and politic of this state, but not a state agency, and for an  
12 essential public and government purpose and the bonds and notes, the  
13 interest thereon, the proceeds received by a holder from the sale of the  
14 bonds or notes to the extent of the holder's cost of acquisition, proceeds  
15 received upon redemption before maturity, and proceeds received at  
16 maturity, and the receipt of the interest and proceeds are exempt from  
17 taxation in Indiana for all purposes except the financial institutions tax  
18 imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under  
19 IC 6-4.1.

20 SECTION 39. IC 28-5-2-2 IS AMENDED TO READ AS  
21 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 2. If any certificate  
22 holder of any industrial loan and investment company shall die, leaving  
23 unpledged certificates in such company and no executor of his will or  
24 administrator of his estate has been appointed, such company, upon  
25 receiving a waiver from the inheritance tax administrator (**or, after the**  
26 **elimination of the office of inheritance tax administrator, from the**  
27 **department of state revenue)** under IC 6-4.1, may, in its discretion,  
28 pay the value of such certificates to the widow, widower, or next of kin,  
29 or may apply the value of such certificates to the payment of funeral  
30 expenses or the expenses of the last sickness or other just debts of the  
31 decedent. As a condition of such payment, such company shall require  
32 proof by affidavit as to the parties in interest and shall also require the  
33 filing of proper waivers and the execution of a bond of indemnity with  
34 proper sureties from the parties interested, and a proper acquittance and  
35 receipt for such payment by the person to whom such payment is made  
36 shall fully release the company, and such company shall not thereafter  
37 be held liable to the decedent's executor or administrator thereafter  
38 appointed, or to any other person.

39 SECTION 40. IC 29-1-17-14 IS AMENDED TO READ AS  
40 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 14. (a) If, after an estate  
41 has been settled and the personal representative discharged, other  
42 property of the estate shall be discovered, or if it shall appear that any

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1 necessary act remains unperformed on the part of the personal  
 2 representative, or for any other proper cause, the court, upon the  
 3 petition of the discharged personal representative or any person  
 4 interested in the estate and, without notice or upon such notice as it  
 5 may direct, may order that said estate be reopened. It may reappoint the  
 6 personal representative or appoint another personal representative to  
 7 administer such property or perform such act as may be deemed  
 8 necessary. Unless the court shall otherwise order, the provisions of this  
 9 article as to an original administration shall apply to the proceedings  
 10 had in the reopened administration so far as may be, but no claim  
 11 which is already barred can be asserted in the reopened administration.

12 (b) Whenever any solvent estate has been closed, and it thereafter  
 13 appears that any assets thereof have not been fully administered upon,  
 14 the court may, if it appears practicable, order such assets distributed to,  
 15 or title vested in, the persons entitled thereto after compliance with  
 16 requirements as to ~~an inheritance~~ a tax imposed under IC 6-4.1, in lieu  
 17 of reopening the estate as provided in the preceding subsection. No  
 18 additional notice of such proceedings shall be necessary unless so  
 19 ordered by the court.

20 SECTION 41. IC 29-1-17-15.1 IS AMENDED TO READ AS  
 21 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 15.1. (a) Whenever any  
 22 person has died leaving property or any interest therein and no general  
 23 administration has been commenced on his estate in this state, nor has  
 24 any will been offered for probate in this state, within five (5) months  
 25 after his death, any person claiming an interest in such property as heir  
 26 or through an heir may file a petition in any court which would be of  
 27 proper venue for the administration of such decedent's estate, to  
 28 determine the heirs of said decedent and their respective interests as  
 29 heirs in the estate.

30 (b) The petition shall state:

- 31 (1) the name, age, domicile and date of death of the decedent;
- 32 (2) the names, ages and residence addresses of the heirs, so far as  
 33 known or can with reasonable diligence be ascertained;
- 34 (3) the names and residence addresses of any persons claiming  
 35 any interest in such property through an heir, so far as known or  
 36 can by reasonable diligence be ascertained;
- 37 (4) a particular description of the property with respect to which  
 38 such determination is sought; **and**
- 39 (5) the net value of the estate.

40 (c) Upon the filing of the petition, the court shall fix the time for the  
 41 hearing thereof, notice of which shall be given to:

- 42 (1) all persons known or believed to claim any interest in the

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- 1 property as heir or through an heir of the decedent;
- 2 (2) all persons who may at the date of the filing of the petition be
- 3 shown by the records of conveyances of the county in which any
- 4 real property described in such petition is located to claim any
- 5 interest therein through the heirs of the decedent; and
- 6 (3) any unknown heirs of the decedent.

7 Such notice shall be given by publication and in addition, personal  
 8 notice by registered mail shall be given to every such person whose  
 9 address is known to the petitioner. Upon satisfactory proofs, including  
 10 proof of compliance with ~~inheritance~~ **the tax laws of this state set forth**  
 11 **in IC 6-4.1**, the court shall make a decree determining the heirs of said  
 12 decedent and their respective interests as heirs in said property.

13 (d) A certified copy of the decree shall be recorded at the expense  
 14 of the petitioner in each county in which any real property described  
 15 therein is situated except the county in which the decree is entered, and  
 16 shall be conclusive evidence of the facts determined therein as against  
 17 all parties to the proceedings.

18 SECTION 42. IC 29-3-3-3 IS AMENDED TO READ AS  
 19 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 3. Except as otherwise  
 20 determined in a dissolution of marriage proceeding, a custody  
 21 proceeding, or in some other proceeding authorized by law, including  
 22 a proceeding under section 6 of this chapter or another proceeding  
 23 under this article, and unless a minor is married, the parents of the  
 24 minor jointly (or the survivor if one (1) parent is deceased), if not an  
 25 incapacitated person, have, without the appointment of a guardian,  
 26 giving of bond, or order or confirmation of court, the right to custody  
 27 of the person of the minor and the power to execute the following on  
 28 behalf of the minor:

- 29 (1) Consent to the application of subsection (c) of Section 2032A
- 30 of the Internal Revenue Code, which imposes personal liability
- 31 for payment of the tax under that Section.
- 32 (2) Consent to the application of Section 6324A of the Internal
- 33 Revenue Code, which attaches a lien to property to secure
- 34 payment of taxes deferred under Section 6166 of the Internal
- 35 Revenue Code.
- 36 (3) Any other consents, waivers, or powers of attorney provided
- 37 for under the Internal Revenue Code.
- 38 (4) Waivers of notice permissible with reference to proceedings
- 39 under IC 29-1.
- 40 (5) Consents, waivers of notice, or powers of attorney under any
- 41 statute, including the ~~Indiana inheritance tax law (IC 6-4.1)~~; **laws**  
 42 **set forth in IC 6-4.1**, the Indiana gross income tax law (IC 6-2.1),

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1 and the Indiana adjusted gross income tax law (IC 6-3).

2 (6) Consent to unsupervised administration as provided in  
3 IC 29-1-7.5.

4 (7) Federal and state income tax returns.

5 (8) Consent to medical or other professional care, treatment, or  
6 advice for the minor's health and welfare.

7 SECTION 43. IC 30-4-1-2, AS AMENDED BY P.L.41-2000,  
8 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
9 JULY 1, 2001]: Sec. 2. As used in this article:

10 (1) "Adult" means any person eighteen (18) years of age or older.

11 (2) "Affiliate" means a parent, descendant, spouse, spouse of a  
12 descendant, brother, sister, spouse of a brother or sister,  
13 employee, director, officer, partner, joint venturer, a corporation  
14 subject to common control with the trustee, a shareholder, or  
15 corporation who controls the trustee or a corporation controlled  
16 by the trustee other than as a fiduciary.

17 (3) "Beneficiary" means any cestui que trust or person named or  
18 a member of the class designated in the terms of the trust to be  
19 any person or class of persons for whose benefit the title to the  
20 trust property is held and for whom the trust is to be administered.

21 (4) "Breach of trust" means a violation by the trustee of any duty  
22 which is owed to the settlor or beneficiary.

23 (5) "Charitable trust" means a trust in which all the beneficiaries  
24 are the general public or organizations, including trusts,  
25 corporations, and associations, and that is organized and operated  
26 wholly for religious, charitable, scientific, public safety testing,  
27 literary, or educational purposes. The term does not include  
28 charitable remainder trusts, charitable lead trusts, pooled income  
29 funds, or any other form of split-interest charitable trust that has  
30 at least one (1) noncharitable beneficiary.

31 (6) "Court" means a court having jurisdiction over trust matters.

32 (7) "Income beneficiary" means a beneficiary to whom income is  
33 presently payable or for whom it is accumulated for distribution  
34 as income.

35 (8) "Inventory value" means the cost of property to the settlor or  
36 the trustee at the time of acquisition or the market value of the  
37 property at the time it is delivered to the trustee, or the value of  
38 the property as finally determined for purposes of ~~an estate or~~  
39 ~~inheritance a tax law set forth in IC 6-4.1.~~

40 (9) "Minor" means any person under the age of eighteen (18)  
41 years.

42 (10) "Person" means a natural person, corporation, or a unit,

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1 agency, or other subdivision of national, state, or local  
2 government.

3 (11) "Personal representative" means an executor or administrator  
4 of a decedent's or absentee's estate, guardian of the person or  
5 estate, guardian ad litem or other court appointed representative,  
6 next friend, parent or custodian of a minor, attorney in fact, or  
7 custodian of an incapacitated person (as defined in  
8 IC 29-3-1-7.5).

9 (12) "Remainderman" means a beneficiary entitled to principal,  
10 including income which has been accumulated and added to the  
11 principal.

12 (13) "Settlor" means a person who establishes a trust including  
13 the testator of a will under which a trust is created.

14 (14) "Trust estate" means the trust property and the income  
15 derived from its use.

16 (15) "Trust for a benevolent public purpose" means a charitable  
17 trust (as defined in subdivision (5)), a split-interest trust (as  
18 defined in Section 4947 of the Internal Revenue Code), and any  
19 other form of split-interest charitable trust that has both charitable  
20 and noncharitable beneficiaries, including but not limited to  
21 charitable remainder trusts, charitable lead trusts, and charitable  
22 pooled income funds.

23 (16) "Trust property" means property either placed in trust or  
24 purchased or otherwise acquired by the trustee for the trust  
25 regardless of whether the trust property is titled in the name of the  
26 trustee or the name of the trust.

27 (17) "Trustee" means the person who is charged with the  
28 responsibility of administering the trust and includes a successor  
29 or added trustee.

30 SECTION 44. IC 30-4-5-11 IS AMENDED TO READ AS  
31 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 11. (a) The following  
32 charges shall be made against income:

33 (1) Ordinary expenses incurred in the administration,  
34 management, or preservation of the trust property, including but  
35 not limited to regularly recurring taxes assessed against any  
36 portion of the principal, water rates, premiums on insurance taken  
37 upon the interests of the income beneficiary, remainderman, or  
38 trustee, interest paid by the trustee, and ordinary repairs.

39 (2) A reasonable allowance for depreciation on property subject  
40 to depreciation under generally accepted accounting principles,  
41 but no allowance may be made for depreciation of that portion of  
42 any real property used by a beneficiary as a residence or for

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- 1 depreciation of any property held by the trustee on September 2,  
2 1971, for which he is not then making an allowance for  
3 depreciation.
- 4 (3) Fifty percent (50%) of court costs, attorney's fees, and other  
5 fees on periodic judicial accounting, unless the court directs  
6 otherwise.
- 7 (4) Court costs, attorney's fees, and other fees on other  
8 accountings or judicial proceedings if the matter primarily  
9 concerns the income interest unless the court directs otherwise.
- 10 (5) Fifty percent (50%) of the trustee's regular compensation and  
11 fifty percent (50%) of the fee of an agent of the trustee charged in  
12 lieu of all or part of the trustee's regular compensation, whether  
13 based on a percentage of principal or income, and all expenses  
14 reasonably incurred by him for current management of principal  
15 and application of income.
- 16 (6) Any tax levied upon receipts defined as income under this  
17 article or the trust instrument and payable by the trustee.
- 18 (b) If charges against income are of unusual amount, the trustee  
19 may, by means of reserves or other reasonable means, charge them over  
20 a reasonable period of time and withhold from distribution sufficient  
21 sums to regularize distributions.
- 22 (c) The following charges shall be made against principal:
- 23 (1) Compensation of the trustee and an agent of the trustee not  
24 chargeable to income under subsection (a)(4) and (a)(5), special  
25 compensation of the trustee and an agent of the trustee, expenses  
26 reasonably incurred in connection with principal, the court costs  
27 and attorney's fees primarily concerning matters of principal, and  
28 the compensation of the trustee and an agent of the trustee  
29 computed on the principal as an acceptance, distribution, or  
30 termination fee. However, if in the judgment of the trustee the  
31 charging of all or part of the compensation to the principal is  
32 impracticable because of the lack of sufficient principal cash and  
33 readily marketable intangible personal property or inadvisable  
34 because of the nature of the assets, all or part of the compensation  
35 may be paid out of income. The decision of the trustee to pay a  
36 larger portion or all of the compensation out of income is  
37 conclusive, and the income of the trust is not entitled to  
38 reimbursement from the principal at any subsequent time.
- 39 (2) Charges not provided for in subsection (a), including the cost  
40 of investing and reinvesting principal, the payments on principal  
41 of an indebtedness (including a mortgage amortized by periodic  
42 payments or principal), expenses for preparation of property for

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1 rental or sale, and, unless the court directs otherwise, expenses  
 2 incurred in maintaining or defending any action to construe the  
 3 trust or protect it or the property or assure the title of any trust  
 4 property.

5 (3) Extraordinary repairs or expenses incurred in making a capital  
 6 improvement to principal, including special assessments, but, a  
 7 trustee may establish an allowance for depreciation out of income  
 8 to the extent permitted by subsection (a)(2) of this section and by  
 9 sections 6 and 7 of this chapter.

10 (4) Any tax levied upon profit, gain, or other receipts allocated to  
 11 principal notwithstanding characterization of the tax as an income  
 12 tax by the taxing authority.

13 (5) If ~~an estate or inheritance~~ a tax is levied **under IC 6-4.1** in  
 14 respect to a trust in which both an income beneficiary and a  
 15 remainderman have an interest, any amount apportioned to the  
 16 trust, including interest and penalties, even though the income  
 17 beneficiary also has rights in the principal.

18 (d) Regularly recurring charges payable from income shall be  
 19 apportioned to the same extent and in the same manner that income is  
 20 apportioned under section 3 of this chapter.

21 SECTION 45. IC 33-19-5-6 IS AMENDED TO READ AS  
 22 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 6. (a) Except as  
 23 provided under subsection (c), for each action filed under:

24 (1) IC 6-4.1-5 (determination of inheritance tax, **based on a cause**  
 25 **of action arising before the repeal of IC 6-4.1-5);**

26 (2) IC 29 (probate); and

27 (3) IC 30 (trusts and fiduciaries);

28 the clerk shall collect from the party filing the action a probate costs fee  
 29 of one hundred twenty dollars (\$120).

30 (b) In addition to the probate costs fee collected under this section,  
 31 the clerk shall collect from the party filing the action a document fee if  
 32 it is required under IC 33-19-6.

33 (c) A clerk may not collect a court costs fee for the filing of the  
 34 following exempted actions:

35 (1) Petition to open a safety deposit box.

36 (2) Filing an inheritance tax return (**where a return is due before**  
 37 **the repeal of IC 6-4.1-2),** unless proceedings other than the  
 38 court's approval of the return become necessary.

39 (3) Offering a will for probate under IC 29-1-7, unless  
 40 proceedings other than admitting the will to probate become  
 41 necessary.

42 SECTION 46. IC 34-24-1-5 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 5. (a) If:  
 2 (1) the court has entered judgment in favor of the state, and a unit  
 3 (if appropriate) concerning property that is subject to seizure  
 4 under this chapter; and  
 5 (2) a person:  
 6 (A) holding a valid lien, mortgage, security interest, or interest  
 7 under a conditional sales contract; or  
 8 (B) who is a co-owner of the property;  
 9 did not know of the illegal use;  
 10 the court shall determine whether the secured interest or the co-owner's  
 11 interest is equal to or in excess of the appraised value of the property.  
 12 (b) Appraised value is to be determined as of the date of judgment  
 13 on a wholesale basis by:  
 14 (1) agreement between the secured party or the co-owner and the  
 15 prosecuting attorney; or  
 16 (2) the inheritance tax appraiser for the county in which the action  
 17 is brought (**before the elimination of the office of inheritance**  
 18 **tax appraiser**).  
 19 (c) If the amount:  
 20 (1) due to the secured party; or  
 21 (2) of the co-owner's interest;  
 22 is equal to or greater than the appraised value of the property, the court  
 23 shall order the property released to the secured party or the co-owner.  
 24 (d) If the amount:  
 25 (1) due the secured party; or  
 26 (2) of the co-owner's interest;  
 27 is less than the appraised value of the property, the holder of the  
 28 interest or the co-owner may pay into the court an amount equal to the  
 29 owner's equity, which shall be the difference between the appraised  
 30 value and the amount of the lien, mortgage, security interest, interest  
 31 under a conditional sales contract, or co-owner's interest. Upon such  
 32 payment, the state or unit, or both, shall relinquish all claims to the  
 33 property, and the court shall order the payment deposited as provided  
 34 in section 4(d) of this chapter.  
 35 (e) If the seized property is a vehicle and if the security holder or the  
 36 co-owner elects not to make payment as stated in subsection (d), the  
 37 vehicle shall be disposed of in accordance with section 4(c) of this  
 38 chapter.  
 39 SECTION 47. IC 34-24-2-5 IS AMENDED TO READ AS  
 40 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 5. (a) If a person  
 41 holding a valid lien, mortgage, security interest, or interest under a  
 42 conditional sales contract did not know the property was the object of

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1 corrupt business influence, the court shall determine whether the  
2 secured interest is equal to or in excess of the appraised value of the  
3 property.

4 (b) Appraised value is to be determined as of the date of judgment  
5 on a wholesale basis by:

6 (1) agreement between the secured party and the prosecuting  
7 attorney; or

8 (2) the inheritance tax appraiser for the county in which the action  
9 is brought **(before the elimination of the office of inheritance  
10 tax appraiser).**

11 (c) If the amount due to the secured party is equal to or greater than  
12 the appraised value of the property, the court shall order the property  
13 released to the secured party.

14 (d) If the amount due the secured party is less than the appraised  
15 value of the property, the holder of the interest may pay into the court  
16 an amount equal to the owner's equity, which shall be the difference  
17 between the appraised value and the amount of the lien, mortgage,  
18 security interest, or interest under a conditional sales contract. Upon  
19 payment, the state or unit, or both, shall relinquish all claims to the  
20 property.

21 SECTION 48. IC 36-7-14.5-23 IS AMENDED TO READ AS  
22 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 23. All:

23 (1) property owned by the authority;

24 (2) revenues of the authority; and

25 (3) bonds issued by the authority, the interest on the bonds, the  
26 proceeds received by a holder from the sale of bonds to the extent  
27 of the holder's cost of acquisition, proceeds received upon  
28 redemption before maturity, proceeds received at maturity, and  
29 the receipt of interest in proceeds;

30 are exempt from taxation in Indiana for all purposes except the  
31 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
32 tax imposed under IC 6-4.1.

33 SECTION 49. IC 36-7-15.3-19 IS AMENDED TO READ AS  
34 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 19. All:

35 (1) property owned by the authority;

36 (2) revenues of the authority; and

37 (3) bonds issued by the authority, the interest on the bonds, the  
38 proceeds received by a holder from the sale of bonds to the extent  
39 of the holder's cost of acquisition, proceeds received upon  
40 redemption before maturity, proceeds received at maturity, and  
41 the receipt of interest in proceeds;

42 are exempt from taxation in Indiana for all purposes except the

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1 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
 2 tax imposed under IC 6-4.1.

3 SECTION 50. IC 36-7-23-48 IS AMENDED TO READ AS  
 4 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 48. All property, both  
 5 tangible and intangible, acquired or held by the authority under this  
 6 chapter is public property used for public and governmental purposes.  
 7 All the property, along with the income from the property, is exempt  
 8 from all taxes imposed by the state or a political subdivision, except for  
 9 the financial institutions tax imposed under IC 6-5.5 or a ~~state~~  
 10 ~~inheritance~~ **the estate** tax imposed under IC 6-4.1.

11 SECTION 51. IC 36-9-3-31 IS AMENDED TO READ AS  
 12 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 31. (a) This section  
 13 applies to an authority that includes a county having a population of  
 14 more than four hundred thousand (400,000) but less than seven  
 15 hundred thousand (700,000).

16 (b) The authority may issue revenue or general obligation bonds  
 17 under this section.

18 (c) The board may issue revenue bonds of the authority for the  
 19 purpose of procuring money to pay the cost of acquiring real or  
 20 personal property for the purpose of this chapter. The issuance of bonds  
 21 must be authorized by resolution of the board and approved by the  
 22 county fiscal bodies of the counties in the authority before issuance.  
 23 The resolution must provide for the amount, terms, and tenor of the  
 24 bonds, and for the time and character of notice and mode of making  
 25 sale of the bonds.

26 (d) The bonds are payable at the times and places determined by the  
 27 board, but they may not run more than thirty (30) years after the date  
 28 of their issuance and must be executed in the name of the authority by  
 29 an authorized officer of the board and attested by the secretary. The  
 30 interest coupons attached to the bonds may be executed by placing on  
 31 them the facsimile signature of the authorized officer of the board.

32 (e) The president of the authority shall manage and supervise the  
 33 preparation, advertisement, and sale of the bonds, subject to the  
 34 authorizing ordinance. Before the sale of bonds, the president shall  
 35 cause notice of the sale to be published in accordance with IC 5-3-1,  
 36 setting out the time and place where bids will be received, the amount  
 37 and maturity dates of the issue, the maximum interest rate, and the  
 38 terms and conditions of sale and delivery of the bonds. The bonds shall  
 39 be sold in accordance with IC 5-1-11. After the bonds have been  
 40 properly sold and executed, the executive director or president shall  
 41 deliver them to the controller of the authority and take his receipt for  
 42 them, and shall certify to the treasurer the amount that the purchaser is

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1 to pay, together with the name and address of the purchaser. On  
2 payment of the purchase price the controller shall deliver the bonds to  
3 the purchaser, and the controller and executive director or president  
4 shall report their actions to the board.

5 (f) General obligation bonds issued under this section are subject to  
6 the provisions of IC 5-1 and IC 6-1.1-20 relating to the filing of a  
7 petition requesting the issuance of bonds, the appropriation of the  
8 proceeds of bonds, the right of taxpayers to appeal and be heard on the  
9 proposed appropriation, the approval of the appropriation by the state  
10 board of tax commissioners, the right of taxpayers to remonstrate  
11 against the issuance of bonds, and the sale of bonds for not less than  
12 their par value.

13 (g) Notice of the filing of a petition requesting the issuance of  
14 bonds, notice of determination to issue bonds, and notice of the  
15 appropriation of the proceeds of the bonds shall be given by posting in  
16 the offices of the authority for a period of one (1) week and by  
17 publication in accordance with IC 5-3-1.

18 (h) The bonds are not a corporate indebtedness of any unit, but are  
19 an indebtedness of the authority as a municipal corporation. A suit to  
20 question the validity of the bonds issued or to prevent their issuance  
21 may not be instituted after the date set for sale of the bonds, and after  
22 that date the bonds may not be contested for any cause.

23 (i) The bonds issued under this section and the interest on them are  
24 exempt from taxation for all purposes except the financial institutions  
25 tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under  
26 IC 6-4.1.

27 SECTION 52. IC 36-9-25-27 IS AMENDED TO READ AS  
28 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 27. (a) To raise money  
29 to pay for the property and the construction, and in anticipation of the  
30 special tax to be levied as provided in sections 19 and 29 of this  
31 chapter, the board may have issued, in the name of the municipality,  
32 the bonds of the district. The bonds may not exceed in amount the  
33 estimated cost of all land, rights-of-way, and other property to be  
34 acquired and the estimated cost of all construction as provided in the  
35 resolution, including all expenses necessarily incurred in connection  
36 with the proceedings, together with a sum sufficient to pay the cost of  
37 supervision and inspection during the period of construction. The  
38 expenses to be covered by the bond issue include all expenses of every  
39 kind actually incurred preliminary to acquisition of the property and the  
40 construction of the work, such as the cost of necessary records,  
41 engineering expenses, publication of notices, salaries, and other  
42 expenses.

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1 (b) If different parcels of land are to be acquired, or if more than one  
 2 (1) contract for work is let by the board at approximately the same  
 3 time, whether under one (1) or more resolutions of the board, the  
 4 estimated cost may be combined in one (1) bond issue. The bonds shall  
 5 be issued in denominations of at least one thousand dollars (\$1,000)  
 6 each and shall have a final maturity of not later than fifty (50) years  
 7 from the date of issue. The bonds are negotiable unless registered, but  
 8 may be made registrable for principal only or principal and interest.  
 9 The bonds may be made redeemable before the stated maturities on  
 10 terms and conditions and at the premiums that the board determines in  
 11 the resolution authorizing the issuance of the bonds.

12 (c) Upon adoption of a resolution ordering bonds, the board shall  
 13 certify a copy of the resolution to the municipal fiscal officer, who shall  
 14 then prepare the bonds. The municipal executive shall execute the  
 15 bonds and the fiscal officer shall attest them. The bonds and interest are  
 16 exempt from taxation for all purposes, except the financial institutions  
 17 tax imposed under IC 6-5.5 or ~~an inheritance~~ a tax imposed under  
 18 IC 6-4.1. All bonds issued by the board shall be sold by the fiscal  
 19 officer to the highest bidder, but not for less than par, after giving  
 20 notice of the sale by publication in accordance with IC 5-3-1.

21 (d) The bonds are not a corporate obligation or indebtedness of the  
 22 municipality, but constitute an indebtedness of the district as a special  
 23 taxing district. Except as provided in section 29(c) of this chapter, the  
 24 bonds and interest are payable only out of a special tax levied upon all  
 25 the property of the district as provided in this chapter. The bonds must  
 26 recite these terms upon their face, together with the purpose for which  
 27 they are issued.

28 (e) The board may sell bonds of the district to run for a period of  
 29 five (5) years from the date of sale. The five (5) year bonds are exempt  
 30 from taxation for all purposes except for the financial institutions tax  
 31 imposed under IC 6-5.5. The board may sell bonds of the district in  
 32 series for the purpose of refunding at any time the five (5) year bonds.  
 33 Actions questioning the validity of the bonds issued or to prevent their  
 34 issue may not be brought after the date set for the sale of the bonds, and  
 35 all bonds are incontestable for any cause after that date.

36 (f) The total amount of the bond issue, including bonds already  
 37 issued and to be issued, may not exceed twelve percent (12%) of the  
 38 total adjusted value of taxable property in the district as determined  
 39 under IC 36-1-15. All bonds issued in violation of this subsection are  
 40 void.

41 SECTION 53. IC 36-10-9.1-22 IS AMENDED TO READ AS  
 42 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 22. All:

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1 (1) property owned by the authority;  
 2 (2) revenues of the authority; and  
 3 (3) bonds issued by the authority, the interest on the bonds, the  
 4 proceeds received by a holder from the sale of bonds to the extent  
 5 of the holder's cost of acquisition, proceeds received upon  
 6 redemption before maturity, proceeds received at maturity, and  
 7 the receipt of interest in proceeds;  
 8 are exempt from taxation in Indiana for all purposes except the  
 9 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
 10 tax imposed under IC 6-4.1.

11 SECTION 54. IC 36-10-10-24 IS AMENDED TO READ AS  
 12 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 24. All:

13 (1) property owned by the authority;  
 14 (2) revenues of the authority; and  
 15 (3) bonds or other securities issued by the authority, the interest  
 16 on them, the proceeds received by a holder from the sale of bonds  
 17 to the extent of the holder's cost of acquisition, proceeds received  
 18 upon redemption prior to maturity, proceeds received at maturity,  
 19 and the receipt of interest and proceeds;  
 20 are exempt from taxation in Indiana for all purposes except the  
 21 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
 22 tax imposed under IC 6-4.1.

23 SECTION 55. THE FOLLOWING ARE REPEALED [EFFECTIVE  
 24 JULY 1, 2003]: IC 6-4.1-1-2; IC 6-4.1-1-3; IC 6-4.1-1-14; IC 6-4.1-2;  
 25 IC 6-4.1-3; IC 6-4.1-4; IC 6-4.1-5; IC 6-4.1-6; IC 6-4.1-7; IC 6-4.1-8;  
 26 IC 6-4.1-9; IC 6-4.1-12-1; IC 6-4.1-12-2; IC 6-4.1-12-4; IC 6-4.1-12-8;  
 27 IC 6-4.1-12-9; IC 6-4.1-12-10.

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