

Adopted	Rejected
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COMMITTEE REPORT

YES:	17
NO:	1

MR. SPEAKER:

Your Committee on Ways and Means, to which was referred Senate Bill 496, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:

1 Page 1, between the enacting clause and line 1, begin a new
2 paragraph and insert:
3 "SECTION 1. IC 2-2.1-4 IS ADDED TO THE INDIANA CODE
4 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2005]:
6 **Chapter 4. Budget Bills**
7 **Sec. 1. As used in this chapter, "general appropriation" refers**
8 **to an appropriation described in section 10 of this chapter.**
9 **Sec. 2. Except as provided in sections 4 and 5 of this chapter, all**
10 **of the general appropriations enacted by the general assembly for**
11 **a state fiscal year, including appropriations for a state fiscal year**
12 **made by a continuing appropriation enacted in any law, are void**
13 **if the total of the general appropriations for the state fiscal year**
14 **exceeds ninety-nine percent (99%) of the state revenue that the**
15 **budget agency estimates under section 6 of this chapter will be**

1 available in the state fiscal year to pay for the appropriations. This
2 section applies to all the general appropriations enacted for a state
3 fiscal year regardless of whether the appropriations were enacted
4 in the same bill or in the same session of the general assembly.

5 Sec. 3. The general appropriations enacted in a budget bill (as
6 defined in IC 4-12-1-2) are void if:

7 (1) the bill includes appropriations for a state fiscal year,
8 including increases in the appropriations for a state fiscal
9 year, that total at least one hundred million dollars
10 (\$100,000,000); and

11 (2) the last version of the bill available to and voted on by each
12 legislator or, if a later conference committee report was
13 adopted for the bill, the last conference committee report
14 available to and adopted by each legislator does not include
15 the following information on the first or second page of the bill
16 or in the bill's digest or synopsis:

17 (A) A materially accurate and complete explanation
18 indicating the dollar amount of the surplus or deficit
19 resulting from subtracting the total of all general
20 appropriations made for each state fiscal year affected by
21 the bill or the bill's conference committee report from the
22 estimate of state revenue for that state fiscal year.

23 (B) A materially accurate and complete explanation
24 indicating the percentage of the state revenue for each state
25 fiscal year affected by the bill or the bill's conference
26 committee report that is appropriated for general
27 appropriations payable in that state fiscal year.

28 Sec. 4. Sections 2 and 3 of this chapter do not void an
29 appropriation for a purpose described in IC 4-10-15 for which
30 expenditures may be made without the enactment of an
31 appropriation.

32 Sec. 5. (a) An appropriation that otherwise must be considered
33 in complying with section 2 or 3 of this chapter shall be excluded
34 from all computations related to determining compliance with
35 section 2 or 3 of this chapter only if:

36 (1) the general assembly, in a regular session, authorizes an
37 emergency appropriation by enacting a supplemental
38 appropriations act that contains all the statements described

1 in subsection (b); and
2 (2) the act is approved by a two-thirds (2/3) majority of the
3 house of representatives and a two-thirds (2/3) majority of the
4 senate.

5 (b) To satisfy subsection (a)(1), an act must contain the
6 following:

7 (1) A statement describing which appropriations in the act are
8 excluded from the application of sections 2 and 3 of this
9 chapter.

10 (2) A description of the additional amount of emergency
11 appropriations and an explanation of the specific
12 circumstances that created the need for a supplemental
13 appropriation.

14 Sec. 6. (a) For each state fiscal year, the budget agency shall
15 compute an estimate of state revenue using the formula established
16 in section 7 of this chapter. An estimate for the two (2) years of a
17 biennial budget period shall be computed before December 31 of
18 the even-numbered year immediately preceding the beginning of
19 each budget period. The first estimate required under this
20 subsection is the estimate for the budget period beginning July 1,
21 2007, which shall be computed before December 31, 2006.

22 (b) For the second state fiscal year in a budget period, the
23 budget agency shall revise the estimate of state revenue using the
24 formula established in section 7 of this chapter. The revision of the
25 estimate for the second year of a budget period shall be prepared
26 before December 31 of the odd-numbered year immediately
27 preceding the second state fiscal year in the budget period. The
28 first revision required under this subsection is the revision for the
29 second year of the budget period beginning July 1, 2007, which
30 shall be computed before December 31, 2007.

31 (c) The budget agency may revise an estimate calculated under
32 subsection (a) or a revised estimate calculated under subsection (b)
33 after the estimate is distributed. A revision under this subsection
34 must be prepared not later than fifteen (15) days before either
35 chamber of the general assembly adjourns a session sine die.

36 (d) The last estimate computed under this section and
37 distributed under section 8 of this chapter before the adjournment
38 of a session sine die applies to all appropriations enacted before the

1 end of that session.

2 (e) The last estimate computed under this section and
3 distributed under section 8 of this chapter before a version of a bill
4 or a later conference committee report for a bill is printed applies
5 to all appropriations affected by that version of a bill or a bill's
6 conference committee report.

7 Sec. 7. The estimated state revenue for a state fiscal year is the
8 amount determined under STEP THREE of the following formula:

9 STEP ONE: Determine the general revenues available for the
10 state fiscal year, which is equal to the estimated revenues from
11 all sources that are:

12 (A) forecast by the revenue forecast technical committee to
13 be received in the immediately following budget period;
14 and

15 (B) required by law to be deposited in the state general
16 fund or the property tax replacement fund;

17 including revenues from gross retail taxes, utility receipts
18 taxes, adjusted gross income taxes, cigarette taxes, taxes on
19 alcoholic beverages, riverboat wagering taxes, riverboat
20 admissions taxes, inheritance taxes, insurance premium taxes,
21 financial institution taxes, interest, and other miscellaneous
22 income other than revenues described in section 10 STEP
23 TWO of this chapter.

24 STEP TWO: Determine the total of net adjustments to be
25 made to the general revenues for the state fiscal year, which
26 is the amount determined under clause (I) of the following
27 formula:

28 (A) Determine the disproportionate share and enhanced
29 disproportionate share revenues that will be received by
30 the state in the state fiscal year.

31 (B) Determine the interfund transfers to be made from the
32 build Indiana fund to the state general fund or the
33 property tax replacement fund in the state fiscal year.

34 (C) Determine the interfund transfers to be made from the
35 counter-cyclical revenue and economic stabilization fund
36 to the state general fund or the property tax replacement
37 fund in the state fiscal year.

38 (D) Determine the sum of the amounts determined under

- 1 **clauses (A) through (C).**
- 2 **(E) Determine the interfund transfers to be made from the**
- 3 **state general fund or the property tax replacement fund to**
- 4 **the build Indiana fund in the state fiscal year.**
- 5 **(F) Determine the interfund transfers to be made from the**
- 6 **state general fund or the property tax replacement fund to**
- 7 **the counter-cyclical revenue and economic stabilization**
- 8 **fund in the state fiscal year.**
- 9 **(G) Determine the amount included in the amount**
- 10 **determined under STEP ONE that results from any of the**
- 11 **following:**
- 12 **(i) An extraordinary nonrecurring transfer into the state**
- 13 **general fund or the property tax replacement fund from**
- 14 **a source other than the state general fund or the**
- 15 **property tax replacement fund. For purposes of this**
- 16 **item, generally accepted accounting principles apply in**
- 17 **determining whether a transfer qualifies as**
- 18 **extraordinary.**
- 19 **(ii) A distribution from the federal government that may**
- 20 **be expended without an appropriation by the general**
- 21 **assembly, other than a distribution described in clause**
- 22 **(A).**
- 23 **(H) Determine the sum of the amounts determined under**
- 24 **clauses (E) through (G).**
- 25 **(I) Subtract the amount determined under clause (H) from**
- 26 **the amount determined under clause (D).**
- 27 **STEP THREE: If:**
- 28 **(A) the STEP TWO amount is zero dollars (\$0), the**
- 29 **estimated state revenues for the state fiscal year is the**
- 30 **STEP ONE amount;**
- 31 **(B) the STEP TWO amount is greater than zero dollars**
- 32 **(\$0), the estimated state revenues for the state fiscal year is**
- 33 **the sum of the STEP ONE amount and the STEP TWO**
- 34 **amount; and**
- 35 **(C) the STEP TWO amount is less than zero dollars (\$0),**
- 36 **the estimated state revenues for the state fiscal year is the**
- 37 **result of the STEP ONE amount minus the absolute value**
- 38 **of the STEP TWO amount.**

1 **Sec. 8. (a) Not earlier than December 1 and not later than the**
2 **first session day of the general assembly after December 31 of each**
3 **even-numbered year, the budget agency shall submit in an**
4 **electronic format under IC 5-14-6 to the executive director of the**
5 **legislative services agency a report that includes at least the**
6 **following information:**

7 **(1) The estimated state revenue for each of the state fiscal**
8 **years in the immediately following biennial budget period.**

9 **(2) The supporting data and calculations necessary for a**
10 **person to independently verify the manner in which the**
11 **estimates of state revenue described in subdivision (1) were**
12 **determined.**

13 **(b) Not earlier than December 1 and not later than the first**
14 **session day of the general assembly after December 31 in each**
15 **odd-numbered year, the budget agency shall submit in an**
16 **electronic format under IC 5-14-6 to the executive director of the**
17 **legislative services agency a report that includes at least the**
18 **following information:**

19 **(1) The estimated state revenue for the second state fiscal year**
20 **in the current budget period.**

21 **(2) The supporting data and calculations necessary for a**
22 **person to independently verify the manner in which the**
23 **estimate of state revenue described in subdivision (1) was**
24 **determined.**

25 **(c) Not later than three (3) days (including Saturday, Sunday, or**
26 **any holiday) after the budget agency revises an estimate of state**
27 **revenue distributed under subsection (a) or (b), the budget agency**
28 **shall submit in an electronic format under IC 5-14-6 to the**
29 **executive director of the legislative services agency a report that**
30 **includes at least the following information:**

31 **(1) The revised estimated state revenue for the state fiscal**
32 **years affected by the report.**

33 **(2) The supporting data and calculations necessary for a**
34 **person to independently verify the manner in which the**
35 **revised estimates of state revenue described in subdivision (1)**
36 **were determined.**

37 **Sec. 9. (a) The budget agency shall compute the dollar amount**
38 **of the total of general appropriations from the state general fund**

1 **and the property tax replacement fund for each state fiscal year for**
 2 **which an appropriation is made or being considered:**

- 3 (1) each time that a bill or a bill's conference committee report
 4 described in section 3 of this chapter is being considered for
 5 final action by the house of representatives or the senate; and
 6 (2) not later than thirty (30) days after the adjournment sine
 7 die of a session of the general assembly.

8 (b) While the general assembly is in session, reports, submitted
 9 in an electronic format under IC 5-14-6, containing at least the
 10 total dollar amount of general appropriations must be delivered to
 11 the executive director of the legislative services agency in a format
 12 and on a schedule that allows bills and conference committee
 13 reports described in section 3 of this chapter to be printed without
 14 delay with the information required under that section.

15 (c) Not later than thirty-five (35) days after a session of the
 16 general assembly adjourns sine die, a report, submitted in an
 17 electronic format under IC 5-14-6, containing at least the total
 18 dollar amount of general appropriations must be delivered to the
 19 executive director of the legislative services agency. A report
 20 required by this subsection must be delivered not later than five (5)
 21 regular business days after it is computed.

22 **Sec. 10. The total of general appropriations from the state**
 23 **general fund and the property tax replacement fund for a state**
 24 **fiscal year is equal to the amount determined under STEP THREE**
 25 **of the following formula:**

26 **STEP ONE: Determine the total amount that is authorized by**
 27 **appropriation for payment or transfer from the state general**
 28 **fund or the property tax replacement fund in the state fiscal**
 29 **year, regardless of the bill or session in which the**
 30 **appropriation is or is to be enacted.**

31 **STEP TWO: Determine the total amount included in the**
 32 **STEP ONE amount that is appropriated from the state**
 33 **general fund or the property tax replacement fund for:**

- 34 (A) settlements and judgments;
 35 (B) transfers between accounts in the state general fund,
 36 accounts in the property tax replacement fund, or the state
 37 general fund and the property tax replacement fund;
 38 (C) the distribution of tax refunds or refundable tax

1 credits; or

2 (D) any purpose to the extent that money described in
3 section 7, STEP TWO (G)(ii) of this chapter (distribution
4 from the federal government that may be expended
5 without an appropriation) is to fund the appropriation.

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

8 Sec. 11. (a) The part of an appropriation that is an open ended
9 appropriation exceeding a specific amount appropriated for a
10 purpose is not to be considered in computing general
11 appropriations under section 10 of this chapter.

12 (b) For purposes of section 10 of this chapter, a descriptive
13 appropriation that does not authorize a specific amount for
14 expenditure in a state fiscal year is to be estimated as the maximum
15 amount that the budget agency estimates may be expended in the
16 period for which the appropriation is made for purposes of the
17 appropriation. For purposes of section 10 of this chapter, if the
18 appropriation is made for a period exceeding one (1) state fiscal
19 year and less than eleven (11) state fiscal years, the maximum
20 allowable appropriation shall be apportioned among the state fiscal
21 years by the same percentage. If the appropriation is made for
22 more than ten (10) state fiscal years, the maximum allowable
23 appropriation shall be apportioned by the same percentage over
24 the initial ten (10) state fiscal years.

25 (c) For purposes of section 10 of this chapter, if an appropriation
26 of a specific amount is made for a period exceeding one (1) state
27 fiscal year, fifty percent (50%) of the appropriated amount is to be
28 allocated as a general appropriation for each state fiscal year in a
29 budget period.

30 (d) For purposes of section 10 of this chapter, language that only
31 authorizes a person to issue bonds, enter into a loan agreement,
32 enter into a lease, or enter into another agreement shall not be
33 treated as an appropriation unless the general assembly otherwise
34 appropriates money to pay for or to repay the authorized
35 obligations.

36 (e) For purposes of complying with section 3 of this chapter but
37 not section 2 of this chapter, only appropriations that:

38 (1) have been enacted into law;

- 1 **(2) are contained in a bill or a bill's conference committee**
 2 **report in which appropriation surplus or deficit is to be**
 3 **printed;**
 4 **(3) were previously passed by both houses of the general**
 5 **assembly in the same session as a bill or a bill's conference**
 6 **committee report in which appropriation surplus or deficit is**
 7 **to be printed; or**
 8 **(4) are contained in any other bill that by rule of the house of**
 9 **representatives or the senate must be considered in complying**
 10 **with section 3 of this chapter;**
 11 **shall be considered in computing the total of general**
 12 **appropriations under section 10 of this chapter.**

13 SECTION 2. IC 4-10-18-1 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JUNE 15, 2005]: Sec. 1. As used in this
 15 chapter:

16 "Adjusted personal income" for a particular calendar year means the
 17 adjusted state personal income for that year as determined under section
 18 3(b) of this chapter.

19 "Annual growth rate" for a particular calendar year means the
 20 percentage change in adjusted personal income for the particular
 21 calendar year as determined under section 3(c) of this chapter.

22 "Budget director" refers to the director of the budget agency
 23 established under IC 4-12-1.

24 "Costs" means the cost of construction, equipment, land, property
 25 rights (including leasehold interests), easements, franchises, leases,
 26 financing charges, interest costs during and for a reasonable period after
 27 construction, architectural, engineering, legal, and other consulting or
 28 advisory services, plans, specifications, surveys, cost estimates, and
 29 other costs or expenses necessary or incident to the acquisition,
 30 development, construction, financing, and operating of an economic
 31 growth initiative.

32 "Current calendar year" means a calendar year during which a
 33 transfer to or from the fund is initially determined under sections 4 and
 34 5 of this chapter.

35 "Economic growth initiative" means:

- 36 (1) the construction, extension, or completion of sewerlines,
 37 waterlines, streets, sidewalks, bridges, roads, highways, public
 38 ways, and any other infrastructure improvements;

- 1 (2) the leasing or purchase of land and any site improvements to
 2 land;
 3 (3) the construction, leasing, or purchase of buildings or other
 4 structures;
 5 (4) the rehabilitation, renovation, or enlargement of buildings or
 6 other structures;
 7 (5) the leasing or purchase of machinery, equipment, or
 8 furnishings; or
 9 (6) the training or retraining of employees whose jobs will be
 10 created or retained as a result of the initiative.

11 "Fund" means the counter-cyclical revenue and economic
 12 stabilization fund established under this chapter.

13 "General fund revenue" means all general purpose tax revenue and
 14 other unrestricted general purpose revenue of the state, including
 15 federal revenue sharing monies, credited to the:

- 16 (1) state general fund; **or**
 17 (2) **property tax replacement fund;**

18 and from which appropriations may be made. The term "general fund
 19 revenue" does not include revenue held in the reserve for tuition
 20 support under IC 4-12-1-12.

21 "Implicit price deflator for the gross national product" means the
 22 implicit price deflator for the gross national product, or its closest
 23 equivalent, which is available from the United States Bureau of
 24 Economic Analysis.

25 "Political subdivision" has the meaning set forth in IC 36-1-2-13.

26 "Qualified economic growth initiative" means an economic growth
 27 initiative that is:

- 28 (1) proposed by or on behalf of a political subdivision to promote
 29 economic growth, including the creation or retention of jobs or the
 30 infrastructure necessary to create or retain jobs;
 31 (2) supported by a financing plan by or on behalf of the political
 32 subdivision in an amount at least equal to the proposed amount of
 33 the grant under section 15 of this chapter; and
 34 (3) estimated to cost not less than twelve million five hundred
 35 thousand dollars (\$12,500,000).

36 "State personal income" means state personal income as that term is
 37 defined by the Bureau of Economic Analysis of the United States
 38 Department of Commerce or its successor agency.

1 "Total state general fund revenue" for a particular state fiscal year
 2 means the amount of that revenue for the particular state fiscal year as
 3 finally determined by the auditor of state.

4 "Transfer payments" means transfer payments as that term is defined
 5 by the Bureau of Economic Analysis of the United States Department
 6 of Commerce or its successor agency.

7 SECTION 3. IC 4-10-18-4 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. (a) If the annual
 9 growth rate for the calendar year preceding the current calendar year
 10 exceeds two percent (2%), there is appropriated to the fund from the
 11 state general fund, for the state fiscal year beginning in the current
 12 calendar year, an amount equal to the product of:

13 (1) the total state general fund revenues for the state fiscal year
 14 ending in the current calendar year; multiplied by

15 (2) the remainder of:

16 (A) the annual growth rate for the calendar year preceding the
 17 current calendar year; minus

18 (B) two percent (2%).

19 (b) If the annual growth rate for the calendar year immediately
 20 preceding the current calendar year is less than a negative two percent
 21 (-2%), there is appropriated from the fund to the state general fund **and**
 22 **the property tax replacement fund**, for the state fiscal year beginning
 23 in the current calendar year, an amount equal to the product of:

24 (1) the total state general fund revenues for the state fiscal year
 25 ending in the current calendar year; multiplied by

26 (2) negative one (-1); and further multiplied by

27 (3) the remainder of:

28 (A) the annual growth rate for the calendar year preceding the
 29 current calendar year; minus

30 (B) negative two percent (-2%).

31 **The amount appropriated to each fund is proportional to the**
 32 **amount needed to balance each fund as described in section 9 of**
 33 **this chapter.**

34 SECTION 4. IC 4-10-18-5 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) As soon as the
 36 auditor of state makes a final determination of the amount of total state
 37 general fund revenues for a particular state fiscal year, ~~he~~ **the auditor**
 38 shall certify that amount to the budget director.

1 (b) As soon as possible after receiving the certification from the
 2 auditor of state under subsection (a), the budget director shall determine
 3 the amount, if any, that is appropriated into or out of the fund under
 4 section 4 of this chapter. If an appropriation is made into the fund under
 5 section 4 of this chapter, the budget director shall immediately certify
 6 that amount to the treasurer of state. If an appropriation is made out of
 7 the fund under section 4 of this chapter, the budget director shall certify
 8 to the treasurer of state an amount equal to the part of the appropriation,
 9 if any, by which the general fund general operating budget **and the**
 10 **noncapital budget payable from the property tax replacement fund**
 11 for the state fiscal year for which the appropriation is made, exceeds the
 12 budget director's estimate of the total general fund revenues for that
 13 same state fiscal year. The budget director shall make the certification
 14 or certifications of money to be transferred out of the fund at the time
 15 or times that ~~he~~ **the budget director** determines the general fund
 16 general operating budget **and the noncapital budget payable from the**
 17 **property tax replacement fund** would exceed the total estimated state
 18 general fund revenues.

19 (c) Immediately upon receiving a certification from the budget
 20 director under subsection (b), the auditor of state and treasurer of state
 21 shall make the appropriate transfer into or out of the fund.

22 (d) Any amount, which is appropriated out of the fund under section
 23 4 of this chapter, but which has not been transferred out of the fund
 24 under this section at the end of the state fiscal year for which the
 25 appropriation is made, shall revert to the fund.

26 SECTION 5. IC 4-10-18-8 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JUNE 15, 2005]: Sec. 8. (a) Except as
 28 provided in subsection (b), if the balance, at the end of a state fiscal
 29 year, in the fund exceeds ~~seven ten~~ percent (~~7%~~) **(10%)** of the total
 30 state general fund revenues for that state fiscal year, the excess is
 31 appropriated from the fund to the property tax replacement fund
 32 established under IC 6-1.1-21. The auditor of state and the treasurer of
 33 state shall transfer the amount so appropriated from the fund to the
 34 property tax replacement fund during the immediately following state
 35 fiscal year.

36 (b) If an appropriation is made out of the fund under section 4 of this
 37 chapter for a state fiscal year during which a transfer is to be made from
 38 the fund to the property tax replacement fund, the amount of the

1 appropriation made under subsection (a) shall be reduced by the amount
 2 of the appropriation made under section 4 of this chapter. However, the
 3 amount of the appropriation made under subsection (a) may not be
 4 reduced to less than zero (0).

5 SECTION 6. IC 4-10-18-9 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. If the total state
 7 general fund revenues for a state fiscal year, in which a transfer into the
 8 fund is made, are less than the level estimated in the budget report
 9 prepared in accord with IC 4-12-1-12(a) or (c) and the shortfall cannot
 10 be attributed to a statutory change in the tax rate, the tax base, the fee
 11 schedules, or the revenue sources from which the general fund revenue
 12 estimate was made, there is appropriated from the fund to the state
 13 general fund an amount that may not exceed the lesser of the following
 14 two (2) amounts:

15 (1) the amount that was transferred into the fund during that state
 16 fiscal year; or

17 (2) the amount necessary to balance the general fund general
 18 operating budget **and the noncapital budget payable from the**
 19 **property tax replacement fund** for that state fiscal year.

20 SECTION 7. IC 4-10-21-0.5 IS ADDED TO THE INDIANA
 21 CODE AS A NEW SECTION TO READ AS FOLLOWS
 22 [EFFECTIVE JULY 1, 2005]: **Sec. 0.5. As used in this chapter,**
 23 **"general expenditures" refers to an expenditure from the state**
 24 **general fund or the property tax replacement fund that is**
 25 **authorized by a general appropriation subject to IC 2-2.1-4, other**
 26 **than any part of an appropriation excluded under IC 2-2.1-4-5.**

27 SECTION 8. IC 4-10-21-1 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. As used in this
 29 chapter, "state spending cap" refers:

30 (1) **for state fiscal years ending before July 1, 2007**, to the state
 31 spending cap determined under section 2 of this chapter; **and**

32 (2) **for state fiscal years beginning after June 30, 2007**, to the
 33 **maximum amount that may be appropriated for general**
 34 **appropriations in a state fiscal year under IC 2-2.1-4.**

35 SECTION 9. IC 4-10-21-2 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. ~~(a) For the state~~
 37 ~~fiscal year beginning July 1, 2003, and ending June 30, 2004, the state~~
 38 ~~spending cap is equal to the result determined under STEP THREE of~~

1 the following formula:

2 STEP ONE: Determine the sum of the total of the appropriations
3 made from the state general fund and the property tax replacement
4 fund (including continuing appropriations) for the state fiscal year
5 beginning July 1, 2002, and ending June 30, 2003.

6 STEP TWO: Subtract from the STEP ONE result two hundred
7 forty-three million dollars (\$243,000,000), which is the amount of
8 certain reversions made by state agencies:

9 STEP THREE: Multiply the STEP TWO result by one and
10 thirty-five thousandths (1.035):

11 (b) For the state fiscal year beginning July 1, 2004, and ending June
12 30, 2005, the state spending cap is equal to the product of the result
13 determined under subsection (a) multiplied by one and thirty-five
14 thousandths (1.035):

15 (c) (a) The state spending cap for a state fiscal year beginning after
16 June 30, 2005, is equal to the product of the state spending growth
17 quotient for the state fiscal year determined under section 3 of this
18 chapter multiplied by the state spending cap for the immediately
19 preceding state fiscal year.

20 (d) (b) The state spending cap imposed under this section is
21 increased in the initial state fiscal year in which the state receives
22 additional revenue for deposit in the state general fund or property tax
23 replacement fund as a result of the enactment of a law that:

- 24 (1) establishes a new tax or fee after June 30, 2002;
25 (2) increases the rate of a previously enacted tax or fee after June
26 30, 2002; or
27 (3) reduces or eliminates an exemption, a deduction, or a credit
28 against a previously enacted tax or fee after June 30, 2002.

29 The amount of the increase is equal to the average revenue that the
30 budget agency estimates will be raised by the legislative action in the
31 initial two (2) full state fiscal years in which the legislative change is in
32 effect.

33 (e) (c) The state spending cap imposed under this section is
34 decreased in the initial state fiscal year in which the state is affected by
35 a decrease in revenue deposited in the state general fund or property tax
36 replacement fund as the result of the enactment of a law that:

- 37 (1) eliminates a tax or fee after June 30, 2002;
38 (2) eliminates any part of a tax rate or fee after June 30, 2002; or

1 (3) establishes or increases an exemption, a deduction, or a credit
2 against a tax or fee after June 30, 2002.

3 The amount of the decrease is equal to the average revenue that the
4 budget agency estimates will be lost as a result of the legislative action
5 in the initial two (2) full state fiscal years in which the legislative
6 change is in effect.

7 **(d) This section expires July 1, 2007.**

8 SECTION 10. IC 4-10-21-5 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) The maximum
10 total amount that may be expended in a state fiscal year from the state
11 general fund, the property tax replacement fund, and the
12 counter-cyclical revenue and economic stabilization fund is the least of
13 the following:

14 (1) Subject to sections 6 and 7 of this chapter, the state spending
15 cap for the state fiscal year.

16 (2) The amount appropriated by the general assembly from the
17 state general fund, the property tax replacement fund, and the
18 counter-cyclical revenue and economic stabilization fund.

19 (3) The amount of money available in the state general fund, the
20 property tax replacement fund, and the counter-cyclical revenue
21 and economic stabilization fund to pay expenditures.

22 (b) Subject to sections 6 and 7 of this chapter, if the state spending
23 cap for the state fiscal year is less than the amount appropriated by the
24 general assembly in the state fiscal year from the state general fund, the
25 property tax replacement fund, and the counter-cyclical revenue and
26 economic stabilization fund, the budget agency shall reduce the
27 amounts available for expenditure from the state general fund, the
28 property tax replacement fund, and the counter-cyclical revenue and
29 economic stabilization fund in the state fiscal year by using the
30 procedures in IC 4-13-2-18.

31 **(c) This section expires July 1, 2007.**

32 SECTION 11. IC 4-10-21-5.1 IS ADDED TO THE INDIANA
33 CODE AS A NEW SECTION TO READ AS FOLLOWS
34 [EFFECTIVE JULY 1, 2005]: **Sec. 5.1. (a) After June 30, 2007, the**
35 **maximum total amount that may be expended for general**
36 **expenditures in a state fiscal year may not exceed the maximum**
37 **allowable expenditure imposed under this chapter and the**
38 **maximum allowable appropriation under IC 2-2.1-4.**

1 **(b) If the state spending cap for the state fiscal year is less than**
 2 **the amount appropriated by the general assembly for general**
 3 **expenditures in the state fiscal year, when all open ended**
 4 **appropriations and nonspecific descriptive appropriations are**
 5 **considered, the budget agency shall reduce the amounts available**
 6 **for general expenditures to avoid a total amount of general**
 7 **expenditures that exceeds the state spending cap by using the**
 8 **procedures set forth in IC 4-13-2-18.**

9 SECTION 12. IC 4-10-21-6 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. **(a)** The following
 11 expenditures that would otherwise be subject to this chapter shall be
 12 excluded from all computations and determinations related to a state
 13 spending cap:

14 (1) Expenditures derived from money deposited in the state
 15 general fund, the property tax replacement fund, and the
 16 counter-cyclical revenue and economic stabilization fund from
 17 any of the following:

- 18 (A) Gifts.
- 19 (B) Federal funds.
- 20 (C) Dedicated funds.
- 21 (D) Intergovernmental transfers.
- 22 (E) Damage awards.
- 23 (F) Property sales.

24 (2) Expenditures for any of the following:

- 25 (A) Transfers of money among the state general fund, the
 26 property tax replacement fund, and the counter-cyclical
 27 revenue and economic stabilization fund.
- 28 (B) Reserve fund deposits.
- 29 (C) Refunds of intergovernmental transfers.
- 30 (D) Payment of judgments against the state and settlement
 31 payments made to avoid a judgment against the state, other
 32 than a judgment or settlement payment for failure to pay a
 33 contractual obligation or a personnel expenditure.
- 34 (E) Distributions or allocations of state tax revenues to a unit
 35 of local government under IC 36-7-13, IC 36-7-26, IC 36-7-27,
 36 IC 36-7-31, or IC 36-7-31.3.
- 37 (F) Motor vehicle excise tax replacement payments that are
 38 derived from amounts transferred to the state general fund

1 from the lottery and gaming surplus account of the build
2 Indiana fund.

3 (G) Distributions of state tax revenues collected under IC 7.1
4 that are payable to cities and towns.

5 **(b) This section expires July 1, 2007.**

6 SECTION 13. IC 4-10-21-7 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) An appropriation
8 otherwise subject to the state spending cap limitation imposed by
9 section 5 of this chapter shall be treated as exempt from the state
10 spending cap limitation only if the general assembly specifically
11 exempts the appropriation from the state spending cap in clear and
12 unambiguous language contained in the bill making the appropriation.

13 (b) The following language shall be treated as meeting the
14 requirements of subsection (a):

15 "The general assembly waives the state spending cap limitation
16 imposed by IC 4-10-21-5 for the state fiscal year beginning July
17 1, (insert the applicable year), and ending June 30, (insert the
18 applicable year), for the following appropriation: (insert the
19 language of the appropriation). Notwithstanding
20 IC 4-10-21-5(a)(1), the budget agency may allot appropriations
21 for the appropriation without making any reduction under
22 IC 4-10-21-5(b)."

23 (c) Language in a bill such as "Notwithstanding IC 4-10-21" or "IC
24 4-10-21 does not apply to this appropriation" shall not be treated as
25 meeting the requirements of subsection (a). The budget agency may
26 consider the language described in this subsection or other language
27 that does not meet the requirements of subsection (a) only in
28 determining which appropriations to make available for expenditure
29 under section 5(b) of this chapter.

30 **(d) This section expires July 1, 2007.**

31 SECTION 14. IC 4-10-21-8 IS AMENDED TO READ AS
32 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. (a) Not earlier than
33 December 1 and not later than the first session day of the general
34 assembly after December 31 of each even-numbered year, the budget
35 agency shall submit a report in an electronic format under IC 5-14-6 to
36 the executive director of the legislative services agency that includes at
37 least the following information:

38 (1) The state spending cap for each of the state fiscal years in the

1 immediately following biennial budget period.

2 (2) The supporting data and calculations necessary for a person to
3 independently verify the manner in which the state spending caps
4 described in subdivision (1) were determined.

5 **(b) This section expires July 1, 2007.**

6 SECTION 15. IC 4-12-1-8.5 IS ADDED TO THE INDIANA
7 CODE AS A NEW SECTION TO READ AS FOLLOWS
8 [EFFECTIVE JULY 1, 2005]: **Sec. 8.5. (a) The statement required**
9 **under section 9 of this chapter in the second part of a budget report**
10 **(proposed anticipated income) must be based on a forecast that**
11 **presents, to the best of the budget director's knowledge and belief,**
12 **the expected income that will be available to meet the**
13 **appropriations in:**

14 (1) each state fiscal year in the budget period for which the
15 budget report is prepared; and

16 (2) each calendar year containing any part of the budget
17 period.

18 (b) The forecast prepared under this section shall be updated at
19 least semiannually. During odd-numbered years, the forecast
20 prepared under subsection (a) shall be updated before the last
21 regular business day immediately preceding April 11 in the year.

22 (c) A forecast prepared under this section shall be expressed in
23 specific monetary amounts as a single point estimate of forecasted
24 income. The forecast must contain the information necessary to
25 compute the expenditure limitations in IC 2-2.1-4. Due professional
26 care must be used in preparing the forecast. The underlying
27 assumptions used must provide a reasonably objective basis for the
28 forecast and be appropriate for the circumstances. Significant
29 underlying assumptions must be disclosed in the forecast report.

30 (d) The budget director shall submit a forecast prepared under
31 this section, including each updated version of the forecast, in an
32 electronic format under IC 5-14-6 to the executive director of the
33 legislative services agency not later than two (2) regular business
34 days after a forecast is completed."

35 Page 1, line 1, after "4-33-12-6" insert ", AS AMENDED BY
36 P.L.4-2005, SECTION 23,".

37 Page 4, line 31, delete "department of commerce" and insert
38 "Indiana economic development corporation".

1 Page 4, line 32, delete "department" and insert "corporation".

2 Page 5, line 7, delete "department." and insert "Indiana economic
3 development corporation.".

4 Page 11, delete lines 15 through 42, begin a new paragraph and
5 insert:

6 "SECTION 4. IC 5-3-1-3 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. (a) Within sixty (60)
8 days after the expiration of each calendar year, the fiscal officer of each
9 civil city and town in Indiana shall publish an annual report of the
10 receipts and expenditures of the city or town during the preceding
11 calendar year.

12 (b) Not earlier than August 1 or later than August 15 of each year,
13 the secretary of each school corporation in Indiana shall publish an
14 annual financial report.

15 (c) In the annual financial report the school corporation shall include
16 the following:

17 (1) Actual receipts and expenditures by major accounts as
18 compared to the budget advertised under IC 6-1.1-17-3 for the
19 prior calendar year.

20 (2) The salary schedule for all certificated employees (as defined
21 in IC 20-7.5-1-2) as of June 30, with the number of employees at
22 each salary increment. However, the listing of salaries of
23 individual teachers is not required.

24 (3) The extracurricular salary schedule as of June 30.

25 (4) The range of rates of pay for all noncertificated employees by
26 specific classification.

27 (5) The number of employees who are full-time certificated,
28 part-time certificated, full-time noncertificated, and part-time
29 noncertificated.

30 (6) The lowest, highest, and average salary for the administrative
31 staff and the number of administrators without a listing of the
32 names of particular administrators.

33 (7) The number of students enrolled at each grade level and the
34 total enrollment.

35 (8) The assessed valuation of the school corporation for the prior
36 and current calendar year.

37 (9) The tax rate for each fund for the prior and current calendar
38 year.

1 (10) In the general fund, capital projects fund, and transportation
 2 fund, a report of the total payment made to each vendor for the
 3 specific fund in excess of two thousand five hundred dollars
 4 (\$2,500) during the prior calendar year. However, a school
 5 corporation is not required to include more than two hundred
 6 (200) vendors whose total payment to each vendor was in excess
 7 of two thousand five hundred dollars (\$2,500). A school
 8 corporation shall list the vendors in descending order from the
 9 vendor with the highest total payment to the vendor with the
 10 lowest total payment above the minimum listed in this
 11 subdivision.

12 (11) A statement providing that the contracts, vouchers, and bills
 13 for all payments made by the school corporation are in its
 14 possession and open to public inspection.

15 (12) The total indebtedness as of the end of the prior calendar year
 16 showing the total amount of notes, bonds, certificates, claims due,
 17 total amount due from such corporation for public improvement
 18 assessments or intersections of streets, and any and all other
 19 evidences of indebtedness outstanding and unpaid at the close of
 20 the prior calendar year. **The school corporation must publish**
 21 **information under this subsection that is consistent with the**
 22 **information reported to the department of local government**
 23 **finance under IC 5-1-18.**

24 (d) The school corporation may provide an interpretation or
 25 explanation of the information included in the financial report.

26 (e) The department of education shall do the following:

27 (1) Develop guidelines for the preparation and form of the
 28 financial report.

29 (2) Provide information to assist school corporations in the
 30 preparation of the financial report.

31 (f) The annual reports required by this section and IC 36-2-2-19 and
 32 the abstract required by IC 36-6-4-13 shall each be published one (1)
 33 time only, in accordance with this chapter.

34 (g) Each school corporation shall submit to the department of
 35 education a copy of the financial report required under this section. The
 36 department of education shall make the financial reports available for
 37 public inspection.

38 SECTION 5. IC 6-1.1-4-4.5 IS AMENDED TO READ AS

1 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.5. (a) The
 2 department of local government finance shall adopt rules establishing
 3 a system for annually adjusting the assessed value of real property to
 4 account for changes in value in those years since a general reassessment
 5 of property last took effect.

6 (b) The system must be applied to adjust assessed values beginning
 7 with the ~~2005~~ 2006 assessment date and each year thereafter that is not
 8 a year in which a reassessment becomes effective.

9 (c) The system must have the following characteristics:

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

12 (2) Apply all objectively verifiable factors used in mass valuation
 13 techniques that are reasonably expected to affect the value of real
 14 property in Indiana.

15 (3) Prescribe as many adjustment percentages and whatever
 16 categories of percentages the department of local government
 17 finance finds necessary to achieve objectively verifiable updated
 18 just valuations of real property. An adjustment percentage for a
 19 particular classification may be positive or negative.

20 (4) Prescribe procedures, including computer software programs,
 21 that permit the application of the adjustment percentages in an
 22 efficient manner by assessing officials."

23 Delete page 12, begin a new paragraph and insert:

24 "SECTION 6. IC 6-1.1-5-7 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) A person to
 26 whom the title to real property has passed, either under the laws of
 27 descent of this state or by virtue of the last will of a decedent, may
 28 procure a transfer of the real property on the tax duplicate on which the
 29 real property is assessed and taxed. In order to procure the transfer, the
 30 person must prepare an affidavit and, except as provided in section 9 of
 31 this chapter, file it with the auditor of the county in which the real
 32 property is situated. The affidavit shall contain the following
 33 information:

34 (1) The decedent's date of death.

35 (2) Whether the decedent died testate or intestate. ~~and~~

36 (3) The affiant's interest in the real property.

37 **(4) If the real property is residential property, the amount of**
 38 **any taxes that have been deferred under IC 6-1.1-45.**

1 In addition, if the decedent died testate, the affiant must attach a
 2 certified copy of the decedent's will to the affidavit. However, if the
 3 will has been probated or recorded in the county in which the real
 4 property is located, the affiant, in lieu of attaching a certified copy of
 5 the will, shall state that fact in the affidavit and indicate the volume and
 6 page of the record where the will may be found.

7 (b) Except as provided in section 9 of this chapter, the county
 8 auditor shall enter a transfer of the real property in the proper transfer
 9 book after the affidavit is filed with ~~his~~ **the county auditor's** office.

10 (c) No transfer made under this section has the effect of conferring
 11 title upon the person procuring the transfer.

12 **(d) Before the county auditor may transfer real property**
 13 **described in subsection (a) on the last assessment list or apportion**
 14 **the assessed value of the real property among the owners, the**
 15 **owner must pay or otherwise satisfy all taxes on the parcels being**
 16 **transferred that have become due under IC 6-1.1-45 as a result of**
 17 **the death of the person by paying the property tax to the county**
 18 **treasurer of the county in which the real property is located.**

19 **(e) If a county auditor transfers real property in the proper**
 20 **transfer book in violation of subsection (d):**

- 21 **(1) a lien for and the duty to pay property taxes that are due**
 22 **and owing are not released or otherwise extinguished; and**
 23 **(2) property taxes that are due and owing on the affected**
 24 **parcel of property may be collected as if the county auditor**
 25 **had not transferred the property in the proper transfer book**
 26 **in violation of subsection (d).**

27 SECTION 7. IC 6-1.1-5.5-5 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. The department
 29 of local government finance shall prescribe a sales disclosure form for
 30 use under this chapter. The form prescribed by the department of local
 31 government finance must include at least the following information:

- 32 (1) The key number of the parcel (as defined in IC 6-1.1-1-8.5).
 33 (2) Whether the entire parcel is being conveyed.
 34 (3) The address of the property.
 35 (4) The date of the execution of the form.
 36 (5) The date the property was transferred.
 37 (6) Whether the transfer includes an interest in land or
 38 improvements, or both.

- 1 (7) Whether the transfer includes personal property.
- 2 (8) An estimate of any personal property included in the transfer.
- 3 (9) The name and address of each transferor and transferee.
- 4 (10) The mailing address to which the property tax bills or other
- 5 official correspondence should be sent.
- 6 (11) The ownership interest transferred.
- 7 (12) The classification of the property (as residential, commercial,
- 8 industrial, agricultural, vacant land, or other).
- 9 (13) The total price actually paid or required to be paid in
- 10 exchange for the conveyance, whether in terms of money,
- 11 property, a service, an agreement, or other consideration, but
- 12 excluding tax payments and payments for legal and other services
- 13 that are incidental to the conveyance.
- 14 (14) The terms of seller provided financing, such as interest rate,
- 15 points, type of loan, amount of loan, and amortization period, and
- 16 whether the borrower is personally liable for repayment of the
- 17 loan.
- 18 (15) Any family or business relationship existing between the
- 19 transferor and the transferee.
- 20 **(16) If the transferred property is residential property, the**
- 21 **amount of any taxes deferred under IC 6-1.1-45 and interest**
- 22 **due on the deferred taxes.**
- 23 ~~(16)~~ **(17) Other information as required by the department of local**
- 24 **government finance to carry out this chapter.**

25 If a form under this section includes the telephone number or the Social
 26 Security number of a party, the telephone number or the Social Security
 27 number is confidential."

28 Page 26, line 8, after "by the" insert "county assessor or elected
 29 township assessor."

30 Page 26, delete lines 9 through 11.

31 Page 26, line 36, after "of" insert "appeals but only upon request by
 32 the county assessor or elected township assessor."

33 Page 26, delete lines 37 through 40.

34 Page 28, between lines 6 and 7, begin a new paragraph and insert:
 35 "SECTION 14. IC 6-1.1-18-11 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. **If there is a**
 37 **conflict between the provisions of this chapter and the provisions of**
 38 **IC 6-1.1-19 or IC 6-1.1-18.5, the provisions of the latter two (2)**

1 chapters (a) Except as provided in subsection (b), the provisions of
 2 IC 6-1.1-19 or IC 6-1.1-18.5 control if there is a conflict between the
 3 provisions of this chapter and the provisions of IC 6-1.1-19 or
 4 IC 6-1.1-18.5 with respect to the adoption of, review of, and limitations
 5 on budgets, tax rates, and tax levies.

6 (b) Notwithstanding the maximum permissible ad valorem
 7 property tax levy calculated for a civil taxing unit under
 8 IC 6-1.1-18.5-3, a civil taxing unit may not increase its ad valorem
 9 property tax levy for a particular year by more than one-third (1/3)
 10 of the civil taxing unit's unused maximum levy capacity determined
 11 under IC 6-1.1-18.5-3.

12 SECTION 15. IC 6-1.1-18.5-1 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 1. As used in this
 14 chapter:

15 "Ad valorem property tax levy for an ensuing calendar year" means
 16 the total property taxes imposed by a civil taxing unit for current
 17 property taxes collectible in that ensuing calendar year.

18 "Adopting county" means any county in which the county adjusted
 19 gross income tax is in effect.

20 "Civil taxing unit" means any taxing unit except a school
 21 corporation.

22 "Maximum permissible ad valorem property tax levy for the
 23 preceding calendar year" means **either of the following:**

24 (1) **In the case of a civil taxing unit that does not adopt a**
 25 **resolution or an ordinance to restore unused maximum levy**
 26 **capacity for property taxes first due and payable in 2006,** the
 27 civil taxing unit's ad valorem property tax levy for the calendar
 28 year immediately preceding the ensuing calendar year, as that levy
 29 was determined by the department of local government finance in
 30 fixing the civil taxing unit's budget, levy, and rate for that
 31 preceding calendar year under IC 6-1.1-17, and after eliminating
 32 the effects of temporary excessive levy appeals and temporary
 33 adjustments made to the working maximum levy for the calendar
 34 year immediately preceding the ensuing calendar year, as
 35 determined by the department of local government finance.

36 (2) **In the case of a civil taxing unit that adopts a resolution or**
 37 **an ordinance to restore maximum levy capacity for property**
 38 **taxes first due and payable in 2006, the sum of the following:**

1 **(A) The civil taxing unit's ad valorem property tax levy for**
 2 **the calendar year immediately preceding the ensuing**
 3 **calendar year, as that levy was determined by the**
 4 **department of local government finance in fixing the civil**
 5 **taxing unit's budget, levy, and rate for that preceding**
 6 **calendar year under IC 6-1.1-17, and after eliminating the**
 7 **effects of temporary excessive levy appeals and temporary**
 8 **adjustments made to the working maximum levy for the**
 9 **calendar year immediately preceding the ensuing calendar**
 10 **year, as determined by the department of local government**
 11 **finance.**

12 **(B) The amount of the civil taxing unit's unused levy**
 13 **capacity restored for property taxes first due and payable**
 14 **in 2006.**

15 "Taxable property" means all tangible property that is subject to the
 16 tax imposed by this article and is not exempt from the tax under
 17 IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this
 18 chapter, the term "taxable property" is further defined in section 6 of
 19 this chapter.

20 "Unadjusted assessed value" means the assessed value of a civil
 21 taxing unit as determined by local assessing officials and the
 22 department of local government finance in a particular calendar year
 23 before the application of an annual adjustment under IC 6-1.1-4-4.5 for
 24 that particular calendar year or any calendar year since the last general
 25 reassessment preceding the particular calendar year."

26 Page 28, line 19, delete "taxes, the county adjusted gross income
 27 tax" and insert "**taxes.**".

28 Page 28, delete lines 20 through 22.

29 Page 28, line 23, delete "a lease payable from ad valorem property
 30 taxes, the" and insert "**The**".

31 Page 28, line 33, delete "or the department of state revenue, or
 32 both,".

33 Page 28, line 35, delete ",".

34 Page 28, line 36, delete "the department of state revenue, and other
 35 state agencies".

36 Page 28, line 40, delete "rate or the rate of an income tax imposed"
 37 and insert "**rate.**".

38 Page 28, delete line 41.

- 1 Page 29, line 34, delete "or on the rate of an income tax".
- 2 Page 29, delete line 35.
- 3 Page 29, line 36, delete "or IC 6-3.5-7".
- 4 Page 30, between lines 41 and 42, begin a new paragraph and insert:
- 5 "SECTION 15. IC 6-1.1-18.5-17 IS AMENDED TO READ AS
- 6 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) **Except as**
- 7 **provided in subsection (i)**, as used in this section, "levy excess" means
- 8 the part of the ad valorem property tax levy actually collected by a civil
- 9 taxing unit, for taxes first due and payable during a particular calendar
- 10 year, that exceeds the civil taxing unit's ad valorem property tax levy,
- 11 as approved by the department of local government finance under
- 12 IC 6-1.1-17.
- 13 (b) A civil taxing unit's levy excess is valid and may not be
- 14 contested on the grounds that it exceeds the civil taxing unit's levy limit
- 15 for the applicable calendar year. However, the civil taxing unit shall
- 16 deposit, except as provided in subsection (h), its levy excess in a special
- 17 fund to be known as the civil taxing unit's levy excess fund.
- 18 (c) The chief fiscal officer of a civil taxing unit may invest money
- 19 in the civil taxing unit's levy excess fund in the same manner in which
- 20 money in the civil taxing unit's general fund may be invested. However,
- 21 any income derived from investment of the money shall be deposited
- 22 in and becomes a part of the levy excess fund.
- 23 (d) The department of local government finance shall require a civil
- 24 taxing unit to include the amount in its levy excess fund in the civil
- 25 taxing unit's budget fixed under IC 6-1.1-17.
- 26 (e) Except as provided by subsection (f), a civil taxing unit may not
- 27 spend any money in its levy excess fund until the expenditure of the
- 28 money has been included in a budget that has been approved by the
- 29 department of local government finance under IC 6-1.1-17. For
- 30 purposes of fixing its budget and for purposes of the ad valorem
- 31 property tax levy limits imposed under this chapter, a civil taxing unit
- 32 shall treat the money in its levy excess fund that the department of local
- 33 government finance permits it to spend during a particular calendar year
- 34 as part of its ad valorem property tax levy for that same calendar year.
- 35 (f) A civil taxing unit may transfer money from its levy excess fund
- 36 to its other funds to reimburse those funds for amounts withheld from
- 37 the civil taxing unit as a result of refunds paid under IC 6-1.1-26.
- 38 (g) Subject to the limitations imposed by this section, a civil taxing

1 unit may use money in its levy excess fund for any lawful purpose for
2 which money in any of its other funds may be used.

3 (h) If the amount that would, notwithstanding this subsection, be
4 deposited in the levy excess fund of a civil taxing unit for a particular
5 calendar year is less than one hundred dollars (\$100), no money shall
6 be deposited in the levy excess fund of the unit for that year.

7 **(i) A levy excess does not include delinquent taxes actually**
8 **collected in the current year by a civil taxing unit that were first**
9 **due and payable in a calendar year after 2003.**

10 SECTION 16. IC 6-1.1-19-1.7 IS AMENDED TO READ AS
11 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.7. (a) **Except as**
12 **provided in subsection (i)**, as used in this section, "levy excess" means
13 that portion of the ad valorem property tax levy actually collected by
14 a school corporation, for taxes first due and payable during a particular
15 calendar year, which exceeds the school corporation's total levy, as
16 approved by the department of local government finance under
17 IC 6-1.1-17, for those property taxes.

18 (b) A school corporation's levy excess is valid, and the general fund
19 portion of a school corporation's levy excess may not be contested on
20 the grounds that it exceeds the school corporation's general fund levy
21 limit for the applicable calendar year. However, the school corporation
22 shall deposit, except as provided in subsection (h), its levy excess in a
23 special fund to be known as the school corporation's levy excess fund.

24 (c) The chief fiscal officer of a school corporation may invest money
25 in the school corporation's levy excess fund in the same manner in
26 which money in the school corporation's general fund may be invested.
27 However, any income derived from investment of the money shall be
28 deposited in and become a part of the levy excess fund.

29 (d) The department of local government finance shall require a
30 school corporation to include the amount in the school corporation's
31 levy excess fund in the school corporation's budget fixed under
32 IC 6-1.1-17.

33 (e) Except as provided in subsection (f), a school corporation may
34 not spend any money in its levy excess fund until the expenditure of the
35 money has been included in a budget that has been approved by the
36 department of local government finance under IC 6-1.1-17. For
37 purposes of fixing its budget and for purposes of the ad valorem
38 property tax levy limits fixed under this chapter, a school corporation

1 shall treat the money in its levy excess fund that the department of local
2 government finance permits the school corporation to spend during a
3 particular calendar year as part of the school corporation's ad valorem
4 property tax levy for that same calendar year.

5 (f) A school corporation may transfer money from its levy excess
6 fund to its other funds to reimburse those funds for amounts withheld
7 from the school corporation as a result of refunds paid under
8 IC 6-1.1-26.

9 (g) Subject to the limitations imposed by this section, a school
10 corporation may use money in its levy excess fund for any lawful
11 purpose for which money in any of its other funds may be used.

12 (h) If the amount that would be deposited in the levy excess fund of
13 a school corporation for a particular calendar year is less than one
14 hundred dollars (\$100), no money shall be deposited in the levy excess
15 fund of the school corporation for that year.

16 (i) **A levy excess does not include delinquent taxes actually**
17 **collected in the current year by a school corporation that were first**
18 **due and payable in a calendar year after 2003."**

19 Page 33, delete lines 29 through 42.

20 Delete pages 34 through 35.

21 Page 36, delete lines 1 through 10.

22 Page 36, line 14, delete "Property Tax Credits" and insert "**Credit**
23 **for Excessive Homestead Property Taxes**".

24 Page 36, delete lines 15 through 42, begin a new paragraph and
25 insert:

26 **"Sec. 1. As used in this chapter:**

27 (1) **"homestead" has the meaning set forth in IC 6-1.1-20.9-1;**
28 **and**

29 (2) **"property tax liability" means liability for the tax imposed**
30 **on property under this article determined after application of**
31 **all credits and deductions under this article, except the credit**
32 **under this chapter, but does not include any interest or**
33 **penalty imposed under this article.**

34 **Sec. 2. A county fiscal body:**

35 (1) **may adopt an ordinance to authorize the application of the**
36 **credit under this chapter for one (1) or more calendar years**
37 **to homesteads in the county; and**

38 (2) **must adopt an ordinance under subdivision (1) before July**

1 **1 of a calendar year to authorize the credit under this chapter**
2 **for property taxes first due and payable in the immediately**
3 **succeeding calendar year.**

4 **Sec. 3. If the credit under this chapter is authorized under**
5 **section 2 of this chapter for property taxes first due and payable in**
6 **a calendar year:**

7 **(1) a person is entitled to a credit against the person's**
8 **property tax liability for property taxes first due and payable**
9 **in that calendar year attributable to the person's homestead**
10 **located in the county; and**

11 **(2) the amount of the credit is the amount by which the**
12 **person's property tax liability attributable to the person's**
13 **homestead for property taxes first due and payable in that**
14 **calendar year exceeds two percent (2%) of the gross assessed**
15 **value that is the basis for determination of property taxes on**
16 **the homestead for property taxes first due and payable in that**
17 **calendar year.**

18 **Sec. 4. A person is not required to file an application for the**
19 **credit under this chapter. The county auditor shall:**

20 **(1) identify homesteads in the county eligible for the credit**
21 **under this chapter; and**

22 **(2) apply the credit under this chapter to property tax liability**
23 **on the identified homesteads.**

24 **Sec. 5. (a) The fiscal body of a county may adopt an ordinance**
25 **to authorize the county fiscal officer to borrow money repayable**
26 **over a term not to exceed five (5) years in an amount sufficient to**
27 **compensate the political subdivisions located wholly or in part in**
28 **the county for the reduction of property tax collections in a**
29 **calendar year that results from the application of the credit under**
30 **this chapter for that calendar year.**

31 **(b) The county fiscal officer shall distribute in a calendar year**
32 **to each political subdivision located wholly or in part in the county**
33 **loan proceeds under subsection (a) for that calendar year in the**
34 **amount by which the property tax collections of the political**
35 **subdivision in that calendar year are reduced as a result of the**
36 **application of the credit under this chapter for that calendar year.**

37 **(c) If the county fiscal officer distributes money to political**
38 **subdivisions under subsection (b), the political subdivisions that**

1 receive the distributions shall repay the loan under subsection (a)
 2 over the term of the loan. Each political subdivision that receives
 3 a distribution under subsection (b):

4 (1) shall:

5 (A) appropriate for each year in which the loan is to be
 6 repaid an amount sufficient to pay the part of the principal
 7 and interest on the loan attributable to the distribution
 8 received by the political subdivision under subsection (b);
 9 and

10 (B) subject to subsection (d), raise revenue in each year in
 11 which the loan is to be repaid in the amount necessary to
 12 meet the appropriation under clause (A); and

13 (2) other than the county, shall transfer to the county fiscal
 14 officer money dedicated under this section to repayment of the
 15 loan in time to allow the county to meet the loan repayment
 16 schedule.

17 (d) A political subdivision that receives tax revenue under
 18 IC 4-33-12-6, IC 4-33-13, or an agreement to share a city's or
 19 county's part of the tax revenue must use that source of revenue for
 20 the purpose of subsection (c)(1)(B) before raising revenue from
 21 another source for that purpose.

22 (e) Property taxes imposed under subsection (c)(1)(B) are
 23 subject to levy limitations under IC 6-1.1-18.5 or IC 6-1.1-19.

24 (f) The obligation to:

25 (1) repay; or

26 (2) contribute to the repayment of;

27 the loan under subsection (a) is not a basis for a political
 28 subdivision to obtain an excessive tax levy under IC 6-1.1-18.5 or
 29 IC 6-1.1-19.

30 (g) The application of the credit under this chapter results in a
 31 reduction of the property tax collections of each political
 32 subdivision in which the credit is applied. A political subdivision
 33 may not increase its property tax levy to make up for that
 34 reduction."

35 Delete page 37.

36 Page 38, delete lines 1 through 18, begin a new paragraph and insert:

37 "SECTION 19. IC 6-1.1-22-5 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. On or before

1 March 15 of each year, the county auditor shall prepare and deliver to
 2 the auditor of state and the county treasurer a certified copy of an
 3 abstract of the property, assessments, taxes, deductions, and exemptions
 4 for taxes payable in that year in each taxing district of the county. The
 5 county auditor shall prepare the abstract in such a manner that the
 6 information concerning property tax deductions reflects the total
 7 amount of each type of deduction. The abstract shall also contain a
 8 statement of the taxes and penalties unpaid in each taxing unit **and the**
 9 **amount of taxes deferred under IC 6-1.1-45** at the time of the last
 10 settlement between the county auditor and county treasurer and the
 11 status of these delinquencies **and deferred taxes**. The county auditor
 12 shall prepare the abstract on the form prescribed by the state board of
 13 accounts. The **offices of the** auditor of state, county auditor, and county
 14 treasurer shall each keep a copy of the abstract ~~in his office~~ as a public
 15 record.

16 SECTION 20. IC 6-1.1-22-6 IS AMENDED TO READ AS
 17 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. The county
 18 treasurer shall keep a register of taxes and special assessments in the
 19 manner and on the form prescribed by the state board of accounts. ~~He~~
 20 **The county treasurer** shall enter:

- 21 (1) each payment of the taxes and special assessments in the
 22 register on the day the payment is received; **and**
 23 (2) **each deferral of the payment of property taxes in the**
 24 **register on the day the taxes would otherwise be due if the**
 25 **taxes had not been deferred under IC 6-1.1-45.**

26 SECTION 21. IC 6-1.1-22-8 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The county
 28 treasurer shall either:

- 29 (1) mail to the last known address of each person liable for any
 30 property taxes or special assessment, as shown on the tax
 31 duplicate or special assessment records, or to the last known
 32 address of the most recent owner shown in the transfer book a
 33 statement of current and delinquent taxes and special assessments;
 34 or
 35 (2) transmit by written, electronic, or other means to a mortgagee
 36 maintaining an escrow account for a person who is liable for any
 37 property taxes or special assessments, as shown on the tax
 38 duplicate or special assessment records a statement of current and

- 1 delinquent taxes and special assessments.
- 2 (b) The county treasurer may include the following in the statement:
- 3 (1) An itemized listing for each property tax levy, including:
- 4 (A) the amount of the tax rate;
- 5 (B) the entity levying the tax owed; and
- 6 (C) the dollar amount of the tax owed.
- 7 (2) Information designed to inform the taxpayer or mortgagee
- 8 clearly and accurately of the manner in which the taxes billed in
- 9 the tax statement are to be used.
- 10 A form used and the method by which the statement and information,
- 11 if any, are transmitted must be approved by the state board of accounts.
- 12 The county treasurer may mail or transmit the statement and
- 13 information, if any, one (1) time each year at least fifteen (15) days
- 14 before the date on which the first or only installment is due. Whenever
- 15 a person's tax liability for a year is due in one (1) installment under
- 16 IC 6-1.1-7-7 or section 9 of this chapter, a statement that is mailed must
- 17 include the date on which the installment is due and denote the amount
- 18 of money to be paid for the installment. Whenever a person's tax
- 19 liability is due in two (2) installments, a statement that is mailed must
- 20 contain the dates on which the first and second installments are due and
- 21 denote the amount of money to be paid for each installment.
- 22 (c) All payments of property taxes and special assessments shall be
- 23 made to the county treasurer. The county treasurer, when authorized by
- 24 the board of county commissioners, may open temporary offices for the
- 25 collection of taxes in cities and towns in the county other than the
- 26 county seat.
- 27 (d) Before July 1, 2004, the department of local government finance
- 28 shall designate five (5) counties to participate in a pilot program to
- 29 implement the requirements of subsection (e). The department shall
- 30 immediately notify the county treasurer, county auditor, and county
- 31 assessor in writing of the designation under this subsection. The
- 32 legislative body of a county not designated for participation in the pilot
- 33 program may adopt an ordinance to implement the requirements of
- 34 subsection (e). The legislative body shall submit a copy of the
- 35 ordinance to the department of local government finance, which shall
- 36 monitor the county's implementation of the requirements of subsection
- 37 (e) as if the county were a participant in the pilot program. The
- 38 requirements of subsection (e) apply:

- 1 (1) only in:
- 2 (A) a county designated to participate in a pilot program under
- 3 this subsection, for property taxes first due and payable after
- 4 December 31, 2004, and before January 1, 2008; or
- 5 (B) a county adopting an ordinance under this subsection, for
- 6 property taxes first due and payable after December 31, 2003,
- 7 or December 31, 2004 (as determined in the ordinance), and
- 8 before January 1, 2008; and
- 9 (2) in all counties for taxes first due and payable after December
- 10 31, 2007.
- 11 (e) Subject to subsection (d), regardless of whether a county
- 12 treasurer transmits a statement of current and delinquent taxes and
- 13 special assessments to a person liable for the taxes under subsection
- 14 (a)(1) or to a mortgagee under subsection (a)(2), the county treasurer
- 15 shall mail the following information to the last known address of each
- 16 person liable for the property taxes or special assessments or to the last
- 17 known address of the most recent owner shown in the transfer book.
- 18 The county treasurer shall mail the information not later than the date
- 19 the county treasurer transmits a statement for the property under
- 20 subsection (a)(1) or (a)(2). The county treasurer, county auditor, and
- 21 county assessor shall cooperate to generate the information to be
- 22 included on the form. The information that must be provided is the
- 23 following:
- 24 (1) A breakdown showing the total property tax and special
- 25 assessment liability and the amount of the taxpayer's liability that
- 26 will be distributed to each taxing unit in the county.
- 27 (2) A comparison showing any change in the assessed valuation
- 28 for the property as compared to the previous year.
- 29 (3) A comparison showing any change in the property tax and
- 30 special assessment liability for the property as compared to the
- 31 previous year. The information required under this subdivision
- 32 must identify:
- 33 (A) the amount of the taxpayer's liability distributable to each
- 34 taxing unit in which the property is located in the current year
- 35 and in the previous year; and
- 36 (B) the percentage change, if any, in the amount of the
- 37 taxpayer's liability distributable to each taxing unit in which
- 38 the property is located from the previous year to the current

- 1 year.
- 2 (4) An explanation of the following:
- 3 (A) The homestead credit and all property tax deductions.
- 4 (B) The procedure and deadline for filing for the homestead
- 5 credit and each deduction.
- 6 (C) The procedure that a taxpayer must follow to:
- 7 (i) appeal a current assessment; or
- 8 (ii) petition for the correction of an error related to the
- 9 taxpayer's property tax and special assessment liability.
- 10 (D) The forms that must be filed for an appeal or petition
- 11 described in clause (C).

12 The department of local government finance shall provide the

13 explanation required by this subdivision to each county treasurer.

- 14 (5) A checklist that shows:
- 15 (A) the homestead credit and all property tax deductions; and
- 16 (B) whether the homestead credit and each property tax
- 17 deduction applies in the current statement for the property
- 18 transmitted under subsection (a)(1) or (a)(2).

19 (f) The information required to be mailed under subsection (e) must

20 be simply and clearly presented and understandable to the average

21 individual.

- 22 (g) A county that incurs:
- 23 (1) initial computer programming costs directly related to
- 24 implementation of the requirements of subsection (e); or
- 25 (2) printing costs directly related to mailing information under
- 26 subsection (e);

27 shall submit an itemized statement of the costs to the department of

28 local government finance for reimbursement from the state. The

29 treasurer of state shall pay a claim approved by the department of local

30 government finance and submitted under this section on a warrant of

31 the auditor of state. However, the treasurer of state may not pay any

32 additional claims under this subsection after the total amount of claims

33 paid reaches fifty thousand dollars (\$50,000).

34 **(h) The county treasurer shall include the following in a**

35 **statement concerning residential real property (other than**

36 **property known by the county treasurer to be rental property) that**

37 **is distributed under subsection (a) after May 15, 2005:**

- 38 **(1) A brief description of the availability of the property tax**

- 1 **deferral program under IC 6-1.1-45.**
 2 **(2) If the property has been approved for the deferral of**
 3 **property taxes:**
 4 **(A) the minimum required payment that must be made on**
 5 **each installment due date to maintain eligibility for the**
 6 **deferral of property taxes under IC 6-1.1-45;**
 7 **(B) a separate statement of the amount of property taxes**
 8 **that would otherwise be due and payable by each**
 9 **installment date that may be deferred under IC 6-1.1-45;**
 10 **(C) the control number assigned under IC 6-1.1-45 to the**
 11 **application for deferral that is in effect;**
 12 **(D) the cumulative total of the property taxes deferred**
 13 **under IC 6-1.1-45 in the current year and all prior years,**
 14 **if the amount is greater than zero dollars (\$0); and**
 15 **(E) the cumulative total of interest accruing on property**
 16 **taxes deferred under IC 6-1.1-45, if the amount is greater**
 17 **than zero dollars (\$0).**

18 **The information provided under this subsection must be in the**
 19 **form prescribed by the department of local government finance.**

20 SECTION 22. IC 6-1.1-22-9 IS AMENDED TO READ AS
 21 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Except as
 22 provided in IC 6-1.1-7-7, **IC 6-1.1-45**, section 9.5 of this chapter, and
 23 subsection (b), the property taxes assessed for a year under this article
 24 are due in two (2) equal installments on May 10 and November 10 of
 25 the following year.

26 (b) A county council may adopt an ordinance to require a person to
 27 pay the person's property tax liability in one (1) installment, if the tax
 28 liability for a particular year is less than twenty-five dollars (\$25). If the
 29 county council has adopted such an ordinance, then whenever a tax
 30 statement mailed under section 8 of this chapter shows that the person's
 31 property tax liability for a year is less than twenty-five dollars (\$25) for
 32 the property covered by that statement, the tax liability for that year is
 33 due in one (1) installment on May 10 of that year.

34 (c) If property taxes are not paid on or before the due date, the
 35 penalties prescribed in IC 6-1.1-37-10 shall be added to the delinquent
 36 taxes.

37 (d) Notwithstanding any other law, a property tax liability of less
 38 than five dollars (\$5) is increased to five dollars (\$5). The difference

1 between the actual liability and the five dollar (\$5) amount that appears
 2 on the statement is a statement processing charge. The statement
 3 processing charge is considered a part of the tax liability.

4 SECTION 23. IC 6-1.1-22-10 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) A person
 6 who is liable for property taxes under IC 6-1.1-2-4, **including property**
 7 **taxes deferred under IC 6-1.1-45 after the deferred taxes become**
 8 **due**, is personally liable for the taxes and all penalties, cost, and
 9 collection expenses, including reasonable attorney's fees and court
 10 costs, resulting from late payment of the taxes.

11 (b) A person's liability under this section may be enforced by any
 12 legal remedy, including a civil lawsuit instituted by a county treasurer
 13 or a county executive to collect delinquent taxes. One (1) action may
 14 be initiated to collect all taxes, penalties, cost, and collection expenses
 15 levied against a person in the same county for one (1) or more years.
 16 However, an action may not be initiated to enforce the collection of
 17 taxes after ten (10) years from the first Monday in May of the year in
 18 which the taxes first became due. An action initiated within the ten (10)
 19 year period may be prosecuted to termination.

20 (c) **In addition to any other method of collection authorized**
 21 **under this article, the department of state revenue may collect:**

22 (1) **property taxes deferred under IC 6-1.1-45, after the**
 23 **deferred taxes become due; and**

24 (2) **all interest, penalties, costs, and collection expenses,**
 25 **including reasonable attorney's fees and court costs accruing**
 26 **under this article, after the deferred taxes become due under**
 27 **IC 6-1.1-45;**

28 **as a listed tax.**

29 SECTION 24. IC 6-1.1-22-13 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. (a) The state
 31 acquires a lien on each tract of real property for all property taxes
 32 levied against the tract, including the land under an improvement or
 33 appurtenance described in IC 6-1.1-2-4(b), and all subsequent penalties
 34 and cost resulting from the taxes. This lien attaches on the assessment
 35 date of the year for which the taxes are assessed. The lien is not
 36 affected by any sale or transfer of the tract, including the land under an
 37 improvement or appurtenance described in IC 6-1.1-2-4(b), including
 38 the sale, exchange, or lease of the tract under IC 36-1-11.

1 (b) The lien of the state for taxes, penalties, and cost continues for
 2 ten (10) years from May 10 of the year in which the taxes first become
 3 due. **For purposes of IC 6-1.1-45, the due date is the date to which**
 4 **property taxes are deferred under IC 6-1.1-45.** However, if any
 5 proceeding is instituted to enforce the lien within the ten (10) year
 6 period, the limitation is extended, if necessary, to permit the termination
 7 of the proceeding.

8 (c) The lien of the state inures to taxing units which impose the
 9 property taxes on which the lien is based, and the lien is superior to all
 10 other liens.

11 (d) A taxing unit described in subsection (c) may institute a civil suit
 12 against a person or an entity liable for delinquent property taxes. The
 13 taxing unit may, after obtaining a judgment, collect:

- 14 (1) delinquent real property taxes;
- 15 (2) penalties due to the delinquency; and
- 16 (3) costs and expenses incurred in collecting the delinquent
 17 property tax, including reasonable attorney's fees and court costs
 18 approved by a court with jurisdiction."

19 Page 39, between lines 3 and 4, begin a new paragraph and insert:
 20 "SECTION 27. IC 6-1.1-45 IS ADDED TO THE INDIANA CODE
 21 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 22 UPON PASSAGE]:

23 **Chapter 45. Property Tax Deferral Program**

24 **Sec. 1. This chapter applies to the deferral of property taxes for**
 25 **a qualified resident who for the year containing the assessment date**
 26 **for which property taxes are imposed:**

- 27 (1) **qualifies for a deduction as described in section 5 of this**
 28 **chapter; or**
- 29 (2) **is a qualified surviving spouse.**

30 **Sec. 2. As used in this chapter, "base year" refers to the year**
 31 **determined under section 17(d), 18(d), 19(d), or 20(d) of this**
 32 **chapter.**

33 **Sec. 3. As used in this chapter, "minimum required payment"**
 34 **means the minimum amount that must be paid in a year to retain**
 35 **eligibility for the deferment of property taxes under this chapter,**
 36 **as determined under section 23 of this chapter.**

37 **Sec. 4. As used in this chapter, "property tax" refers to the**
 38 **amount of ad valorem property tax liability that would be first due**

1 and payable in a year on a qualified residence without any deferral
 2 of the taxes under this chapter. The term does not include the
 3 following:

4 (1) Special assessments chargeable against a qualified
 5 residence.

6 (2) Fees or charges that are included by law on a tax statement
 7 issued under IC 6-1.1-22-8 for parcels that include a qualified
 8 residence.

9 Sec. 5. As used in this chapter, "qualified residence" means real
 10 property, or a mobile home or manufactured home that is not
 11 assessed as real property, that:

12 (1) qualifies for a deduction under:

13 (A) IC 6-1.1-12-9; or

14 (B) IC 6-1.1-12-11; or

15 (2) would qualify for a deduction referred to in subdivision (1)
 16 if the qualified resident filed an application for the deduction.

17 Sec. 6. As used in this chapter, "qualified resident" means an
 18 individual who owns real property or a mobile home or
 19 manufactured home that is not assessed as real property, or is
 20 buying the real property or mobile home or manufactured home
 21 under contract, that qualifies for a deduction under:

22 (1) IC 6-1.1-12-9; or

23 (2) IC 6-1.1-12-11;

24 and who continuously uses the property as the individual's
 25 principal place of residence after the individual initially qualifies as
 26 a qualified resident.

27 Sec. 7. As used in this chapter, "qualified surviving spouse"
 28 means an individual who:

29 (1) is the surviving spouse of a qualified resident who was
 30 approved under this chapter to defer property taxes for the
 31 assessment date immediately preceding the individual's death,
 32 regardless of whether the deceased qualified resident elected
 33 to defer any property taxes;

34 (2) on the date that the qualified resident died, had the
 35 individual's principal place of residence at the same residence
 36 as the deceased qualified resident;

37 (3) continuously uses the residence as the surviving spouse's
 38 principal place of residence after the death of the qualified

1 resident; and
2 (4) has not remarried.

3 **Sec. 8. As used in this chapter, "taxpayer" means an individual**
4 **or entity that is liable for property taxes imposed for a year.**

5 **Sec. 9. Beginning with property taxes first due and payable in**
6 **2006, a qualified resident may, in conformity with this chapter,**
7 **defer the due date for any part of the property tax liability imposed**
8 **in a year that exceeds the minimum required payment.**

9 **Sec. 10. To qualify for the deferment of property taxes under**
10 **this chapter, the taxpayer must do the following:**

11 **(1) Apply for deferment of property taxes to the auditor of the**
12 **county in which the affected qualified residence is located in**
13 **the manner and on the forms prescribed by the department of**
14 **local government finance.**

15 **(2) Apply for deferment of property taxes not later than the**
16 **later of the following:**

17 **(A) The date when the first installment for property taxes**
18 **being deferred are first due and payable.**

19 **(B) If the county auditor determines that the failure to file**
20 **a timely application is the result of an inadvertent error,**
21 **the date specified by the county auditor.**

22 **(3) Demonstrate that the qualified residence was the principal**
23 **place of residence of at least one (1) qualified resident or**
24 **qualified surviving spouse on the assessment date for which**
25 **property taxes are being deferred.**

26 **(4) Demonstrate that the owners of the qualified residence**
27 **meet any conditions established by rule adopted by the**
28 **department of local government finance under IC 4-22-2 that**
29 **are reasonably necessary to protect the government's interest**
30 **in recovering taxes deferred under this chapter when the**
31 **deferred taxes become due.**

32 **(5) Demonstrate that there are no delinquent property taxes**
33 **of record for the qualified residence on the assessment date**
34 **for which property taxes are being deferred.**

35 **Sec. 11. Upon receipt of an application under section 10 of this**
36 **chapter, the county auditor shall:**

37 **(1) notify the county treasurer that the application has been**
38 **received in the manner and form prescribed by the**

- 1 department of local government finance; and
 2 (2) determine whether the qualified residence qualifies for
 3 deferment of property taxes.

4 **Sec. 12. The county auditor shall notify:**

- 5 (1) the taxpayer in writing;
 6 (2) the county treasurer in the manner and form prescribed
 7 by the department of local government finance; and
 8 (3) if the application is approved, the department of local
 9 government finance in the manner and form prescribed by the
 10 department of local government finance;

11 of the county auditor's determination concerning the application.
 12 The due date for property taxes that are the subject of a good faith
 13 application for deferment of property taxes is deferred under the
 14 date that the county auditor notifies the taxpayer of the county
 15 auditor's determination concerning the application.

16 **Sec. 13. (a) A qualified residence that is approved under this**
 17 **chapter for the deferral of property taxes continues to be eligible**
 18 **for the deferment of property taxes in subsequent years without the**
 19 **refiling of an application under section 10 of this chapter as long**
 20 **as:**

21 (1) the qualified residence continues to be the principal place
 22 of residence for a qualified resident identified in the
 23 application or the qualified surviving spouse of the qualified
 24 resident; and

25 (2) the minimum required payments for the qualified
 26 residence are made by the later of:

27 (A) the due date; or

28 (B) if the county auditor determines that a payment was
 29 not made for a reason authorized under rules adopted
 30 under IC 4-22-2 by the department of local government
 31 finance, the date set by the county auditor.

32 **(b) A taxpayer for the qualified residence shall notify in the**
 33 **manner and form prescribed by the department of local**
 34 **government finance the auditor of the county in which the qualified**
 35 **residence is located of any change in ownership of the qualified**
 36 **residence regardless of whether the change affects the eligibility of**
 37 **the qualified residence for deferment under this chapter.**

38 **(c) If an event results in:**

1 (1) deferred property taxes becoming due under this chapter;
 2 or
 3 (2) ineligibility of the qualified residence for further
 4 deferment of property taxes;
 5 a taxpayer for the qualified residence shall, within thirty (30) days
 6 after the event, notify the auditor of the county in which the
 7 qualified residence is located of the disqualifying event in the
 8 manner and form prescribed by the department of local
 9 government finance.

10 (d) The county auditor and county treasurer shall:

11 (1) allow the deferment of property taxes that would otherwise
 12 be first due and payable in a year for a qualified residence
 13 that has been approved for deferment under this chapter; and
 14 (2) continue to defer the accumulated amount of unpaid
 15 property taxes and interest accruing on property taxes
 16 deferred from a preceding year;

17 unless the county auditor determines that the qualified residence
 18 is no longer eligible for deferment.

19 (e) The county auditor shall notify the:

20 (1) taxpayer;
 21 (2) county treasurer; and
 22 (3) department of local government finance;

23 in the manner and form prescribed by the department of local
 24 government finance of the county auditor's determination
 25 concerning an event described in subsection (c).

26 Sec. 14. (a) A taxpayer for a qualified residence shall notify the
 27 county treasurer of the amount of property taxes that the taxpayer
 28 seeks to defer under this chapter in the manner and form
 29 prescribed by the department of local government finance.

30 (b) The department of local government finance shall provide
 31 procedures for notification under this section:

32 (1) on an annual basis; or
 33 (2) on a continuing or multiyear basis;

34 at the election of the taxpayer. The department of local government
 35 finance shall allow a taxpayer to combine a notification of the
 36 amount to be deferred with an application filed under section 10 of
 37 this chapter. If the notice is combined with an application, the
 38 county auditor shall forward the notice to the county treasurer in

1 the manner and form specified by the department of local
 2 government finance. The department of local government finance
 3 shall allow the taxpayer to designate what percentage of the
 4 amount to be deferred will be deferred in each installment due in
 5 that year.

6 (c) To apply to property taxes due in a year, a notice under this
 7 section that describes the amount to be deferred in that year must
 8 be filed not later than the following:

- 9 (1) The date the first installment of the deferred taxes is due.
 10 (2) If the county treasurer determines that the failure to file a
 11 timely application is the result of an inadvertent error, the
 12 date specified by the county treasurer.

13 Sec. 15. The county treasurer shall allow the deferment in any
 14 particular year of not more than the lesser of the following:

- 15 (1) The amount that the taxpayer requests be deferred.
 16 (2) The property tax liability exceeding the minimum required
 17 payment.

18 If the taxpayer designates the percentage of the deferment to apply
 19 to an installment date, the county treasurer shall apply the
 20 deferment as requested by the taxpayer. Otherwise the county
 21 treasurer shall apply the deferment in the manner prescribed by
 22 the department of local government finance.

23 Sec. 16. The county auditor shall calculate the initial year
 24 threshold amount for the base year of each qualified residence. In
 25 performing the calculation, the addition of a negative number shall
 26 be treated as reducing the sum.

27 Sec. 17. (a) This section applies to a qualified residence if the
 28 qualified residence:

- 29 (1) was the principal place of residence of an individual that
 30 qualifies as a qualified resident on March 1, 2001, or in the
 31 case of a mobile home (as defined in IC 6-1.1-7-1), January 15,
 32 2002; and
 33 (2) has continuously served as the principal place of residence
 34 of the qualified resident thereafter.

35 (b) Subject to subsection (c), the initial year threshold amount
 36 for the base year for the qualified residence is the amount
 37 determined under STEP FOURTEEN of the following formula:

38 STEP ONE: Determine the result of:

- 1 **(A) the property tax liability for the qualified residence**
2 **that is imposed for the assessment date on March 1, 2002,**
3 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
4 **January 15, 2003; minus**
- 5 **(B) the property tax liability for the qualified residence**
6 **that is imposed for the assessment date on March 1, 2001,**
7 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
8 **January 15, 2002.**
- 9 **STEP TWO: Determine the product of:**
- 10 **(A) the property tax liability for the qualified residence**
11 **that is imposed for the assessment date on March 1, 2001,**
12 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
13 **January 15, 2002; multiplied by**
- 14 **(B) one and twenty-five hundredths (1.25).**
- 15 **STEP THREE: Determine the lesser of the STEP ONE result**
16 **or the STEP TWO result.**
- 17 **STEP FOUR: Determine the result of:**
- 18 **(A) the property tax liability for the qualified residence**
19 **that is imposed for the assessment date on March 1, 2003,**
20 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
21 **January 15, 2004; minus**
- 22 **(B) the property tax liability for the qualified residence**
23 **that is imposed for the assessment date on March 1, 2002,**
24 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
25 **January 15, 2003.**
- 26 **STEP FIVE: Determine the product of:**
- 27 **(A) the property tax liability for the qualified residence**
28 **that is imposed for the assessment date on March 1, 2002,**
29 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
30 **January 15, 2003; multiplied by**
- 31 **(B) one and one-tenth (1.1).**
- 32 **STEP SIX: Determine the lesser of the STEP FOUR result or**
33 **the STEP FIVE result.**
- 34 **STEP SEVEN: Determine the result of:**
- 35 **(A) the property tax liability for the qualified residence**
36 **that is imposed for the assessment date on March 1, 2004,**
37 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
38 **January 15, 2005; minus**

1 **(B) the property tax liability for the qualified residence**
 2 **that is imposed for the assessment date on March 1, 2003,**
 3 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
 4 **January 15, 2004.**

5 **STEP EIGHT: Determine the product of:**

6 **(A) the property tax liability for the qualified residence**
 7 **that is imposed for the assessment date on March 1, 2003,**
 8 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
 9 **January 15, 2004; multiplied by**

10 **(B) one and one-tenth (1.1).**

11 **STEP NINE: Determine the lesser of the STEP SEVEN result**
 12 **or the STEP EIGHT result.**

13 **STEP TEN: Determine the result of:**

14 **(A) the property tax liability for the qualified residence**
 15 **that is imposed for the assessment date on March 1, 2005,**
 16 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
 17 **January 15, 2006; minus**

18 **(B) the property tax liability for the qualified residence**
 19 **that is imposed for the assessment date on March 1, 2004,**
 20 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
 21 **January 15, 2005.**

22 **STEP ELEVEN: Determine the product of:**

23 **(A) the property tax liability for the qualified residence**
 24 **that is imposed for the assessment date on March 1, 2004,**
 25 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
 26 **January 15, 2005; multiplied by**

27 **(B) one and one-tenth (1.1).**

28 **STEP TWELVE: Determine the lesser of the STEP TEN**
 29 **result or the STEP ELEVEN result.**

30 **STEP THIRTEEN: Determine the sum of the following:**

31 **(A) STEP THREE result.**

32 **(B) STEP SIX result.**

33 **(C) STEP NINE result.**

34 **(D) STEP TWELVE result.**

35 **STEP FOURTEEN: Determine the greater of the STEP**
 36 **THREE result or the STEP THIRTEEN result.**

37 **(c) If on an assessment date after March 1, 2001, and before**
 38 **March 2, 2005, the assessed value of the qualified residence is**

1 increased by an improvement to real property or an addition of
 2 real property, the property tax liability attributable to the
 3 improvement or addition shall be excluded from the calculations
 4 under subsection (b). In this case, the initial year threshold amount
 5 for the base year is the sum of the following:

6 (1) The result determined under subsection (b) without
 7 considering the effects of the improvement or the addition.

8 (2) The property tax liability attributable to the improvement
 9 or addition for the March 1, 2005, assessment date.

10 (d) The following is the base year for the qualified residence:

11 (1) 2005, to the extent the qualified residence consists of real
 12 property.

13 (2) 2006, to the extent that the qualified residence consists of
 14 a mobile home (as defined in IC 6-1.1-7-1).

15 Sec. 18. (a) This section applies to a qualified residence if the
 16 qualified residence:

17 (1) was not the principal place of residence, as determined
 18 under IC 6-1.1-20.9, of an individual that qualifies as a
 19 qualified resident on March 1, 2001, or in the case of a mobile
 20 home (as defined in IC 6-1.1-7-1), January 15, 2002;

21 (2) was the principal place of residence, as determined under
 22 IC 6-1.1-20.9, of an individual that qualifies as a qualified
 23 resident on March 1, 2002, or in the case of a mobile home (as
 24 defined in IC 6-1.1-7-1), January 15, 2003; and

25 (3) has continuously served as the principal place of residence
 26 of the qualified resident thereafter.

27 (b) Subject to subsection (c), the initial year threshold amount
 28 for the base year for the qualified residence is the amount
 29 determined under STEP TWELVE of the following formula:

30 STEP ONE: Determine the property tax liability for the
 31 qualified residence that is imposed for the assessment date in
 32 March 1, 2002, or in the case of a mobile home (as defined in
 33 IC 6-1.1-7-1), January 15, 2003.

34 STEP TWO: Determine the result of:

35 (A) the property tax liability for the qualified residence
 36 that is imposed for the assessment date on March 1, 2003,
 37 or in the case of a mobile home (as defined in IC 6-1.1-7-1),
 38 January 15, 2004; minus

1 **(B) the property tax liability for the qualified residence**
2 **that is imposed for the assessment date on March 1, 2002,**
3 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
4 **January 15, 2003.**

5 **STEP THREE: Determine the product of:**

6 **(A) the property tax liability for the qualified residence**
7 **that is imposed for the assessment date on March 1, 2002,**
8 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
9 **January 15, 2003; multiplied by**

10 **(B) one and one-tenth (1.1).**

11 **STEP FOUR: Determine the lesser of the STEP TWO result**
12 **or the STEP THREE result.**

13 **STEP FIVE: Determine the result of:**

14 **(A) the property tax liability for the qualified residence**
15 **that is imposed for the assessment date on March 1, 2004,**
16 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
17 **January 15, 2005; minus**

18 **(B) the property tax liability for the qualified residence**
19 **that is imposed for the assessment date on March 1, 2003,**
20 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
21 **January 15, 2004.**

22 **STEP SIX: Determine the product of:**

23 **(A) the property tax liability for the qualified residence**
24 **that is imposed for the assessment date on March 1, 2003,**
25 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
26 **January 15, 2004; multiplied by**

27 **(B) one and one-tenth (1.1).**

28 **STEP SEVEN: Determine the lesser of the STEP FIVE result**
29 **or the STEP SIX result.**

30 **STEP EIGHT: Determine the result of:**

31 **(A) the property tax liability for the qualified residence**
32 **that is imposed for the assessment date on March 1, 2005,**
33 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
34 **January 15, 2006; minus**

35 **(B) the property tax liability for the qualified residence**
36 **that is imposed for the assessment date on March 1, 2004,**
37 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
38 **January 15, 2005.**

- 1 **STEP NINE: Determine the product of:**
- 2 (A) the property tax liability for the qualified residence
- 3 that is imposed for the assessment date on March 1, 2004,
- 4 or in the case of a mobile home (as defined in IC 6-1.1-7-1),
- 5 January 15, 2005; multiplied by
- 6 (B) one and one-tenth (1.1).
- 7 **STEP TEN: Determine the lesser of the STEP EIGHT result**
- 8 **or the STEP NINE result.**
- 9 **STEP ELEVEN: Determine the sum of the following:**
- 10 (A) STEP FOUR result.
- 11 (B) STEP SEVEN result.
- 12 (C) STEP TEN result.
- 13 **STEP TWELVE: Determine the greater of the STEP ONE**
- 14 **result or the STEP ELEVEN result.**
- 15 (c) If on an assessment date after March 1, 2002, and before
- 16 March 2, 2005, the assessed value of the qualified residence is
- 17 increased by an improvement to real property or an addition of
- 18 real property, the property tax liability attributable to the
- 19 improvement or addition shall be excluded from the calculations
- 20 under subsection (b). In this case, the initial year threshold amount
- 21 for the base year is the sum of the following:
- 22 (1) The result determined under subsection (b) without
- 23 considering the effects of the improvement or the addition.
- 24 (2) The property tax liability attributable to the improvement
- 25 or addition for the March 1, 2005, assessment date.
- 26 (d) The following is the base year for the qualified residence:
- 27 (1) 2005, to the extent the qualified residence consists of real
- 28 property.
- 29 (2) 2006, to the extent that the qualified residence consists of
- 30 a mobile home (as defined in IC 6-1.1-7-1).
- 31 **Sec. 19. (a) This section applies to a qualified residence if the**
- 32 **qualified residence:**
- 33 (1) was not the principal place of residence, as determined
- 34 under IC 6-1.1-20.9, of an individual that qualifies as a
- 35 qualified resident on March 1, 2002, or in the case of a mobile
- 36 home (as defined in IC 6-1.1-7-1), January 15, 2003;
- 37 (2) was the principal place of residence, as determined under
- 38 IC 6-1.1-20.9, of an individual that qualifies as a qualified

1 resident on March 1, 2003, or in the case of a mobile home (as
2 defined in IC 6-1.1-7-1), January 15, 2004; and

3 (3) has continuously served as the principal place of residence
4 of the qualified resident thereafter.

5 (b) Subject to subsection (c), the initial year threshold amount
6 for the base year for the qualified residence is the amount
7 determined under STEP NINE of the following formula:

8 STEP ONE: Determine the property tax liability for the
9 qualified residence that is imposed for the assessment date on
10 March 1, 2003, or in the case of a mobile home (as defined in
11 IC 6-1.1-7-1), January 15, 2004.

12 STEP TWO: Determine the result of:

13 (A) the property tax liability for the qualified residence
14 that is imposed for the assessment date on March 1, 2004,
15 or in the case of a mobile home (as defined in IC 6-1.1-7-1),
16 January 15, 2005; minus

17 (B) the property tax liability for the qualified residence
18 that is imposed for the assessment date on March 1, 2003,
19 or in the case of a mobile home (as defined in IC 6-1.1-7-1),
20 January 15, 2004.

21 STEP THREE: Determine the product of:

22 (A) the property tax liability for the qualified residence
23 that is imposed for the assessment date on March 1, 2003,
24 or in the case of a mobile home (as defined in IC 6-1.1-7-1),
25 January 15, 2004; multiplied by

26 (B) one and one-tenth (1.1).

27 STEP FOUR: Determine the lesser of the STEP TWO result
28 or the STEP THREE result.

29 STEP FIVE: Determine the result of:

30 (A) the property tax liability for the qualified residence
31 that is imposed for the assessment date on March 1, 2005,
32 or in the case of a mobile home (as defined in IC 6-1.1-7-1),
33 January 15, 2006; minus

34 (B) the property tax liability for the qualified residence
35 that is imposed for the assessment date on March 1, 2004,
36 or in the case of a mobile home (as defined in IC 6-1.1-7-1),
37 January 15, 2005.

38 STEP SIX: Determine the product of:

- 1 **(A) the property tax liability for the qualified residence**
 2 **that is imposed for the assessment date on March 1, 2004,**
 3 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
 4 **January 15, 2005; multiplied by**
 5 **(B) one and one-tenth (1.1).**
- 6 **STEP SEVEN: Determine the lesser of the STEP FIVE result**
 7 **or the STEP SIX result.**
- 8 **STEP EIGHT: Determine the sum of the following:**
- 9 **(A) STEP FOUR result.**
 10 **(B) STEP SEVEN result.**
- 11 **STEP NINE: Determine the greater of the STEP ONE result**
 12 **or the STEP EIGHT result.**
- 13 **(c) If on an assessment date after March 1, 2003, and before**
 14 **March 2, 2005, the assessed value of the qualified residence is**
 15 **increased by an improvement to real property or an addition of**
 16 **real property, the property tax liability attributable to the**
 17 **improvement or addition shall be excluded from the calculations**
 18 **under subsection (b). In this case, the initial year threshold amount**
 19 **for the base year is the sum of the following:**
- 20 **(1) The result determined under subsection (b) without**
 21 **considering the effects of the improvement or the addition.**
 22 **(2) The property tax liability attributable to the improvement**
 23 **or addition for the March 1, 2005, assessment date.**
- 24 **(d) The following is the base year for the qualified residence:**
- 25 **(1) 2005, to the extent the qualified residence consists of real**
 26 **property.**
 27 **(2) 2006, to the extent that the qualified residence consists of**
 28 **a mobile home (as defined in IC 6-1.1-7-1).**
- 29 **Sec. 20. (a) This section applies to a qualified residence if the**
 30 **qualified residence:**
- 31 **(1) was not the principal place of residence, as determined**
 32 **under IC 6-1.1-20.9, of an individual that qualifies as a**
 33 **qualified resident on March 1, 2003, or in the case of a mobile**
 34 **home (as defined in IC 6-1.1-7-1), January 15, 2004;**
 35 **(2) was the principal place of residence, as determined under**
 36 **IC 6-1.1-20.9, of an individual that qualifies as a qualified**
 37 **resident on March 1, 2004, or in the case of a mobile home (as**
 38 **defined in IC 6-1.1-7-1), January 15, 2005; and**

1 **(3) has continuously served as the principal place of residence**
 2 **of the qualified resident thereafter.**

3 **(b) Subject to subsection (c), the initial year threshold amount**
 4 **for the base year for the qualified residence is the amount**
 5 **determined under STEP FIVE of the following formula:**

6 **STEP ONE: Determine the property tax liability for the**
 7 **qualified residence that is imposed for the assessment date on**
 8 **March 1, 2004, or in the case of a mobile home (as defined in**
 9 **IC 6-1.1-7-1), January 15, 2005.**

10 **STEP TWO: Determine the result of:**

11 **(A) the property tax liability for the qualified residence**
 12 **that is imposed for the assessment date on March 1, 2005,**
 13 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
 14 **January 15, 2006; minus**

15 **(B) the property tax liability for the qualified residence**
 16 **that is imposed for the assessment date on March 1, 2004,**
 17 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
 18 **January 15, 2005.**

19 **STEP THREE: Determine the product of:**

20 **(A) the property tax liability for the qualified residence**
 21 **that is imposed for the assessment date on March 1, 2004,**
 22 **or in the case of a mobile home (as defined in IC 6-1.1-7-1),**
 23 **January 15, 2005; multiplied by**

24 **(B) one and one-tenth (1.1).**

25 **STEP FOUR: Determine the lesser of the STEP TWO result**
 26 **or the STEP THREE result.**

27 **STEP FIVE: Determine the greater of the STEP ONE result**
 28 **or the STEP FOUR result.**

29 **(c) If on an assessment date after March 1, 2004, and before**
 30 **March 2, 2005, the assessed value of the qualified residence is**
 31 **increased by an improvement to real property or an addition of**
 32 **real property, the property tax liability attributable to the**
 33 **improvement or addition shall be excluded from the calculations**
 34 **under subsection (b). In this case, the initial year threshold amount**
 35 **for the base year is the sum of the following:**

36 **(1) The result determined under subsection (b) without**
 37 **considering the effects of the improvement or the addition.**

38 **(2) The property tax liability attributable to the improvement**

1 or addition for the March 1, 2005, assessment date.

2 **(d) The following is the base year for the qualified residence:**

3 **(1) 2005, to the extent the qualified residence consists of real**
4 **property.**

5 **(2) 2006, to the extent that the qualified residence consists of**
6 **a mobile home (as defined in IC 6-1.1-7-1).**

7 **Sec. 21. (a) This section applies to a qualified residence if the**
8 **qualified residence:**

9 **(1) was not the principal place of residence, as determined**
10 **under IC 6-1.1-20.9, of an individual that qualifies as a**
11 **qualified resident on March 1, 2005, or in the case of a mobile**
12 **home (as defined in IC 6-1.1-7-1), January 15, 2006;**

13 **(2) was the principal place of residence, as determined under**
14 **IC 6-1.1-20.9, of an individual that qualifies as a qualified**
15 **resident on an assessment date after March 1, 2005, or in the**
16 **case of a mobile home (as defined in IC 6-1.1-7-1), after**
17 **January 15, 2006; and**

18 **(3) has continuously served as the principal place of residence**
19 **of the qualified resident thereafter.**

20 **(b) The initial year threshold amount for the base year is the**
21 **property tax liability imposed for the assessment date described in**
22 **subsection (a)(2).**

23 **(c) The year containing the assessment date described in**
24 **subsection (a)(2) is the base year.**

25 **Sec. 22. (a) For each year after the base year, the auditor of the**
26 **county in which the qualified residence is located shall adjust the**
27 **threshold amount under this section. In performing the calculation,**
28 **the addition of a negative number shall be treated as reducing the**
29 **sum.**

30 **(b) Subject to subsection (c) the threshold amount for a year is**
31 **the amount determined under STEP SIX of the following formula:**

32 **STEP ONE: Determine the property tax liability for the**
33 **qualified residence that is imposed for the last assessment date**
34 **for which a threshold amount was calculated without**
35 **considering any deferral made under this chapter.**

36 **STEP TWO: Determine the result of:**

37 **(A) the property tax liability for the qualified residence**
38 **that is imposed for the assessment date immediately**

1 following the last assessment date for which a threshold
 2 amount was calculated without considering any deferral
 3 made under this chapter; minus

4 (B) the STEP ONE result.

5 **STEP THREE: Determine the product of:**

6 (A) the STEP ONE result; multiplied by

7 (B) one and one-tenth (1.1).

8 **STEP FOUR: Determine the lesser of the STEP TWO result**
 9 **or the STEP THREE result.**

10 **STEP FIVE: Determine the sum of the threshold amount for**
 11 **the immediately preceding year and the STEP FOUR result.**

12 **STEP SIX: Determine the greater of the threshold amount for**
 13 **the immediately preceding year or the STEP FIVE result.**

14 (c) If after the last assessment date for which a threshold
 15 amount was calculated the assessed value of the qualified residence
 16 is increased by an improvement to real property or an addition of
 17 real property, the property tax liability attributable to the
 18 improvement or addition shall be excluded from the calculations
 19 under subsection (b). In this case, a separate initial year threshold
 20 amount shall be calculated for the improvement or addition. On the
 21 assessment date on which the improvement or addition is first
 22 assessed to the qualified residence, the initial year threshold
 23 amount is the property tax liability increase attributable to the
 24 improvement or addition. For purposes of applying subsection (b)
 25 in subsequent years, the base year is the year containing the
 26 assessment date on which the improvement or addition is first
 27 assessed to the qualified residence. The threshold amount for the
 28 qualified residence is the sum of the calculations for the qualified
 29 residence determined without considering the improvements or
 30 additions and the calculations for each improvement or addition.

31 **Sec. 23. (a) The county treasurer shall annually determine the**
 32 **following:**

33 (1) The minimum required payment for the most current
 34 assessment date.

35 (2) The maximum amount of property tax liability that may
 36 be deferred for the assessment date.

37 (b) The minimum required payment is the lesser of the
 38 following:

- 1 **(1) The total tax liability due for the assessment date.**
 2 **(2) The threshold amount calculated for the assessment date.**
 3 **(c) The amount that may be deferred for any particular**
 4 **assessment date is the greater of the following:**
 5 **(1) Zero dollars (\$0).**
 6 **(2) The result of the:**
 7 **(A) property tax liability due for the assessment date;**
 8 **minus**
 9 **(B) minimum required payment for the assessment date.**
 10 **(d) The county treasurer shall notify the county auditor of the**
 11 **amount of the minimum required payment and the amount that**
 12 **may be deferred in a year.**

13 **Sec. 24. An amount of property taxes deferred in a particular**
 14 **year does not accrue interest until the fifth year after it would have**
 15 **otherwise have been due if it had not been deferred. Beginning in**
 16 **the fifth year on the installment date on which the property taxes**
 17 **would otherwise have been due, the amount deferred for that**
 18 **particular year accrues interest at the rate set under IC 6-8.1-10-1**
 19 **for delinquent listed taxes. The due date for the payment of**
 20 **accrued interest is deferred until the earlier of the following:**

- 21 **(1) The date the property taxes on which the interest accrues**
 22 **are due.**
 23 **(2) The date that a taxpayer pays the accrued deferred**
 24 **property taxes.**

25 **Sec. 25. The amount of any unpaid property taxes deferred in**
 26 **any particular year is not due until after the later of the following:**

- 27 **(1) The date that all of the qualified residents named in the**
 28 **application for property tax deferral cease to qualify as**
 29 **qualified residents.**
 30 **(2) The date that no surviving spouse of a qualified resident**
 31 **named in an application for property tax deferral qualifies as**
 32 **a surviving spouse.**

33 **If ownership is transferred in exchange for anything of value, the**
 34 **unpaid property taxes and any accrued interest are due on the next**
 35 **business day after the transfer. Otherwise, the unpaid property**
 36 **taxes and accrued interest are due on the next regular installment**
 37 **date for the payment of property taxes.**

38 **Sec. 26. Any taxpayer for the qualified residence may appeal an**

1 adverse decision under section 12, 13, 15, or 25 of this chapter in
 2 the same manner that appeals may be taken under IC 6-1.1-15.
 3 Any taxpayer for the qualified residence may become a party to the
 4 appeal.

5 Sec. 27. (a) If deferred property taxes or accrued interest are not
 6 paid by the due date, the property taxes and interest shall be
 7 treated as delinquent property taxes under this article and as a
 8 delinquent tax liability under IC 6-8.1. The county auditor, in the
 9 manner prescribed by the department of local government finance,
 10 shall notify the department of local government finance of the
 11 delinquency not later than fifteen (15) days after the taxes become
 12 delinquent. The department of local government finance shall
 13 notify the department of state revenue of the delinquency.

14 (b) A county shall collect the delinquent liability in the manner
 15 that other delinquent property taxes are collected.

16 Sec. 28. The county auditor and the county treasurer shall
 17 separately account for:

- 18 (1) property taxes that are subject to an application for
 19 deferral under this chapter; and
- 20 (2) property taxes deferred under this chapter and interest
 21 imposed under this chapter.

22 Sec. 29. (a) Not later than the settlement date after property
 23 taxes are deferred under this chapter, the county treasurer shall
 24 send:

- 25 (1) an electronic copy of a notice of the amount of property
 26 taxes deferred on each qualified residence and interest
 27 imposed on deferred property taxes since the immediately
 28 preceding settlement date to the department of local
 29 government finance; and
- 30 (2) if the qualified residence consists of real property, a
 31 written copy of the notice of property taxes deferred on the
 32 qualified residence since the immediately preceding settlement
 33 date to the county recorder.

34 (b) The notice must be sent in the form prescribed by the
 35 department of local government finance.

36 (c) The notice submitted to the county recorder must contain at
 37 least the following information:

- 38 (1) The name of each person liable for the deferred property

- 1 taxes under IC 6-1.1-2-4.
- 2 **(2) The control number assigned to the corresponding**
- 3 **application for deferral.**
- 4 **(3) The index number assigned under IC 6-1.1-5-2 for the**
- 5 **qualified residence or, if an index system is not used in the**
- 6 **county, a description of the county, township, block, and**
- 7 **parcel or lot in which the qualified residence is located.**
- 8 **(4) The amount of property taxes that were deferred and**
- 9 **interest imposed on deferred property taxes on each qualified**
- 10 **residence since the last settlement date.**
- 11 **(5) The part of the deferred property taxes that is attributable**
- 12 **to property taxes imposed by the state.**
- 13 **(6) The total amount of all property taxes deferred and**
- 14 **interest imposed on deferred property taxes on all qualified**
- 15 **residences since the last settlement date.**

16 **Sec. 30. When deferred property taxes or interest on deferred**
 17 **property taxes are paid, the county treasurer shall:**

- 18 **(1) record the payment;**
- 19 **(2) notify the county auditor of the payment;**
- 20 **(3) if the payment is for real property, submit a written**
- 21 **release of the lien for the amount of the payment to the county**
- 22 **recorder for recording in the miscellaneous records of the**
- 23 **county recorder; and**
- 24 **(4) notify the department of local government finance of the**
- 25 **payment in the form prescribed by the department of local**
- 26 **government finance.**

27 **Sec. 31. The county recorder shall record a:**

- 28 **(1) statement of the amount of property tax deferred and**
- 29 **interest imposed on deferred property taxes;**
- 30 **(2) statement of payment of deferred property taxes and**
- 31 **interest on deferred property taxes; and**
- 32 **(3) notice of termination of a deferral;**

33 **without charge, in the miscellaneous records of the county**
 34 **recorder.**

35 **Sec. 32. Subject to this chapter, the county treasurer shall**
 36 **distribute:**

- 37 **(1) amounts collected from deferred property taxes; and**
- 38 **(2) penalties and interest collected on deferred property taxes;**

1 to each taxing unit in the county in proportion to the property taxes
 2 levied by the taxing unit in the year of collection. The amount
 3 distributed under this section shall be treated as miscellaneous
 4 revenue.

5 Sec. 33. In making distributions under this chapter, the county
 6 treasurer may make a settlement of amounts owing to each other
 7 rather than making separate distributions.

8 Sec. 34. (a) Except:

9 (1) as required by federal law or regulation;

10 (2) in the case of a loan that is made, guaranteed, or insured
 11 by a federal government lending or insuring agency requiring
 12 the borrower to make payments to a lender with respect to an
 13 escrow or other type of account; or

14 (3) in a case in which this section would impair the obligations
 15 of a borrower under an agreement executed before July 1,
 16 2005;

17 a lender shall not require a borrower to maintain an escrow or
 18 other type of account with regard to taxes for which the borrower
 19 has elected to defer taxes under this chapter.

20 (b) For purposes of applying this section, an election to defer
 21 taxes in any year shall be treated as an election to defer a similar
 22 amount of taxes in later years except to the extent that the
 23 borrower notifies the lender of different terms.

24 (c) Any payments made by the borrower to the escrow or other
 25 type of account with regard to taxes, before the time of submission
 26 of the evidence of tax deferral, for any period, if not previously
 27 used in payment or partial payment of taxes, shall be refunded to
 28 the borrower within thirty (30) days after the payment is made."

29 Page 41, line 3, after "6-3.1-13-15" insert ", AS AMENDED BY
 30 P.L.4-2005, SECTION 71,".

31 Page 41, line 6, delete "board" and insert "corporation".

32 Page 41, line 7, delete "board" and insert "corporation".

33 Page 41, delete lines 14 through 15.

34 Page 41, line 16, delete "(4)" and insert "(3)".

35 Page 41, line 19, delete "(5)" and insert "(4)".

36 Page 41, line 22, delete "(6)" and insert "(5)".

37 Page 41, line 23, delete "(7)" and insert "(6)".

38 Page 41, line 30, after "6-3.1-13-15.5" insert ", AS AMENDED BY

- 1 P.L.4-2005, SECTION 72,".
- 2 Page 41, line 33, delete "board" and insert "corporation".
- 3 Page 41, line 34, delete "board" and insert "corporation".
- 4 Page 43, line 5, after "6-3.1-13-17" insert ", AS AMENDED BY
- 5 P.L.4-2005, SECTION 74,".
- 6 Page 43, line 9, delete "board" and insert "corporation".
- 7 Page 43, line 20, after "assistance" insert "and incentives".
- 8 Page 43, line 20, delete "is" and insert "are".
- 9 Page 43, line 27, delete "board" and insert "corporation".
- 10 Page 43, line 30, delete "board" and insert "corporation".
- 11 Page 44, line 2, delete "shall" and insert "~~may, at the discretion of~~
- 12 ~~the corporation,~~".
- 13 Page 44, line 14, after "6-3.1-13-19" insert ", AS AMENDED BY
- 14 P.L.4-2005, SECTION 76,".
- 15 Page 44, line 16, delete "board".
- 16 Page 44, line 17, reset in roman "corporation".
- 17 Page 44, line 36, delete "board".
- 18 Page 44, line 36, reset in roman "corporation".
- 19 Page 45, line 4, delete "board".
- 20 Page 45, line 4, reset in roman "corporation".
- 21 Page 45, line 8, delete "board".
- 22 Page 45, line 8, reset in roman "corporation".
- 23 Page 45, line 10, after "6-3.1-13-19.5" insert ", AS AMENDED BY
- 24 P.L.4-2005, SECTION 77,".
- 25 Page 45, line 13, delete "board".
- 26 Page 45, line 13, reset in roman "corporation".
- 27 Page 45, line 29, delete "board:".
- 28 Page 45, line 29, reset in roman "corporation:".
- 29 Page 45, line 40, delete "board".
- 30 Page 45, line 40, reset in roman "corporation".
- 31 Page 46, line 7, delete "board".
- 32 Page 46, line 7, reset in roman "corporation".
- 33 Page 46, line 9, delete "board".
- 34 Page 46, line 9, reset in roman "corporation".
- 35 Page 47, line 20, after "6-3.1-26-18" insert ", AS AMENDED BY
- 36 P.L.4-2005, SECTION 107,".
- 37 Page 47, line 22, delete "board".
- 38 Page 47, line 22, reset in roman "corporation".

- 1 Page 47, line 23, delete "board".
- 2 Page 47, line 23, reset in roman "corporation".
- 3 Page 48, between lines 2 and 3, begin a new paragraph and insert:
- 4 "SECTION 1. IC 6-3.1-29 IS ADDED TO THE INDIANA CODE
- 5 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 6 JANUARY 1, 2005 (RETROACTIVE)]:
- 7 **Chapter 29. State New Markets Tax Credit**
- 8 **Sec. 1. As used in this chapter, "applicable percentage" means**
- 9 **the following:**
- 10 **(1) One percent (1%) for the first three (3) credit allowance**
- 11 **dates.**
- 12 **(2) Two percent (2%) for the remainder of the credit**
- 13 **allowance dates.**
- 14 **Sec. 2. As used in this chapter, "certified equity investment"**
- 15 **refers to a qualified equity investment certified under this chapter**
- 16 **for a tax credit.**
- 17 **Sec. 3. As used in this chapter, "credit" refers to a state new**
- 18 **markets tax credit granted under this chapter against state tax**
- 19 **liability.**
- 20 **Sec. 4. As used in this chapter, "credit allowance date" means**
- 21 **the following with respect to any certified equity investment:**
- 22 **(1) The date on which the certified equity investment is**
- 23 **initially made.**
- 24 **(2) Each of the six (6) annual anniversary dates immediately**
- 25 **following the date described in subdivision (1).**
- 26 **Sec. 5. As used in this chapter, "holder", with respect to a credit**
- 27 **allowance date, refers to one (1) of the following:**
- 28 **(1) The taxpayer or pass through entity that makes the**
- 29 **original qualified equity investment, if the taxpayer or pass**
- 30 **through entity owns the qualified equity investment on a**
- 31 **credit allowance date.**
- 32 **(2) A subsequent taxpayer or pass through entity that owns**
- 33 **the qualified equity investment on a credit allowance date.**
- 34 **Sec. 6. As used in this chapter, "pass through entity" means a:**
- 35 **(1) corporation that is exempt from the adjusted gross income**
- 36 **tax under IC 6-3-2-2.8(2);**
- 37 **(2) partnership;**
- 38 **(3) trust;**

- 1 (4) limited liability company; or
2 (5) limited liability partnership.

3 **Sec. 7.** As used in this chapter, "qualified equity investment" has
4 the meaning set forth in Section 45D of the Internal Revenue Code.

5 **Sec. 8.** As used in this chapter, "qualified low-income
6 community investments" has the meaning set forth in Section 45D
7 of the Internal Revenue Code.

8 **Sec. 9.** As used in this chapter, "state tax liability" means a
9 taxpayer's total tax liability that is incurred under:

- 10 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
11 (2) IC 27-1-18-2 (the insurance premiums tax); and
12 (3) IC 6-5.5 (the financial institutions tax);

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

16 **Sec. 10.** As used in this chapter, "taxpayer" means an
17 individual, a corporation, a partnership, or another entity that has
18 any state tax liability.

19 **Sec. 11.** Subject to this chapter, a taxpayer that:

- 20 (1) holds a certified equity investment on a credit allowance
21 date; and
22 (2) does not receive another credit under this article for the
23 same certified equity investment;

24 is entitled to a state new markets tax credit in the taxable year in
25 which the credit allowance date occurs against the taxpayer's state
26 tax liability for the taxable year.

27 **Sec. 12.** The amount of the credit in a taxable year is equal to the
28 amount determined under STEP THREE of the following formula:

29 **STEP ONE:** Determine the amount of the qualified equity
30 investment that is:

- 31 (A) held by the taxpayer on the credit allowance date in the
32 taxable year; and
33 (B) certified under this chapter as a certified equity
34 investment.

35 **STEP TWO:** Multiply the STEP ONE amount by the
36 applicable percentage for the credit allowance date.

37 **STEP THREE:** Multiply the STEP TWO amount by:

- 38 (A) the tax credit adjustment factor approved by the

1 department of tourism and community development
2 established by P.L.224-2003 under this chapter; or
3 **(B) eighty-five hundredths (0.85), if clause (A) does not**
4 **apply.**

5 **Sec. 13. (a) If:**

6 **(1) a pass through entity does not have state income tax**
7 **liability against which the tax credit provided by this chapter**
8 **may be applied; and**

9 **(2) the pass through entity would be eligible for a tax credit**
10 **under this chapter if the pass through entity were a taxpayer;**
11 **a shareholder, partner, or member of the pass through entity is**
12 **entitled to a tax credit under this chapter.**

13 **(b) Subject to this chapter, the amount of the tax credit to which**
14 **a shareholder, partner, or member of a pass through entity is**
15 **entitled is equal to:**

16 **(1) the tax credit determined for the pass through entity for**
17 **the taxable year as if the pass through entity were a taxpayer**
18 **with state tax liability in the amount of the tax credit;**
19 **multiplied by**

20 **(2) the percentage of the pass through entity's distributive**
21 **income to which the shareholder, partner, or member is**
22 **entitled.**

23 **Sec. 14. (a) If the amount of the tax credit provided under this**
24 **chapter for a taxpayer in a taxable year exceeds the taxpayer's**
25 **state tax liability for that taxable year, the taxpayer may carry the**
26 **excess over to not more than three (3) subsequent taxable years.**
27 **The amount of the tax credit carryover from a taxable year shall**
28 **be reduced to the extent that the carryover is used by the taxpayer**
29 **to obtain a tax credit under this chapter for any subsequent taxable**
30 **year.**

31 **(b) A taxpayer is not entitled to a carryback or refund of any**
32 **unused tax credit.**

33 **Sec. 15. (a) To receive the tax credit for a qualified investment**
34 **under this chapter, a taxpayer or a pass through entity must:**

35 **(1) make a qualified equity investment; and**
36 **(2) be certified by the department of tourism and community**
37 **development to receive a tax credit for the qualified equity**
38 **investment.**

1 **(b) The department of tourism and community development**
 2 **shall establish a program to certify qualified equity investments as**
 3 **eligible for a tax credit.**

4 **(c) The amount of tax credits allowed under this chapter may**
 5 **not exceed one million dollars (\$1,000,000) in a state fiscal year.**
 6 **Applicants for a tax credit that:**

7 **(1) make a qualified equity investment;**

8 **(2) are eligible to receive a federal tax credit under Section**
 9 **45D of the Internal Revenue Code for the qualified equity**
 10 **investment; and**

11 **(3) apply to the department of tourism and community**
 12 **development in the manner and on the form prescribed by the**
 13 **department of tourism and community development;**

14 **shall be certified for a tax credit in the amount of each applicant's**
 15 **qualified equity investment in the order in which the applicants**
 16 **apply to the department of tourism and community development**
 17 **for tax credits until the maximum amount of tax credits allowed**
 18 **under this section for a state fiscal year has been allocated among**
 19 **qualifying applicants. However, the department of tourism and**
 20 **community development may provide a procedure for an applicant**
 21 **denied a tax credit solely as a result of the cap imposed by this**
 22 **subsection to be given priority in the award of a tax credit in a**
 23 **subsequent state fiscal year.**

24 **(d) The certification of a tax credit under this section applies**
 25 **only to credit allowance dates that occur after the certification is**
 26 **made.**

27 **(e) If the state new markets tax credits allocated to the taxpayer**
 28 **or pass through entity are disallowed or recaptured under this**
 29 **chapter, the department of tourism and community development**
 30 **may reallocate the unused tax credits to another qualified applicant**
 31 **in the order in which qualifying applications are filed with the**
 32 **department of tourism and community development.**

33 **Sec. 16. (a) A taxpayer or pass through entity that holds a**
 34 **certified equity investment may apply to the department of tourism**
 35 **and community development to establish the tax credit adjustment**
 36 **factor that applies to the taxpayer or pass through entity.**

37 **(b) The department of tourism and community development**
 38 **shall establish a program to approve tax credit adjustment factors**

1 under this section for qualifying applicants. The department of
2 tourism and community development may provide a procedure for
3 combining an application for a tax credit for a qualified investment
4 under section 15 of this chapter with an application for a tax credit
5 adjustment factor under this section.

6 (c) If the applicant applies for the tax credit adjustment factor
7 in the manner and on the form prescribed by the department of
8 tourism and community development, the department of tourism
9 and community development shall approve a tax credit adjustment
10 factor for the applicant that is equal to the percentage of the
11 aggregate gross assets of the entity in which the certified equity
12 investment was made that the department of tourism and
13 community development determines are invested by the entity in
14 qualified low-income community investments.

15 (d) An approval granted under this section applies to the taxable
16 years specified by the department of tourism and community
17 development.

18 Sec. 17. To receive the tax credit under this chapter, a taxpayer
19 must claim the credit on the taxpayer's annual state tax return or
20 returns in the manner prescribed by the department. A taxpayer
21 claiming a credit under this chapter shall submit to the department
22 a copy of the certification letter issued by the department of
23 tourism and community development under section 15 of this
24 chapter and any state new markets tax credit adjustment approval
25 letter provided under this chapter. The taxpayer shall submit to the
26 department the information that the department determines is
27 necessary for the department to determine whether the taxpayer is
28 eligible for the tax credit.

29 Sec. 18. (a) The holder of a certified equity investment shall
30 notify the department and the department of tourism and
31 community development if the federal tax credit granted for the
32 certified equity investment under Section 45D of the Internal
33 Revenue Code is disallowed or otherwise recaptured under Section
34 45D of the Internal Revenue Code.

35 (b) If the federal tax credit is disallowed or otherwise
36 recaptured, the department or the department of tourism and
37 community development may:

38 (1) disallow the use of a part of the unused tax credits;

- 1 **(2) recapture a part of the tax credit that has been applied to**
 2 **the state tax liability of a taxpayer; or**
 3 **(3) both disallow under subdivision (1) and recapture under**
 4 **subdivision (2).**

5 **The percentage of the tax credit that may be disallowed and**
 6 **recaptured under this subsection is equal to the percentage of the**
 7 **total federal credit that is disallowed or otherwise recaptured**
 8 **under Section 45D of the Internal Revenue Code.**

9 **Sec. 19. The department or the department of tourism and**
 10 **community development, or both, may adopt under IC 4-22-2 any**
 11 **rules that may be necessary to carry out the purposes of this**
 12 **chapter, including rules to facilitate the transfer of credits earned**
 13 **under this chapter."**

14 Page 54, line 15, after "the" insert "**Indiana**".

15 Page 54, line 15, delete "for a" and insert "**corporation**".

16 Page 54, line 16, delete "growing economy board".

17 Page 65, delete lines 19 through 20.

18 Page 65, line 21, delete "THE FOLLOWING ARE REPEALED
 19 [EFFECTIVE".

20 Page 65, line 22, delete "JULY 1, 2005]: IC 5-3-1-3;".

21 Page 65, line 22, delete "." and insert "IS REPEALED
 22 [EFFECTIVE JULY 1, 2005].".

23 Page 65, between lines 22 and 23, begin a new paragraph and insert:
 24 "SECTION 51. THE FOLLOWING ARE REPEALED
 25 [EFFECTIVE JULY 1, 2005]: IC 4-10-21-3; IC 4-10-21-4.

26 SECTION 52. [EFFECTIVE JUNE 15, 2005] **(a) IC 4-10-18-1, as**
 27 **amended by this act, applies to deposits in the counter-cyclical**
 28 **revenue and economic stabilization fund made after June 14, 2005.**

29 **(b) IC 4-10-18-4, IC 4-10-18-5, and IC 4-10-18-9, all as amended**
 30 **by this act, apply only to distributions from the counter-cyclical**
 31 **revenue and economic stabilization fund after June 30, 2005.**

32 Page 66, between lines 17 and 18, begin a new paragraph and insert:
 33 "SECTION 54. [EFFECTIVE JANUARY 1, 2005
 34 (RETROACTIVE)]: **The definitions in IC 6-3.1-29, as added by this**
 35 **act, apply throughout this SECTION. IC 6-3.1-29, as added by this**
 36 **act, applies only to:**

37 **(1) qualified equity investments made; and**

38 **(2) taxable years beginning;**

1 **after December 31, 2004."**

2 Page 67, between lines 17 and 18, begin a new paragraph and insert:

3 "SECTION 55. [EFFECTIVE UPON PASSAGE] **IC 6-1.1-18-11,**
4 **as amended by this act, applies to property taxes first due and**
5 **payable after December 31, 2005.**

6 SECTION 56. [EFFECTIVE UPON PASSAGE] **(a) For purposes**
7 **of this SECTION:**

8 (1) "civil taxing unit" has the meaning set forth in
9 **IC 6-1.1-18.5-1; and**

10 (2) "maximum levy" refers to the maximum permissible ad
11 **valorem property tax levy determined under IC 6-1.1-18.5-3.**

12 (b) Notwithstanding IC 6-1.1-18.5, a civil taxing unit may adopt
13 **a resolution or an ordinance to determine the civil taxing unit's**
14 **maximum levy for property taxes first due and payable in 2006**
15 **under this SECTION. The fiscal officer of a civil taxing unit**
16 **adopting a resolution or an ordinance under this SECTION shall**
17 **immediately send a certified copy of the resolution or ordinance to**
18 **the department of local government finance.**

19 (c) For property taxes first due and payable in 2006, the
20 **maximum levy of a civil taxing unit that adopts a resolution or an**
21 **ordinance under this SECTION is the maximum levy for the unit**
22 **for taxes first due and payable in 2005 in the amount that would**
23 **have been determined under IC 6-1.1-18.5 if the amendments to**
24 **IC 6-1.1-18.5 in P.L.1-2004 did not apply for taxes first due and**
25 **payable in 2004 and 2005.**

26 (d) **This SECTION expires January 1, 2007.**

27 SECTION 57. [EFFECTIVE UPON PASSAGE] **IC 6-1.1-18.5-1,**
28 **as amended by this act, applies to property taxes first due and**
29 **payable after December 31, 2006."**

30 Page 67, line 28, delete "that meets either of".

31 Page 67, line 29, delete "the following conditions".

32 Page 67, line 31, delete "2005:" and insert "**2005 if**".

33 Page 67, line 32, delete "(1) The" and insert "**the**".

34 Page 67, run in lines 31 through 32.

35 Page 67, delete lines 36 through 42.

36 Page 68, delete lines 1 through 2.

37 SECTION 53. [EFFECTIVE JUNE 15, 2005] **IC 4-10-18-8, as**
38 **amended by this act, applies to state fiscal years ending after June**

1 **30, 2005."**

2 Page 68, delete lines 3 through 5, begin a new paragraph and insert:

3 "SECTION 57. [EFFECTIVE UPON PASSAGE] (a)
4 **Notwithstanding IC 6-1.1-20.6-2, as added by this act, a county may**
5 **adopt an ordinance under this SECTION to apply the credit**
6 **authorized by IC 6-1.1-20.6, as added by this act, to property taxes**
7 **first due and payable in 2004 or 2005.**

8 (b) If a county has not issued property tax statements under
9 IC 6-1.1-22-8 to the persons liable for property taxes in the county
10 for property taxes first due and payable in 2004, the county fiscal
11 body may adopt an ordinance to apply the credit under
12 IC 6-1.1-20.6, as added by this act, to the property taxes first due
13 and payable in 2004. A county fiscal body may not adopt an
14 ordinance under this subsection after statements are issued under
15 IC 6-1.1-22-8 for the property taxes first due and payable in 2004.

16 (c) If a county has not issued property tax statements under
17 IC 6-1.1-22-8 to the persons liable for property taxes in the county
18 for property taxes first due and payable in 2005, the county fiscal
19 body may adopt an ordinance to apply the credit under
20 IC 6-1.1-20.6, as added by this act, to the property taxes first due
21 and payable in 2005. A county fiscal body may not adopt an
22 ordinance under this subsection after statements are issued under
23 IC 6-1.1-22-8 for the property taxes first due and payable in 2005.

24 (d) Notwithstanding any provision in IC 6-1.1-20.6, as added by
25 this act, IC 6-1.1-20.6 applies to a credit authorized by an
26 ordinance passed under this SECTION.

27 (e) Except as provided in subsections (b) and (c), IC 6-1.1-20.6,
28 as added by this act, applies to property taxes first due and payable
29 after December 31, 2005.

30 (f) **This SECTION expires January 1, 2006."**

31 Page 70, between lines 15 and 16, begin a new paragraph and insert:

32 "SECTION 68. [EFFECTIVE UPON PASSAGE] (a) **The**
33 **definitions in IC 6-1.1-1 apply throughout this SECTION.**

34 (b) **IC 6-1.1-45, as added by this act, applies only to ad valorem**
35 **property taxes first due and payable for assessment dates after**
36 **February 28, 2005.**

37 SECTION 69. [EFFECTIVE UPON PASSAGE] **IC 6-1.1-18.5-17**
38 **and IC 6-1.1-19-1.7, both as amended by this act, apply only to**

- 1 **property taxes paid after December 31, 2005."**
- 2 Renumber all SECTIONS consecutively.
(Reference is to SB 496 as reprinted February 23, 2005.)

and when so amended that said bill do pass.

Representative Espich