Adopted Rejected

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:

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

"SECTION 1. IC 2-2.1-4 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

Chapter 4. Budget Bills

Sec. 1. As used in this chapter, "general appropriation" refers to an appropriation described in section 10 of this chapter.

Sec. 2. Except as provided in sections 4 and 5 of this chapter, all of the general appropriations enacted by the general assembly for a state fiscal year, including appropriations for a state fiscal year made by a continuing appropriation enacted in any law, are void if the total of the general appropriations for the state fiscal year exceeds ninety-nine percent (99%) of the state revenue that the budget agency estimates under section 6 of this chapter will be

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

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

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

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

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

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

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

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

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

in subsection (b); and

(2) the act is approved by a two-thirds (2/3) majority of the house of representatives and a two-thirds (2/3) majority of the senate.

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

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

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

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

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

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

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

end of that session.

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

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

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

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

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

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

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

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

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

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

(D) Determine the sum of the amounts determined under

clauses (A) through (C).

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

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

(G) Determine the amount included in the amount determined under STEP ONE that results from any of the following:

(i) An extraordinary nonrecurring transfer into the state general fund or the property tax replacement fund from a source other than the state general fund or the property tax replacement fund. For purposes of this item, generally accepted accounting principles apply in determining whether a transfer qualifies as extraordinary.

(ii) A distribution from the federal government that may be expended without an appropriation by the general assembly, other than a distribution described in clause (A).

(H) Determine the sum of the amounts determined under clauses (E) through (G).

(I) Subtract the amount determined under clause (H) from the amount determined under clause (D).

STEP THREE: If:

(A) the STEP TWO amount is zero dollars ($0), the estimated state revenues for the state fiscal year is the STEP ONE amount;

(B) the STEP TWO amount is greater than zero dollars ($0), the estimated state revenues for the state fiscal year is the sum of the STEP ONE amount and the STEP TWO amount; and

(C) the STEP TWO amount is less than zero dollars ($0), the estimated state revenues for the state fiscal year is the result of the STEP ONE amount minus the absolute value of the STEP TWO amount.

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

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

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

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

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

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

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

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

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

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

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

(1) each time that a bill or a bill's conference committee report described in section 3 of this chapter is being considered for final action by the house of representatives or the senate; and

(2) not later than thirty (30) days after the adjournment sine die of a session of the general assembly.

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

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

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

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

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

(A) settlements and judgments;

(B) transfers between accounts in the state general fund, accounts in the property tax replacement fund, or the state general fund and the property tax replacement fund;

(C) the distribution of tax refunds or refundable tax

credits; or

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

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

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

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

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

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

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

(1) have been enacted into law;

(2) are contained in a bill or a bill's conference committee report in which appropriation surplus or deficit is to be printed;

(3) were previously passed by both houses of the general assembly in the same session as a bill or a bill's conference committee report in which appropriation surplus or deficit is to be printed; or

(4) are contained in any other bill that by rule of the house of representatives or the senate must be considered in complying with section 3 of this chapter;

shall be considered in computing the total of general appropriations under section 10 of this chapter.

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

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

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

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

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

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

"Economic growth initiative" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) the remainder of:

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

(B) two percent (2%).

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

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

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

(3) the remainder of:

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

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

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

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

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

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

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

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

(b) If an appropriation is made out of the fund under section 4 of this chapter for a state fiscal year during which a transfer is to be made from the fund to the property tax replacement fund, the amount of the appropriation made under subsection (a) shall be reduced by the amount of the appropriation made under section 4 of this chapter. However, the amount of the appropriation made under subsection (a) may not be reduced to less than zero (0).

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

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

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

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

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

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

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

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

~~the following formula:~~

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

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

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

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

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

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

(1) establishes a new tax or fee after June 30, 2002;

(2) increases the rate of a previously enacted tax or fee after June 30, 2002; or

(3) reduces or eliminates an exemption, a deduction, or a credit against a previously enacted tax or fee after June 30, 2002.

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

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

(1) eliminates a tax or fee after June 30, 2002;

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

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

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

(d) This section expires July 1, 2007.

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

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

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

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

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

(c) This section expires July 1, 2007.

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

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

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

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

(A) Gifts.

(B) Federal funds.

(C) Dedicated funds.

(D) Intergovernmental transfers.

(E) Damage awards.

(F) Property sales.

(2) Expenditures for any of the following:

(A) Transfers of money among the state general fund, the property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund.

(B) Reserve fund deposits.

(C) Refunds of intergovernmental transfers.

(D) Payment of judgments against the state and settlement payments made to avoid a judgment against the state, other than a judgment or settlement payment for failure to pay a contractual obligation or a personnel expenditure.

(E) Distributions or allocations of state tax revenues to a unit of local government under IC 36-7-13, IC 36-7-26, IC 36-7-27, IC 36-7-31, or IC 36-7-31.3.

(F) Motor vehicle excise tax replacement payments that are derived from amounts transferred to the state general fund from the lottery and gaming surplus account of the build Indiana fund.

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

(b) This section expires July 1, 2007.

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

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

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

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

(d) This section expires July 1, 2007.

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

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

immediately following biennial budget period.

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

(b) This section expires July 1, 2007.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) The system must have the following characteristics:

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

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

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

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

Delete page 12, begin a new paragraph and insert:

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

(1) The decedent's date of death.

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

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

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

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

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

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

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

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

(1) a lien for and the duty to pay property taxes that are due and owing are not released or otherwise extinguished; and

(2) property taxes that are due and owing on the affected parcel of property may be collected as if the county auditor had not transferred the property in the proper transfer book in violation of subsection (d).

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

(1) The key number of the parcel (as defined in IC 6-1.1-1-8.5).

(2) Whether the entire parcel is being conveyed.

(3) The address of the property.

(4) The date of the execution of the form.

(5) The date the property was transferred.

(6) Whether the transfer includes an interest in land or improvements, or both.

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

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

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

Page 26, delete lines 9 through 11.

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

Page 26, delete lines 37 through 40.

Page 28, between lines 6 and 7, begin a new paragraph and insert:

"SECTION 14. IC 6-1.1-18-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. If ~~there is a conflict between the provisions of this chapter and the provisions of IC 6-1.1-19 or IC 6-1.1-18.5, the provisions of the latter two (2)~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Page 28, delete lines 20 through 22.

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

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

Page 28, line 35, delete ",".

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

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

Page 28, delete line 41.

Page 29, line 34, delete "or on the rate of an income tax".
Page 29, delete line 35.
Page 29, line 36, delete "or IC 6-3.5-7".
Page 30, between lines 41 and 42, begin a new paragraph and insert:
"SECTION 15. IC 6-1.1-18.5-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) **Except as provided in subsection (i),** as used in this section, "levy excess" means the part of the ad valorem property tax levy actually collected by a civil taxing unit, for taxes first due and payable during a particular calendar year, that exceeds the civil taxing unit's ad valorem property tax levy, as approved by the department of local government finance under IC 6-1.1-17.

(b) A civil taxing unit's levy excess is valid and may not be contested on the grounds that it exceeds the civil taxing unit's levy limit for the applicable calendar year. However, the civil taxing unit shall deposit, except as provided in subsection (h), its levy excess in a special fund to be known as the civil taxing unit's levy excess fund.

(c) The chief fiscal officer of a civil taxing unit may invest money in the civil taxing unit's levy excess fund in the same manner in which money in the civil taxing unit's general fund may be invested. However, any income derived from investment of the money shall be deposited in and becomes a part of the levy excess fund.

(d) The department of local government finance shall require a civil taxing unit to include the amount in its levy excess fund in the civil taxing unit's budget fixed under IC 6-1.1-17.

(e) Except as provided by subsection (f), a civil taxing unit may not spend any money in its levy excess fund until the expenditure of the money has been included in a budget that has been approved by the department of local government finance under IC 6-1.1-17. For purposes of fixing its budget and for purposes of the ad valorem property tax levy limits imposed under this chapter, a civil taxing unit shall treat the money in its levy excess fund that the department of local government finance permits it to spend during a particular calendar year as part of its ad valorem property tax levy for that same calendar year.

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

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

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

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

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

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

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

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

(e) Except as provided in subsection (f), a school corporation may not spend any money in its levy excess fund until the expenditure of the money has been included in a budget that has been approved by the department of local government finance under IC 6-1.1-17. For purposes of fixing its budget and for purposes of the ad valorem property tax levy limits fixed under this chapter, a school corporation shall treat the money in its levy excess fund that the department of local government finance permits the school corporation to spend during a particular calendar year as part of the school corporation's ad valorem property tax levy for that same calendar year.

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

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

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

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

Page 33, delete lines 29 through 42.

Delete pages 34 through 35.

Page 36, delete lines 1 through 10.

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

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

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

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

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

Sec. 2. A county fiscal body:

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) shall:

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

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

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

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

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

(f) The obligation to:

(1) repay; or

(2) contribute to the repayment of;

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

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

Delete page 37.

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

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

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

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

(1) each payment of the taxes and special assessments in the register on the day the payment is received; **and**

(2) each deferral of the payment of property taxes in the register on the day the taxes would otherwise be due if the taxes had not been deferred under IC 6-1.1-45.

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

(1) mail to the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records, or to the last known address of the most recent owner shown in the transfer book a statement of current and delinquent taxes and special assessments; or

(2) transmit by written, electronic, or other means to a mortgagee maintaining an escrow account for a person who is liable for any property taxes or special assessments, as shown on the tax duplicate or special assessment records a statement of current and

delinquent taxes and special assessments.

(b) The county treasurer may include the following in the statement:

(1) An itemized listing for each property tax levy, including:

(A) the amount of the tax rate;

(B) the entity levying the tax owed; and

(C) the dollar amount of the tax owed.

(2) Information designed to inform the taxpayer or mortgagee clearly and accurately of the manner in which the taxes billed in the tax statement are to be used.

A form used and the method by which the statement and information, if any, are transmitted must be approved by the state board of accounts. The county treasurer may mail or transmit the statement and information, if any, one (1) time each year at least fifteen (15) days before the date on which the first or only installment is due. Whenever a person's tax liability for a year is due in one (1) installment under IC 6-1.1-7-7 or section 9 of this chapter, a statement that is mailed must include the date on which the installment is due and denote the amount of money to be paid for the installment. Whenever a person's tax liability is due in two (2) installments, a statement that is mailed must contain the dates on which the first and second installments are due and denote the amount of money to be paid for each installment.

(c) All payments of property taxes and special assessments shall be made to the county treasurer. The county treasurer, when authorized by the board of county commissioners, may open temporary offices for the collection of taxes in cities and towns in the county other than the county seat.

(d) Before July 1, 2004, the department of local government finance shall designate five (5) counties to participate in a pilot program to implement the requirements of subsection (e). The department shall immediately notify the county treasurer, county auditor, and county assessor in writing of the designation under this subsection. The legislative body of a county not designated for participation in the pilot program may adopt an ordinance to implement the requirements of subsection (e). The legislative body shall submit a copy of the ordinance to the department of local government finance, which shall monitor the county's implementation of the requirements of subsection (e) as if the county were a participant in the pilot program. The requirements of subsection (e) apply:

(1) only in:

(A) a county designated to participate in a pilot program under this subsection, for property taxes first due and payable after December 31, 2004, and before January 1, 2008; or

(B) a county adopting an ordinance under this subsection, for property taxes first due and payable after December 31, 2003, or December 31, 2004 (as determined in the ordinance), and before January 1, 2008; and

(2) in all counties for taxes first due and payable after December 31, 2007.

(e) Subject to subsection (d), regardless of whether a county treasurer transmits a statement of current and delinquent taxes and special assessments to a person liable for the taxes under subsection (a)(1) or to a mortgagee under subsection (a)(2), the county treasurer shall mail the following information to the last known address of each person liable for the property taxes or special assessments or to the last known address of the most recent owner shown in the transfer book. The county treasurer shall mail the information not later than the date the county treasurer transmits a statement for the property under subsection (a)(1) or (a)(2). The county treasurer, county auditor, and county assessor shall cooperate to generate the information to be included on the form. The information that must be provided is the following:

(1) A breakdown showing the total property tax and special assessment liability and the amount of the taxpayer's liability that will be distributed to each taxing unit in the county.

(2) A comparison showing any change in the assessed valuation for the property as compared to the previous year.

(3) A comparison showing any change in the property tax and special assessment liability for the property as compared to the previous year. The information required under this subdivision must identify:

(A) the amount of the taxpayer's liability distributable to each taxing unit in which the property is located in the current year and in the previous year; and

(B) the percentage change, if any, in the amount of the taxpayer's liability distributable to each taxing unit in which the property is located from the previous year to the current year.

(4) An explanation of the following:

(A) The homestead credit and all property tax deductions.

(B) The procedure and deadline for filing for the homestead credit and each deduction.

(C) The procedure that a taxpayer must follow to:

(i) appeal a current assessment; or

(ii) petition for the correction of an error related to the taxpayer's property tax and special assessment liability.

(D) The forms that must be filed for an appeal or petition described in clause (C).

The department of local government finance shall provide the explanation required by this subdivision to each county treasurer.

(5) A checklist that shows:

(A) the homestead credit and all property tax deductions; and

(B) whether the homestead credit and each property tax deduction applies in the current statement for the property transmitted under subsection (a)(1) or (a)(2).

(f) The information required to be mailed under subsection (e) must be simply and clearly presented and understandable to the average individual.

(g) A county that incurs:

(1) initial computer programming costs directly related to implementation of the requirements of subsection (e); or

(2) printing costs directly related to mailing information under subsection (e);

shall submit an itemized statement of the costs to the department of local government finance for reimbursement from the state. The treasurer of state shall pay a claim approved by the department of local government finance and submitted under this section on a warrant of the auditor of state. However, the treasurer of state may not pay any additional claims under this subsection after the total amount of claims paid reaches fifty thousand dollars ($50,000).

(h) The county treasurer shall include the following in a statement concerning residential real property (other than property known by the county treasurer to be rental property) that is distributed under subsection (a) after May 15, 2005:

(1) A brief description of the availability of the property tax

deferral program under IC 6-1.1-45.

(2) If the property has been approved for the deferral of property taxes:

(A) the minimum required payment that must be made on each installment due date to maintain eligibility for the deferral of property taxes under IC 6-1.1-45;

(B) a separate statement of the amount of property taxes that would otherwise be due and payable by each installment date that may be deferred under IC 6-1.1-45;

(C) the control number assigned under IC 6-1.1-45 to the application for deferral that is in effect;

(D) the cumulative total of the property taxes deferred under IC 6-1.1-45 in the current year and all prior years, if the amount is greater than zero dollars ($0); and

(E) the cumulative total of interest accruing on property taxes deferred under IC 6-1.1-45, if the amount is greater than zero dollars ($0).

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

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

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

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

(d) Notwithstanding any other law, a property tax liability of less than five dollars ($5) is increased to five dollars ($5). The difference between the actual liability and the five dollar ($5) amount that appears on the statement is a statement processing charge. The statement processing charge is considered a part of the tax liability.

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

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

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

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

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

as a listed tax.

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

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

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

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

(1) delinquent real property taxes;

(2) penalties due to the delinquency; and

(3) costs and expenses incurred in collecting the delinquent property tax, including reasonable attorney's fees and court costs approved by a court with jurisdiction.".

Page 39, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 27. IC 6-1.1-45 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 45. Property Tax Deferral Program

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

(1) qualifies for a deduction as described in section 5 of this chapter; or

(2) is a qualified surviving spouse.

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

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

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

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

(1) Special assessments chargeable against a qualified residence.

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

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

(1) qualifies for a deduction under:

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

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

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

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

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

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

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

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

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

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

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

resident; and

(4) has not remarried.

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

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

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

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

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

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

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

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

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

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

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

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

department of local government finance; and

(2) determine whether the qualified residence qualifies for deferment of property taxes.

Sec. 12. The county auditor shall notify:

(1) the taxpayer in writing;

(2) the county treasurer in the manner and form prescribed by the department of local government finance; and

(3) if the application is approved, the department of local government finance in the manner and form prescribed by the department of local government finance;

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

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

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

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

(A) the due date; or

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

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

(c) If an event results in:

(1) deferred property taxes becoming due under this chapter; or

(2) ineligibility of the qualified residence for further deferment of property taxes;

a taxpayer for the qualified residence shall, within thirty (30) days after the event, notify the auditor of the county in which the qualified residence is located of the disqualifying event in the manner and form prescribed by the department of local government finance.

(d) The county auditor and county treasurer shall:

(1) allow the deferment of property taxes that would otherwise be first due and payable in a year for a qualified residence that has been approved for deferment under this chapter; and

(2) continue to defer the accumulated amount of unpaid property taxes and interest accruing on property taxes deferred from a preceding year;

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

(e) The county auditor shall notify the:

(1) taxpayer;

(2) county treasurer; and

(3) department of local government finance;

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

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

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

(1) on an annual basis; or

(2) on a continuing or multiyear basis;

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

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

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

(1) The date the first installment of the deferred taxes is due.

(2) If the county treasurer determines that the failure to file a timely application is the result of an inadvertent error, the date specified by the county treasurer.

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

(1) The amount that the taxpayer requests be deferred.

(2) The property tax liability exceeding the minimum required payment.

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

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

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

(1) was the principal place of residence of an individual that qualifies as a qualified resident on March 1, 2001, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2002; and

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

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

STEP ONE: Determine the result of:

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

(B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2001, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2002.

STEP TWO: Determine the product of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2001, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2002; multiplied by

(B) one and twenty-five hundredths (1.25).

STEP THREE: Determine the lesser of the STEP ONE result or the STEP TWO result.

STEP FOUR: Determine the result of:

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

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

STEP FIVE: Determine the product of:

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

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

STEP SIX: Determine the lesser of the STEP FOUR result or the STEP FIVE result.

STEP SEVEN: Determine the result of:

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

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

STEP EIGHT: Determine the product of:

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

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

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

STEP TEN: Determine the result of:

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

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

STEP ELEVEN: Determine the product of:

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

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

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

STEP THIRTEEN: Determine the sum of the following:

(A) STEP THREE result.

(B) STEP SIX result.

(C) STEP NINE result.

(D) STEP TWELVE result.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STEP TWO: Determine the result of:

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

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

STEP THREE: Determine the product of:

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

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

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

STEP FIVE: Determine the result of:

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

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

STEP SIX: Determine the product of:

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

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

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

STEP EIGHT: Determine the result of:

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

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

STEP NINE: Determine the product of:

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

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

STEP TEN: Determine the lesser of the STEP EIGHT result or the STEP NINE result.

STEP ELEVEN: Determine the sum of the following:

(A) STEP FOUR result.

(B) STEP SEVEN result.

(C) STEP TEN result.

STEP TWELVE: Determine the greater of the STEP ONE result or the STEP ELEVEN result.

(c) If on an assessment date after March 1, 2002, and before March 2, 2005, the assessed value of the qualified residence is increased by an improvement to real property or an addition of real property, the property tax liability attributable to the improvement or addition shall be excluded from the calculations under subsection (b). In this case, the initial year threshold amount for the base year is the sum of the following:

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

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

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

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

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

Sec. 19. (a) This section applies to a qualified residence if the qualified residence:

(1) was not the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003;

(2) was the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified

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

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

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

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

STEP TWO: Determine the result of:

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

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

STEP THREE: Determine the product of:

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

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

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

STEP FIVE: Determine the result of:

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

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

STEP SIX: Determine the product of:

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

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

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

STEP EIGHT: Determine the sum of the following:

(A) STEP FOUR result.

(B) STEP SEVEN result.

STEP NINE: Determine the greater of the STEP ONE result or the STEP EIGHT result.

(c) If on an assessment date after March 1, 2003, and before March 2, 2005, the assessed value of the qualified residence is increased by an improvement to real property or an addition of real property, the property tax liability attributable to the improvement or addition shall be excluded from the calculations under subsection (b). In this case, the initial year threshold amount for the base year is the sum of the following:

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

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

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

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

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

Sec. 20. (a) This section applies to a qualified residence if the qualified residence:

(1) was not the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004;

(2) was the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; and

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

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

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

STEP TWO: Determine the result of:

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

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

STEP THREE: Determine the product of:

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

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

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

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

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

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

(2) The property tax liability attributable to the improvement

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

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

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

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

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

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

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

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

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

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

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

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

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

STEP TWO: Determine the result of:

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

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

(B) the STEP ONE result.

STEP THREE: Determine the product of:

(A) the STEP ONE result; multiplied by

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

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

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

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

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

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

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

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

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

(1) The total tax liability due for the assessment date.

(2) The threshold amount calculated for the assessment date.

(c) The amount that may be deferred for any particular assessment date is the greater of the following:

(1) Zero dollars ($0).

(2) The result of the:

(A) property tax liability due for the assessment date; minus

(B) minimum required payment for the assessment date.

(d) The county treasurer shall notify the county auditor of the amount of the minimum required payment and the amount that may be deferred in a year.

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

(1) The date the property taxes on which the interest accrues are due.

(2) The date that a taxpayer pays the accrued deferred property taxes.

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

(1) The date that all of the qualified residents named in the application for property tax deferral cease to qualify as qualified residents.

(2) The date that no surviving spouse of a qualified resident named in an application for property tax deferral qualifies as a surviving spouse.

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

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

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

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

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

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

(1) property taxes that are subject to an application for deferral under this chapter; and

(2) property taxes deferred under this chapter and interest imposed under this chapter.

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

(1) an electronic copy of a notice of the amount of property taxes deferred on each qualified residence and interest imposed on deferred property taxes since the immediately preceding settlement date to the department of local government finance; and

(2) if the qualified residence consists of real property, a written copy of the notice of property taxes deferred on the qualified residence since the immediately preceding settlement date to the county recorder.

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

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

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

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

Sec. 30. When deferred property taxes or interest on deferred property taxes are paid, the county treasurer shall:
(1) record the payment;
(2) notify the county auditor of the payment;
(3) if the payment is for real property, submit a written release of the lien for the amount of the payment to the county recorder for recording in the miscellaneous records of the county recorder; and
(4) notify the department of local government finance of the payment in the form prescribed by the department of local government finance.

Sec. 31. The county recorder shall record a:
(1) statement of the amount of property tax deferred and interest imposed on deferred property taxes;
(2) statement of payment of deferred property taxes and interest on deferred property taxes; and
(3) notice of termination of a deferral;
without charge, in the miscellaneous records of the county recorder.

Sec. 32. Subject to this chapter, the county treasurer shall distribute:
(1) amounts collected from deferred property taxes; and
(2) penalties and interest collected on deferred property taxes;

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

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

Sec. 34. (a) Except:

(1) as required by federal law or regulation;

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

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

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

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

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

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

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

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

Page 41, delete lines 14 through 15.

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

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

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

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

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

P.L.4-2005, SECTION 72,".

Page 41, line 33, delete "board" and insert "corporation".

Page 41, line 34, delete "board" and insert "corporation".

Page 43, line 5, after "6-3.1-13-17" insert ", AS AMENDED BY P.L.4-2005, SECTION 74,".

Page 43, line 9, delete "board" and insert "corporation".

Page 43, line 20, after "assistance" insert "and incentives".

Page 43, line 20, delete "is" and insert "are".

Page 43, line 27, delete "board" and insert "corporation".

Page 43, line 30, delete "board" and insert "corporation".

Page 44, line 2, delete "shall" and insert "~~may, at the discretion of the corporation,~~".

Page 44, line 14, after "6-3.1-13-19" insert ", AS AMENDED BY P.L.4-2005, SECTION 76,".

Page 44, line 16, delete "board".

Page 44, line 17, reset in roman "corporation".

Page 44, line 36, delete "board".

Page 44, line 36, reset in roman "corporation".

Page 45, line 4, delete "board".

Page 45, line 4, reset in roman "corporation".

Page 45, line 8, delete "board".

Page 45, line 8, reset in roman "corporation".

Page 45, line 10, after "6-3.1-13-19.5" insert ", AS AMENDED BY P.L.4-2005, SECTION 77,".

Page 45, line 13, delete "board".

Page 45, line 13, reset in roman "corporation".

Page 45, line 29, delete "board:".

Page 45, line 29, reset in roman "corporation:".

Page 45, line 40, delete "board".

Page 45, line 40, reset in roman "corporation".

Page 46, line 7, delete "board".

Page 46, line 7, reset in roman "corporation".

Page 46, line 9, delete "board".

Page 46, line 9, reset in roman "corporation".

Page 47, line 20, after "6-3.1-26-18" insert ", AS AMENDED BY P.L.4-2005, SECTION 107,".

Page 47, line 22, delete "board".

Page 47, line 22, reset in roman "corporation".

Page 47, line 23, delete "board".

Page 47, line 23, reset in roman "corporation".

Page 48, between lines 2 and 3, begin a new paragraph and insert:

"SECTION 1. IC 6-3.1-29 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:

Chapter 29. State New Markets Tax Credit

Sec. 1. As used in this chapter, "applicable percentage" means the following:

(1) One percent (1%) for the first three (3) credit allowance dates.

(2) Two percent (2%) for the remainder of the credit allowance dates.

Sec. 2. As used in this chapter, "certified equity investment" refers to a qualified equity investment certified under this chapter for a tax credit.

Sec. 3. As used in this chapter, "credit" refers to a state new markets tax credit granted under this chapter against state tax liability.

Sec. 4. As used in this chapter, "credit allowance date" means the following with respect to any certified equity investment:

(1) The date on which the certified equity investment is initially made.

(2) Each of the six (6) annual anniversary dates immediately following the date described in subdivision (1).

Sec. 5. As used in this chapter, "holder", with respect to a credit allowance date, refers to one (1) of the following:

(1) The taxpayer or pass through entity that makes the original qualified equity investment, if the taxpayer or pass through entity owns the qualified equity investment on a credit allowance date.

(2) A subsequent taxpayer or pass through entity that owns the qualified equity investment on a credit allowance date.

Sec. 6. As used in this chapter, "pass through entity" means a:

(1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) partnership;

(3) trust;

(4) limited liability company; or

(5) limited liability partnership.

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

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

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

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(2) IC 27-1-18-2 (the insurance premiums tax); and

(3) IC 6-5.5 (the financial institutions tax);

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

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

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

(1) holds a certified equity investment on a credit allowance date; and

(2) does not receive another credit under this article for the same certified equity investment;

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

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

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

(A) held by the taxpayer on the credit allowance date in the taxable year; and

(B) certified under this chapter as a certified equity investment.

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

STEP THREE: Multiply the STEP TWO amount by:

(A) the tax credit adjustment factor approved by the

department of tourism and community development established by P.L.224-2003 under this chapter; or

(B) eighty-five hundredths (0.85), if clause (A) does not apply.

Sec. 13. (a) If:

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

(2) the pass through entity would be eligible for a tax credit under this chapter if the pass through entity were a taxpayer;

a shareholder, partner, or member of the pass through entity is entitled to a tax credit under this chapter.

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

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

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

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

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

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

(1) make a qualified equity investment; and

(2) be certified by the department of tourism and community development to receive a tax credit for the qualified equity investment.

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

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

(1) make a qualified equity investment;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) recapture a part of the tax credit that has been applied to the state tax liability of a taxpayer; or

(3) both disallow under subdivision (1) and recapture under subdivision (2).

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

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

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

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

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

Page 65, delete lines 19 through 20.

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

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

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

Page 65, between lines 22 and 23, begin a new paragraph and insert:

"SECTION 51. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2005]: IC 4-10-21-3; IC 4-10-21-4.

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

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

Page 66, between lines 17 and 18, begin a new paragraph and insert:

"SECTION 54. [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: **The definitions in IC 6-3.1-29, as added by this act, apply throughout this SECTION. IC 6-3.1-29, as added by this act, applies only to:**

(1) qualified equity investments made; and

(2) taxable years beginning;

after December 31, 2004.".

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

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

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

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

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

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

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

(d) This SECTION expires January 1, 2007.

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

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

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

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

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

Page 67, run in lines 31 through 32.

Page 67, delete lines 36 through 42.

Page 68, delete lines 1 through 2.

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

30, 2005.".

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

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

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

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

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

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

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

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

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

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

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

property taxes paid after December 31, 2005.".

Renumber all SECTIONS consecutively.

(Reference is to SB 496 as reprinted February 23, 2005.)

and when so amended that said bill do pass.

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Representative Espich