



January 19, 2005

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## SENATE BILL No. 100

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DIGEST OF SB 100 (Updated January 18, 2005 11:52 am - DI 44)

**Citations Affected:** IC 6-3.5.

**Synopsis:** Local option income taxes. Provides that a civil taxing unit's distributive share of county option income taxes may be used for any lawful purpose. Expands the use of the county economic development income tax to any lawful purpose of a county, city, or town.

**Effective:** July 1, 2005.

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### Long, Broden

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January 4, 2005, read first time and referred to Committee on Tax and Fiscal Policy.  
January 18, 2005, reported favorably — Do Pass.

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SB 100—LS 6497/DI 113+



January 19, 2005

First Regular Session 114th General Assembly (2005)

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

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

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

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## SENATE BILL No. 100

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

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

1 SECTION 1. IC 6-3.5-6-19 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 19. (a) Except as  
3 provided in sections 18(e) and 18.5(b)(3) of this chapter, in  
4 determining the fractional share of distributive shares the civil taxing  
5 units of a county are entitled to receive under section 18 of this chapter  
6 during a calendar year, the department of local government finance  
7 shall consider only property taxes imposed on tangible property subject  
8 to assessment in that county.

9 (b) In determining the amount of distributive shares a civil taxing  
10 unit is entitled to receive under section 18(g) of this chapter, the  
11 department of local government finance shall consider only the  
12 percentage of the civil taxing unit's budget that equals the ratio that the  
13 total assessed valuation that lies within the civil taxing unit and the  
14 county that has adopted the county option tax bears to the total assessed  
15 valuation that lies within the civil taxing unit.

16 (c) The distributive shares to be allocated and distributed under this  
17 chapter:

SB 100—LS 6497/DI 113+



1 (1) shall be treated by each civil taxing unit as additional revenue  
2 for the purpose of fixing its budget for the budget year during  
3 which the distributive shares is to be distributed to the civil taxing  
4 unit; **and**

5 (2) **may be used for any lawful purpose of the civil taxing unit.**

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

10 SECTION 2. IC 6-3.5-7-13.1 IS AMENDED TO READ AS  
11 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13.1. (a) The fiscal  
12 officer of each county, city, or town for a county in which the county  
13 economic development tax is imposed shall establish an economic  
14 development income tax fund. Except as provided in sections 23, 25,  
15 26, and 27 of this chapter, the revenue received by a county, city, or  
16 town under this chapter shall be deposited in the unit's economic  
17 development income tax fund.

18 (b) Except as provided in sections 15, 23, 25, 26, and 27 of this  
19 chapter, revenues from the county economic development income tax  
20 may be used as follows:

21 (1) By a county, city, or town for economic development projects,  
22 for paying, notwithstanding any other law, under a written  
23 agreement all or a part of the interest owed by a private developer  
24 or user on a loan extended by a financial institution or other  
25 lender to the developer or user if the proceeds of the loan are or  
26 are to be used to finance an economic development project, for  
27 the retirement of bonds under section 14 of this chapter for  
28 economic development projects, for leases under section 21 of  
29 this chapter, or for leases or bonds entered into or issued prior to  
30 the date the economic development income tax was imposed if  
31 the purpose of the lease or bonds would have qualified as a  
32 purpose under this chapter at the time the lease was entered into  
33 or the bonds were issued.

34 (2) By a county, city, or town for:  
35 (A) the construction or acquisition of, or remedial action with  
36 respect to, a capital project for which the unit is empowered to  
37 issue general obligation bonds or establish a fund under any  
38 statute listed in IC 6-1.1-18.5-9.8;  
39 (B) the retirement of bonds issued under any provision of  
40 Indiana law for a capital project;  
41 (C) the payment of lease rentals under any statute for a capital  
42 project;

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- 1 (D) contract payments to a nonprofit corporation whose
- 2 primary corporate purpose is to assist government in planning
- 3 and implementing economic development projects;
- 4 (E) operating expenses of a governmental entity that plans or
- 5 implements economic development projects;
- 6 (F) to the extent not otherwise allowed under this chapter,
- 7 funding substance removal or remedial action in a designated
- 8 unit; or
- 9 (G) funding of a revolving fund established under
- 10 IC 5-1-14-14.

11 **(3) By a county, city, or town for any lawful purpose for**  
 12 **which money in any of its other funds may be used.**

13 (c) As used in this section, an economic development project is any  
 14 project that:

- 15 (1) the county, city, or town determines will:
  - 16 (A) promote significant opportunities for the gainful
  - 17 employment of its citizens;
  - 18 (B) attract a major new business enterprise to the unit; or
  - 19 (C) retain or expand a significant business enterprise within
  - 20 the unit; and
- 21 (2) involves an expenditure for:
  - 22 (A) the acquisition of land;
  - 23 (B) interests in land;
  - 24 (C) site improvements;
  - 25 (D) infrastructure improvements;
  - 26 (E) buildings;
  - 27 (F) structures;
  - 28 (G) rehabilitation, renovation, and enlargement of buildings
  - 29 and structures;
  - 30 (H) machinery;
  - 31 (I) equipment;
  - 32 (J) furnishings;
  - 33 (K) facilities;
  - 34 (L) administrative expenses associated with such a project,
  - 35 including contract payments authorized under subsection
  - 36 (b)(2)(D);
  - 37 (M) operating expenses authorized under subsection (b)(2)(E);
  - 38 or
  - 39 (N) to the extent not otherwise allowed under this chapter,
  - 40 substance removal or remedial action in a designated unit;
  - 41 or any combination of these.

42 **(d) If there are bonds outstanding that have been issued under**

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1 section 14 of this chapter or leases in effect under section 21 of this  
2 chapter, a county, city, or town may not expend money from its  
3 economic development income tax fund for a purpose authorized  
4 under subsection (b)(3) in a manner that would adversely affect  
5 owners of the outstanding bonds or payment of any lease rentals  
6 due.

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COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 100, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 100 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 10, Nays 0.

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