

Adopted	Rejected
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## COMMITTEE REPORT

YES:	19
NO:	3

### MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred House Bill 1402, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 6-3.5-1.1-2.8 IS AMENDED TO READ AS
- 4 FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
- 5 Sec. 2.8. (a) This section applies to:
- 6 (1) a county having a population of more than one hundred
- 7 eighty-two thousand seven hundred ninety (182,790) but less than
- 8 two hundred thousand (200,000); ~~and~~
- 9 (2) a county having a population of more than forty-five thousand
- 10 (45,000) but less than forty-five thousand nine hundred (45,900);
- 11 **and**
- 12 **(3) Jasper County.**
- 13 (b) **Except as provided in subsection (h)**, the county council may,
- 14 by ordinance, determine that additional county adjusted gross income
- 15 tax revenue is needed in the county to:

- 1 (1) finance, construct, acquire, improve, renovate, or equip,  
 2 **operate, or maintain:**  
 3 (A) jail facilities;  
 4 (B) juvenile court, detention, and probation facilities;  
 5 (C) other criminal justice facilities; and  
 6 (D) related buildings and parking facilities;  
 7 located in the county, including costs related to the demolition of  
 8 existing buildings and the acquisition of land; and  
 9 (2) repay bonds issued or leases entered into for the purposes  
 10 described in subdivision (1).
- 11 (c) In addition to the rates permitted by section 2 of this chapter, the  
 12 county council may impose the county adjusted gross income tax at a  
 13 rate of:  
 14 (1) fifteen-hundredths percent (0.15%);  
 15 (2) two-tenths percent (0.2%); or  
 16 (3) twenty-five hundredths percent (0.25%);  
 17 on the adjusted gross income of county taxpayers if the county council  
 18 makes the finding and determination set forth in subsection (b). The tax  
 19 imposed under this section may be imposed only until the later of the  
 20 date on which the financing, construction, acquisition, improvement,  
 21 renovation, and equipping described in subsection (b) are completed or  
 22 the date on which the last of any bonds issued or leases entered into to  
 23 finance the construction, acquisition, improvement, renovation, and  
 24 equipping described in subsection (b) are fully paid. The term of the  
 25 bonds issued (including any refunding bonds) or a lease entered into  
 26 under subsection (b)(2) may not exceed twenty (20) years.
- 27 (d) If the county council makes a determination under subsection  
 28 (b), the county council may adopt a tax rate under subsection (c). The  
 29 tax rate may not be imposed at a rate greater than is necessary to pay  
 30 the costs of carrying out the purposes described in subsection (b)(1).
- 31 (e) The county treasurer shall establish a criminal justice facilities  
 32 revenue fund to be used only for purposes described in this section.  
 33 County adjusted gross income tax revenues derived from the tax rate  
 34 imposed under this section shall be deposited in the criminal justice  
 35 facilities revenue fund before making a certified distribution under  
 36 section 11 of this chapter.
- 37 (f) County adjusted gross income tax revenues derived from the tax  
 38 rate imposed under this section:

- 1 (1) may be used only for the purposes described in this section;  
 2 (2) may not be considered by the department of local government  
 3 finance in determining the county's maximum permissible  
 4 property tax levy limit under IC 6-1.1-18.5; and  
 5 (3) may be pledged to the repayment of bonds issued or leases  
 6 entered into for any or all the purposes described in subsection  
 7 (b).

8 (g) Notwithstanding any other law, funds accumulated from the  
 9 county adjusted gross income tax imposed under this section after:

- 10 (1) the completion of the financing, construction, acquisition,  
 11 improvement, renovation, ~~and~~ equipping, **operation, and**  
 12 **maintenance** described in subsection (b);  
 13 (2) the payment or provision for payment of all the costs for  
 14 activities described in subdivision (1);  
 15 (3) the redemption of bonds issued; and  
 16 (4) the final payment of lease rentals due under a lease entered  
 17 into under this section;

18 shall be transferred to the county highway fund to be used for  
 19 construction, resurfacing, restoration, and rehabilitation of county  
 20 highways, roads, and bridges.

21 **(h) In Jasper County, the additional county adjusted gross**  
 22 **income tax revenue may be used only to operate or maintain:**

- 23 **(1) jail facilities;**  
 24 **(2) juvenile court, detention, and probation facilities;**  
 25 **(3) other criminal justice facilities; and**  
 26 **(4) related buildings and parking facilities;**

27 **located in the county.**

28 SECTION 2. IC 6-3.5-1.1-10 IS AMENDED TO READ AS  
 29 FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:  
 30 Sec. 10. (a) Except as provided in subsection (b), one-half (1/2) of each  
 31 adopting county's certified distribution for a calendar year shall be  
 32 distributed from its account established under section 8 of this chapter  
 33 to the appropriate county treasurer on May 1 and the other one-half  
 34 (1/2) on November 1 of that calendar year.

35 (b) This subsection applies to a county having a population of more  
 36 than one hundred forty-five thousand (145,000) but less than one  
 37 hundred forty-eight thousand (148,000). Notwithstanding section 9 of  
 38 this chapter, the initial certified distribution certified for a county under

1 section 9 of this chapter shall be distributed to the county treasurer from  
 2 the account established for the county under section 8 of this chapter  
 3 according to the following schedule during the eighteen (18) month  
 4 period beginning on July 1 of the year in which the county initially  
 5 adopts an ordinance under section 2 of this chapter:

6 (1) One-fourth (1/4) on October 1 of the year in which the  
 7 ordinance was adopted.

8 (2) One-fourth (1/4) on January 1 of the calendar year following  
 9 the year in which the ordinance was adopted.

10 (3) One-fourth (1/4) on May 1 of the calendar year following the  
 11 year in which the ordinance was adopted.

12 (4) One-fourth (1/4) on November 1 of the calendar year  
 13 following the year in which the ordinance was adopted.

14 Notwithstanding section 11 of this chapter, the part of the certified  
 15 distribution received under subdivision (1) that would otherwise be  
 16 allocated to a civil taxing unit or school corporation as property tax  
 17 replacement credits under section 11 of this chapter shall be set aside  
 18 and treated for the calendar year when received by the civil taxing unit  
 19 or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or  
 20 IC 6-1.1-19-1.7. Certified distributions made to the county treasurer for  
 21 calendar years following the eighteen (18) month period described in  
 22 this subsection shall be made as provided in subsection (a).

23 (c) Except for:

24 (1) revenue that must be used to pay the costs of operating a jail  
 25 and juvenile detention center under section 2.5(d) of this chapter;

26 (2) revenue that must be used to pay the costs of:

27 (A) financing, constructing, acquiring, improving, renovating,  
 28 or equipping, **operating, or maintaining** facilities and  
 29 buildings;

30 (B) debt service on bonds; or

31 (C) lease rentals;

32 under section 2.8 of this chapter;

33 (3) revenue that must be used to pay the costs of construction,  
 34 improvement, renovation, or remodeling of a jail and related  
 35 buildings and parking structures under section 2.7, 2.9, or 3.3 of  
 36 this chapter;

37 (4) revenue that must be used to pay the costs of operating and  
 38 maintaining a jail and justice center under section 3.5(d) of this

1 chapter; or  
 2 (5) revenue that must be used to pay the costs of constructing,  
 3 acquiring, improving, renovating, or equipping a county  
 4 courthouse under section 3.6 of this chapter;  
 5 distributions made to a county treasurer under subsections (a) and (b)  
 6 shall be treated as though they were property taxes that were due and  
 7 payable during that same calendar year. Except as provided by  
 8 subsection (b), the certified distribution shall be distributed and used by  
 9 the taxing units and school corporations as provided in sections 11  
 10 through 15 of this chapter.

11 (d) All distributions from an account established under section 8 of  
 12 this chapter shall be made by warrants issued by the auditor of the state  
 13 to the treasurer of the state ordering the appropriate payments.

14 SECTION 3. IC 6-3.5-1.1-11 IS AMENDED TO READ AS  
 15 FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:  
 16 Sec. 11. (a) Except for:

17 (1) revenue that must be used to pay the costs of operating a jail  
 18 and juvenile detention center under section 2.5(d) of this chapter;  
 19 (2) revenue that must be used to pay the costs of:

20 (A) financing, constructing, acquiring, improving, renovating,  
 21 **or** equipping, **operating, or maintaining** facilities and  
 22 buildings;  
 23 (B) debt service on bonds; or  
 24 (C) lease rentals;  
 25 under section 2.8 of this chapter;

26 (3) revenue that must be used to pay the costs of construction,  
 27 improvement, renovation, or remodeling of a jail and related  
 28 buildings and parking structures under section 2.7, 2.9, or 3.3 of  
 29 this chapter;

30 (4) revenue that must be used to pay the costs of operating and  
 31 maintaining a jail and justice center under section 3.5(d) of this  
 32 chapter; or

33 (5) revenue that must be used to pay the costs of constructing,  
 34 acquiring, improving, renovating, or equipping a county  
 35 courthouse under section 3.6 of this chapter;  
 36 the certified distribution received by a county treasurer shall, in the  
 37 manner prescribed in this section, be allocated, distributed, and used by  
 38 the civil taxing units and school corporations of the county as certified

1 shares and property tax replacement credits.

2 (b) Before August 10 of each calendar year, each county auditor  
3 shall determine the part of the certified distribution for the next  
4 succeeding calendar year that will be allocated as property tax  
5 replacement credits and the part that will be allocated as certified  
6 shares. The percentage of a certified distribution that will be allocated  
7 as property tax replacement credits or as certified shares depends upon  
8 the county adjusted gross income tax rate for resident county taxpayers  
9 in effect on August 1 of the calendar year that precedes the year in  
10 which the certified distribution will be received by two (2) years. The  
11 percentages are set forth in the following table:

12	PROPERTY		
13	COUNTY	TAX	
14	ADJUSTED GROSS	REPLACEMENT	CERTIFIED
15	INCOME TAX RATE	CREDITS	SHARES
16	0.5%	50%	50%
17	0.75%	33 1/3%	66 2/3%
18	1%	25%	75%

19 (c) The part of a certified distribution that constitutes property tax  
20 replacement credits shall be distributed as provided under sections 12,  
21 13, and 14 of this chapter.

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

24 Page 7, between lines 31 and 32, begin a new paragraph and insert:

25 "SECTION 6. IC 6-3.5-7-26, AS AMENDED BY P.L.199-2005,  
26 SECTION 26, IS AMENDED TO READ AS FOLLOWS  
27 [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) This section applies  
28 only to homestead credits for property taxes first due and payable after  
29 calendar year 2006.

30 (b) ~~For purposes of~~ **The following definitions apply throughout**  
31 **this section:**

32 **(1) "Adopt" includes amend.**

33 **(2) "Adopting entity" means:**

34 ~~(1)~~ **(A)** the entity that adopts an ordinance under  
35 IC 6-1.1-12-41(f); or

36 ~~(2)~~ **(B)** any other entity that may impose a county economic  
37 development income tax under section 5 of this chapter.

38 **(3) "Homestead" refers to tangible property that is eligible for**

1 **a homestead credit under IC 6-1.1-20.9.**

2 **(4) "Residential" refers to real property, mobile homes, and**  
 3 **industrialized housing classified under the standards specified**  
 4 **by the department of local government finance as used for a**  
 5 **residential purpose, including tangible property that would**  
 6 **qualify as a homestead if the taxpayer had filed for a**  
 7 **homestead credit under IC 6-1.1-20.9 and rental residential**  
 8 **property.**

9 (c) An adopting entity may adopt an ordinance to provide for the use  
 10 of the certified distribution described in section 16(c) of this chapter for  
 11 the purpose provided in subsection (e). An adopting entity that adopts  
 12 an ordinance under this subsection shall use the procedures set forth in  
 13 IC 6-3.5-6 concerning the adoption of an ordinance for the imposition  
 14 of the county option income tax. An ordinance must be adopted under  
 15 this subsection after January 1 but before April 1 of a calendar year.  
 16 The ordinance may provide for an additional rate under section 5(p) of  
 17 this chapter. An ordinance adopted under this subsection:

18 (1) first applies to the certified distribution described in section  
 19 16(c) of this chapter made in the later of the calendar year that  
 20 immediately succeeds the calendar year in which the ordinance is  
 21 adopted or calendar year 2007; and

22 (2) must specify that the certified distribution must be used to  
 23 provide for **one (1) of the following, as determined by the**  
 24 **adopting entity:**

25 (A) Uniformly applied increased homestead credits as provided  
 26 in subsection (f). ~~or~~

27 **(B) Uniformly applied increased residential credits as**  
 28 **provided in subsection (g).**

29 ~~(B)~~ **(C) Allocated increased homestead credits as provided in**  
 30 **subsection ~~(h)~~ (i).**

31 **(D) Allocated increased residential credits as provided in**  
 32 **subsection (j).**

33 An ordinance adopted under this subsection may be combined with an  
 34 ordinance adopted under section 25 of this chapter.

35 (d) If an ordinance is adopted under subsection (c), the percentage  
 36 of the certified distribution specified in the ordinance for use for the  
 37 purpose provided in subsection (e) shall be:

38 (1) retained by the county auditor under subsection ~~(i)~~ **(k)**; and

1 (2) used for the purpose provided in subsection (e) instead of the  
 2 purposes specified in the capital improvement plans adopted under  
 3 section 15 of this chapter.

4 (e) If an ordinance is adopted under subsection (c), the adopting  
 5 entity shall use the certified distribution described in section 16(c) of  
 6 this chapter to increase:

7 **(1) if the ordinance grants a credit described in subsection**  
 8 **(c)(2)(A) or (c)(2)(C), the homestead credit allowed in the county**  
 9 **under IC 6-1.1-20.9 for a year; or**

10 **(2) if the ordinance grants a credit described in subsection**  
 11 **(c)(2)(B) or (c)(2)(D), the property tax replacement credit**  
 12 **allowed in the county under IC 6-1.1-21-5 for a year for the**  
 13 **residential property;**

14 to offset the effect on homesteads **or residential property, as**  
 15 **applicable**, in the county resulting from the statewide deduction for  
 16 inventory under IC 6-1.1-12-42. **The amount of an additional**  
 17 **residential property tax replacement credit granted under this**  
 18 **section may not be considered in computing the amount of any**  
 19 **homestead credit to which the residential property may be entitled**  
 20 **under IC 6-1.1-20.9 or another law other than IC 6-1.1-20.6.**

21 (f) If the imposing entity specifies the application of uniform  
 22 increased homestead credits under subsection (c)(2)(A), the county  
 23 auditor shall, for each calendar year in which an increased homestead  
 24 credit percentage is authorized under this section, determine:

25 (1) the amount of the certified distribution that is available to  
 26 provide an increased homestead credit percentage for the year;

27 (2) the amount of uniformly applied homestead credits for the year  
 28 in the county that equals the amount determined under subdivision  
 29 (1); and

30 (3) the increased percentage of homestead credit that equates to  
 31 the amount of homestead credits determined under subdivision  
 32 (2).

33 **(g) If the imposing entity specifies the application of uniform**  
 34 **increased residential credits under subsection (c)(2)(B), the county**  
 35 **auditor shall, for each calendar year in which an increased**  
 36 **homestead credit percentage is authorized under this section,**  
 37 **determine:**

38 **(1) the amount of the certified distribution that is available to**



1           **provide an increased residential property tax replacement**  
 2           **credit percentage for the year;**

3           **(2) the amount of uniformly applied residential property tax**  
 4           **replacement credits for the year in the county that equals the**  
 5           **amount determined under subdivision (1); and**

6           **(3) the increased percentage of residential property tax**  
 7           **replacement credit that equates to the amount of residential**  
 8           **property tax replacement credits determined under**  
 9           **subdivision (2).**

10          ~~(g)~~ **(h)** The increased percentage of homestead credit determined by  
 11          the county auditor under subsection (f) **or the increased percentage of**  
 12          **residential property tax replacement credit determined by the**  
 13          **county auditor under subsection (g)** applies uniformly in the county  
 14          in the calendar year for which the increased percentage is determined.

15          ~~(h)~~ **(i)** If the imposing entity specifies the application of allocated  
 16          increased homestead credits under subsection ~~(c)(2)(B)~~; **(c)(2)(C)**, the  
 17          county auditor shall, for each calendar year in which an increased  
 18          homestead credit is authorized under this section, determine:

19                 (1) the amount of the certified distribution that is available to  
 20                 provide an increased homestead credit for the year; and

21                 (2) except as provided in subsection ~~(j)~~; **(l)**, an increased  
 22                 percentage of homestead credit for each taxing district in the  
 23                 county that allocates to the taxing district an amount of increased  
 24                 homestead credits that bears the same proportion to the amount  
 25                 determined under subdivision (1) that the amount of inventory  
 26                 assessed value deducted under IC 6-1.1-12-42 in the taxing  
 27                 district for the immediately preceding year's assessment date bears  
 28                 to the total inventory assessed value deducted under  
 29                 IC 6-1.1-12-42 in the county for the immediately preceding year's  
 30                 assessment date.

31          **(j) If the imposing entity specifies the application of allocated**  
 32          **increased residential property tax replacement credits under**  
 33          **subsection (c)(2)(D), the county auditor shall, for each calendar**  
 34          **year in which an increased residential property tax replacement**  
 35          **credit is authorized under this section, determine:**

36                 (1) the amount of the certified distribution that is available to  
 37                 provide an increased residential property tax replacement  
 38                 credit for the year; and

1           **(2) except as provided in subsection (l), an increased**  
 2           **percentage of residential property tax replacement credit for**  
 3           **each taxing district in the county that allocates to the taxing**  
 4           **district an amount of increased residential property tax**  
 5           **replacement credits that bears the same proportion to the**  
 6           **amount determined under subdivision (1) that the amount of**  
 7           **inventory assessed value deducted under IC 6-1.1-12-42 in the**  
 8           **taxing district for the immediately preceding year's**  
 9           **assessment date bears to the total inventory assessed value**  
 10           **deducted under IC 6-1.1-12-42 in the county for the**  
 11           **immediately preceding year's assessment date.**

12           ~~(j)~~ **(k)** The county auditor shall retain from the payments of the  
 13 county's certified distribution an amount equal to the revenue lost, if  
 14 any, due to the increase of the homestead credit **or residential**  
 15 **property tax replacement credit** within the county. The money shall  
 16 be distributed to the civil taxing units and school corporations of the  
 17 county:

18           (1) as if the money were from property tax collections; and  
 19           (2) in such a manner that no civil taxing unit or school corporation  
 20 will suffer a net revenue loss because of the allowance of an  
 21 increased homestead credit **or residential property tax**  
 22 **replacement credit.**

23           ~~(j)~~ **(l)** Subject to the approval of the imposing entity, the county  
 24 auditor may adjust the increased percentage of:

25           **(1) homestead credit determined under subsection ~~(h)(2)~~ (i)(2) if**  
 26           **the county auditor determines that the adjustment is necessary to**  
 27           **achieve an equitable reduction of property taxes among the**  
 28           **homesteads in the county; or**  
 29           **(2) residential property tax replacement credit determined**  
 30           **under subsection (j)(2) if the county auditor determines that**  
 31           **the adjustment is necessary to achieve an equitable reduction**  
 32           **of property taxes among the residential property in the**  
 33           **county.**

34           SECTION 7. IC 6-9-24-9 IS AMENDED TO READ AS  
 35 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 9. (a) If the tax is  
 36 imposed by a municipality under this chapter, the tax terminates  
 37 January 1, ~~2007~~: **2017.**

38           (b) This chapter expires July 1, ~~2007~~: **2017.**

1 SECTION 8. IC 6-9-27-9.5, AS ADDED BY P.L.214-2005,  
2 SECTION 42, IS AMENDED TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2006]: Sec. 9.5. (a) A city shall use money in  
4 the fund established under section 8.5 of this chapter for only the  
5 following:

- 6 (1) Renovating the city hall.
- 7 (2) Constructing new police or fire stations, or both.
- 8 (3) Improving the city's sanitary sewers or wastewater treatment  
9 facilities, or both.
- 10 (4) Improving the city's storm water drainage systems.
- 11 (5) Other projects involving the city's water system or protecting  
12 the city's well fields, as determined by the city fiscal body.

13 Money in the fund may not be used for the operating costs of a project.  
14 ~~In addition, the city may not initiate a project under this chapter after~~  
15 ~~December 31, 2010.~~

16 (b) The fiscal body of the city may pledge money in the fund to pay  
17 bonds issued, loans obtained, and lease payments or other obligations  
18 incurred by or on behalf of the city or a special taxing district in the city  
19 to provide the projects described in subsection (a).

20 (c) Subsection (b) applies only to bonds, loans, lease payments, or  
21 obligations that are issued, obtained, or incurred after the date on which  
22 the tax is imposed under section 3 of this chapter.

23 (d) A pledge under subsection (b) is enforceable under IC 5-1-14-4.

24 SECTION 6. [EFFECTIVE UPON PASSAGE] **(a) The general**  
25 **assembly finds that:**

- 26 **(1) IC 6-3.5-1.1-2.8, as amended by this act, allows Jasper**  
27 **County to fund the operation and maintenance of a jail and**  
28 **juvenile detention center through the use of county option**  
29 **income tax revenues; and**
- 30 **(2) allowing Jasper County to fund the operation and**  
31 **maintenance of a jail and juvenile detention center through**  
32 **the use of county option income tax revenues rather than the**  
33 **use of property taxes promotes the purpose of maintaining**  
34 **low property tax rates and is essential to economic**  
35 **development.**

36 **(b) These special circumstances require legislation particular to**  
37 **Jasper County.**

38 SECTION 7. [EFFECTIVE UPON PASSAGE] **(a) As used in this**

1       **SECTION, "adopting entity" has the meaning set forth in**  
2       **IC 6-3.5-7-26.**

3       **(b) Notwithstanding IC 6-3.5-7-5, IC 6-3.5-7-6, and**  
4       **IC 6-3.5-7-26, an adopting entity may adopt or amend an ordinance**  
5       **under IC 6-3.5-7-26 in 2006 before October 1, 2006. A tax rate**  
6       **imposed in an ordinance adopted after March 31, 2006, and before**  
7       **September 1, 2006, applies to the adjusted gross income of county**  
8       **taxpayers on the first day of the month that follows the date on**  
9       **which the ordinance is certified to the department of state revenue**  
10       **by at least twenty (20) days. Notwithstanding IC 6-3.5-7-11, if an**  
11       **adopting entity adopts a tax rate under IC 6-3.5-7-26, not later**  
12       **than the later of August 2, 2006, or sixty (60) days after the**  
13       **ordinance is certified to the department of state revenue, the**  
14       **department, after reviewing the recommendation of the budget**  
15       **agency, shall adjust the certified distribution of a county to provide**  
16       **the county with the amount of any tax increase imposed under**  
17       **IC 6-3.5-7-26 to provide additional homestead credits or residential**  
18       **property tax replacement credits as provided in those provisions."**

19       Renumber all section consecutively.

(Reference is to HB 1402 as introduced.)

**and when so amended that said bill do pass.**

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Representative Espich