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# HOUSE BILL No. 1199

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-17-1; IC 6-1.1-46.

**Synopsis:** Property tax abatement. Provides a credit against municipal property taxes to a taxpayer in a municipal taxing district in which the assessed valuation subject to tax abatement is proportionally greater than the average assessed valuation subject to tax abatement in other taxing districts in the county. Imposes an equalization levy in the county to replace the revenue lost as a result of the credit.

**Effective:** January 1, 2007.

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January 9, 2006, read first time and referred to Committee on Ways and Means.

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Second Regular Session 114th General Assembly (2006)

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 2005 Regular Session of the General Assembly.

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# HOUSE BILL No. 1199



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 6-1.1-17-1 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JANUARY 1, 2007]: Sec. 1. (a) On or  
3 before August 1 of each year, the county auditor shall send a certified  
4 statement, under the seal of the board of county commissioners, to the  
5 fiscal officer of each political subdivision of the county and the  
6 department of local government finance. The statement ~~shall~~ **must**  
7 contain:

- 8 (1) information concerning the assessed valuation in the political  
9 subdivision for the next calendar year;
- 10 (2) an estimate of the taxes to be distributed to the political  
11 subdivision during the last six (6) months of the current calendar  
12 year;
- 13 (3) the current assessed valuation as shown on the abstract of  
14 charges;
- 15 (4) the average growth in assessed valuation in the political  
16 subdivision over the preceding three (3) budget years, excluding  
17 years in which a general reassessment occurs, determined



- 1 according to procedures established by the department of local
- 2 government finance; ~~and~~
- 3 **(5) the county auditor's determinations under IC 6-1.1-46-3;**
- 4 **and**
- 5 ~~(5)~~ **(6) any other information at the disposal of the county auditor**
- 6 **that might affect the assessed value used in the budget adoption**
- 7 **process.**
- 8 (b) The estimate of taxes to be distributed shall be based on:
  - 9 (1) the abstract of taxes levied and collectible for the current
  - 10 calendar year, less any taxes previously distributed for the
  - 11 calendar year; and
  - 12 (2) any other information at the disposal of the county auditor
  - 13 which might affect the estimate.
- 14 (c) The fiscal officer of each political subdivision shall present the
- 15 county auditor's statement to the proper officers of the political
- 16 subdivision.

17 SECTION 2. IC 6-1.1-46 IS ADDED TO THE INDIANA CODE  
 18 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 19 JANUARY 1, 2007]:

20 **Chapter 46. Covered Taxing District Tax Adjustments**

21 **Sec. 1. The following definitions apply throughout this chapter:**

- 22 (1) "Assessed valuation subject to tax abatement" means the
- 23 sum of the:
  - 24 (A) amount of the deductions granted under IC 6-1.1-12.1;
  - 25 and
  - 26 (B) deduction equivalent of the credits granted under
  - 27 IC 6-1.1-20.8, as determined by the department of local
  - 28 government finance.
- 29 (2) "Average abatement" means, for a covered taxing district
- 30 and for an assessment date, the amount of assessed valuation
- 31 subject to tax abatement that bears the same proportion to
- 32 the gross assessed valuation of the covered taxing district for
- 33 the assessment date that the assessed valuation subject to tax
- 34 abatement of all covered taxing districts in the county bears
- 35 to the gross assessed valuation of all covered taxing districts
- 36 in the county for the assessment date.
- 37 (3) "Covered taxing district" means a taxing district
- 38 consisting of the part of a city or town that is located in a
- 39 particular township.
- 40 (4) "Designating unit" means a city or town that designated
- 41 under IC 6-1.1-12.1 the economic revitalization area in which
- 42 a taxpayer is located.

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(5) "Gross assessed valuation" means assessed valuation before the application of:

- (A) deductions under IC 6-1.1-12 and IC 6-1.1-12.1; and
- (B) exemptions under IC 6-1.1-10.

(6) "High abatement district" means a covered taxing district:

(A) in a county in which there is more than one (1) covered taxing district; and

(B) in which the quotient determined under section 3(a) of this chapter is greater than the average of the quotients determined under section 3(a) of this chapter for all covered taxing districts in the county.

(7) "Low abatement district" means a covered taxing district:

(A) in a county in which there is more than one (1) covered taxing district; and

(B) in which the quotient determined under section 3(a) of this chapter is less than the average of the quotients determined under section 3(a) of this chapter for all covered taxing districts in the county.

(8) "Net assessed valuation" means assessed valuation after the application of:

- (A) deductions under IC 6-1.1-12 and IC 6-1.1-12.1; and
- (B) exemptions under IC 6-1.1-10.

Sec. 2. This chapter applies only in a county in which more than one (1) covered taxing district is located.

Sec. 3. (a) Before August 1 of each year after 2006, the county auditor of each county in which there is more than one (1) covered taxing district shall determine for the most recent assessment date for each covered taxing district in the county the quotient of:

- (1) the assessed valuation subject to tax abatement in the covered taxing district; divided by
- (2) the gross assessed valuation of the covered taxing district.

(b) On or before August 1 of each year after 2006, the county auditor shall certify the following to the county fiscal body, each municipality in the county, and the department of local government finance:

- (1) The identity of each:
  - (A) high abatement district; and
  - (B) low abatement district;
 in the county.
- (2) The total assessed valuation subject to tax abatement in each covered taxing district in the county.

Sec. 4. (a) Except as provided in subsection (b), a taxpayer in a

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1 high abatement district in a designating unit is entitled to a credit  
2 against the taxpayer's tax liability to the designating unit. The  
3 amount of the credit for taxes first due and payable in a calendar  
4 year is the remainder of:

- 5 (1) the amount of the taxpayer's tax liability; minus
- 6 (2) the amount of tax for the calendar year for which the
- 7 taxpayer would be liable to the designating unit if the average
- 8 abatement for the covered taxing district for the assessment
- 9 date in the immediately preceding year applied in the
- 10 determination of the net assessed valuation used to determine
- 11 the designating unit's tax rate for the calendar year.

12 (b) The credit under this section does not apply to the taxpayers  
13 in a high abatement district in a county if none of the quotients  
14 determined under section 3(a) of this chapter for the covered  
15 taxing districts in the county differs from any other quotient  
16 determined for the covered taxing districts in the county by more  
17 than one percent (1%).

18 (c) The auditor of the county shall apply the credit under this  
19 section against the tax liability of each taxpayer that qualifies for  
20 the credit. A taxpayer is not required to apply for the credit.

21 Sec. 5. (a) Subject to subsection (b), the county fiscal body shall  
22 impose an equalization levy in addition to the property tax levy for  
23 the county determined under IC 6-1.1-17 if one (1) or more  
24 designating units in which a credit is applied under section 4 of this  
25 chapter is located in the county. The amount of the equalization  
26 levy for taxes first due and payable in a calendar year in which a  
27 credit is applied under section 4 of this chapter is the combined  
28 amount of those credits for taxes first due and payable in that  
29 calendar year in all designating units in the county.

30 (b) An additional property tax levy under this section does not  
31 apply to a county if none of the quotients determined under section  
32 3(a) of this chapter for the covered taxing districts in the county  
33 differs from any other quotient determined for the covered taxing  
34 districts in the county by more than one percent (1%).

35 Sec. 6. (a) The property tax levy limits imposed by  
36 IC 6-1.1-18.5-3 do not apply to property taxes imposed under this  
37 chapter.

38 (b) For purposes of computing the property tax levy limits  
39 imposed on a county by IC 6-1.1-18.5-3, a property tax levy for a  
40 calendar year does not include the part of the county's levy that is  
41 levied under this chapter.

42 Sec. 7. The department of local government finance shall certify

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the tax levies and tax rates required under section 5 of this chapter in the same manner in which the department certifies levies and rates under IC 6-1.1-17. To comply with this section, the department of local government finance may certify a tax levy that exceeds the amount originally fixed by the county.

Sec. 8. Tax proceeds received under this chapter are not considered a levy excess under IC 6-1.1-18.5-17.

Sec. 9. A covered taxing district tax abatement credit account is established in the general fund of each county. The county treasurer shall deposit the amount collected from a levy imposed under this chapter in the account.

Sec. 10. (a) The amount in a covered taxing district tax abatement credit account:

(1) may be used only to replace property tax revenues lost by designating units as the result of applying credits under section 4 of this chapter; and

(2) subject to subsection (b), shall be distributed to the designating units of the county:

(A) as though the money were property tax collections; and

(B) in such a manner that no designating unit suffers a net revenue loss as the result of the application of credits under section 4 of this chapter.

(b) If the money in the account referred to in subsection (a) is insufficient to replace all the revenue lost as described in subsection (a)(1), the amount distributed to each designating unit is reduced in proportion to the relative gross assessed valuation in each designating unit that is eligible to receive a distribution.

Sec. 11. The department of local government finance shall adopt rules under IC 4-22-2 to implement this chapter.

SECTION 3. [EFFECTIVE JANUARY 1, 2007] IC 6-1.1-17-1, as amended by this act, and IC 6-1.1-46, as added by this act, apply only to property taxes first due and payable after December 31, 2007.

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