
HOUSE BILL No. 1402

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.5-6-29; IC 6-3.5-7-5.

Synopsis: Scott County option income tax for jail. Provides additional county option income tax revenue in Scott County to fund the financing, construction, acquisition, improvement, renovation, or equipping of jail facilities. Provides that the county fiscal body may increase the county option income tax rate up to an additional 0.25% of adjusted gross income of county taxpayers.

Effective: Upon passage.

Oxley, Yount

January 12, 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. 1402



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 6-3.5-6-29 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 29. (a) This section applies only to a county
4 in which:**

5 (1) **maintaining low property tax rates is essential to economic
6 development; and**

7 (2) **the use of additional county option income tax revenues as
8 provided in this section, rather than the use of property taxes,
9 to fund the financing, construction, acquisition, improvement,
10 renovation, or equipping of jail facilities is reasonably
11 expected to allow the county to maintain low property tax
12 rates.**

13 (b) **The general assembly finds that Scott County is among those
14 counties to which subsection (a) applies.**

15 (c) **In addition to the rates permitted by sections 8 and 9 of this
16 chapter, the county fiscal body may impose the county option
17 income tax at a rate of twenty-five hundredths percent (0.25%) on**



1 the adjusted gross income of resident county taxpayers if the
2 county fiscal body makes the finding and determination set forth
3 in subsection (d). Section 8(e) of this chapter applies to the
4 application of the additional rate to nonresident taxpayers.

5 (d) In order to impose the county option income tax as provided
6 in this section, the county fiscal body must adopt an ordinance:

7 (1) finding and determining that additional revenues from the
8 county option income tax are needed in the county to fund the
9 financing, construction, acquisition, improvement, renovation,
10 or equipping of jail facilities; and

11 (2) agreeing, for the term in which an ordinance under this
12 section is in effect, to freeze the part of any property tax levy
13 imposed in the county for the financing, construction,
14 acquisition, improvement, renovation, or equipping of jail
15 facilities covered by the ordinance at the rate imposed in the
16 year preceding the year in which a full year of additional
17 county option income tax under this section is certified for
18 distribution to the county.

19 (e) If the county fiscal body makes a determination under
20 subsection (d), the county fiscal body may adopt a tax rate under
21 subsection (c). Subject to the limitations in subsection (c), the
22 county fiscal body may amend an ordinance adopted under this
23 section to increase, decrease, or rescind the additional tax rate
24 imposed under this section. As soon as practicable after the
25 adoption of an ordinance under this section, the county fiscal body
26 shall send a certified copy of the ordinance to the county auditor,
27 the department of local government finance, and the department.
28 An ordinance adopted under this section before April 1 in a year
29 applies to the imposition of county income taxes after June 30 in
30 that year. An ordinance adopted under this section after March 31
31 of a year initially applies to the imposition of county option income
32 taxes after June 30 of the immediately following year.

33 (f) The county treasurer shall establish a county jail revenue
34 fund to be used only for the purposes described in this section.
35 County option income tax revenues derived from the tax rate
36 imposed under this section shall be deposited in the county jail
37 revenue fund before making a certified distribution under section
38 18 of this chapter.

39 (g) County option income tax revenues derived from the tax rate
40 imposed under this section:

41 (1) may only be used for the purposes described in this
42 section; and

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1 (2) may not be considered by the department of local
2 government finance in determining the county's maximum
3 permissible property tax levy limit under IC 6-1.1-18.5.

4 (h) The department of local government finance shall enforce an
5 agreement under subsection (d)(2).

6 (i) The department, after reviewing the recommendation of the
7 budget agency, shall adjust the certified distribution of a county to
8 provide for an increased distribution of taxes in the immediately
9 following calendar year after the county adopts an increased tax
10 rate under this section and in each calendar year thereafter. The
11 department shall provide for a full transition to certification of
12 distributions as provided in section 17(a)(1) through 17(a)(2) of this
13 chapter in the manner provided in section 17(c) of this chapter.

14 SECTION 2. IC 6-3.5-7-5, AS AMENDED BY P.L.214-2005,
15 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
16 UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c),
17 the county economic development income tax may be imposed on the
18 adjusted gross income of county taxpayers. The entity that may impose
19 the tax is:

- 20 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
- 21 the county option income tax is in effect on January 1 of the year
- 22 the county economic development income tax is imposed;
- 23 (2) the county council if the county adjusted gross income tax is
- 24 in effect on January 1 of the year the county economic
- 25 development tax is imposed; or
- 26 (3) the county income tax council or the county council,
- 27 whichever acts first, for a county not covered by subdivision (1)
- 28 or (2).

29 To impose the county economic development income tax, a county
30 income tax council shall use the procedures set forth in IC 6-3.5-6
31 concerning the imposition of the county option income tax.

32 (b) Except as provided in subsections (c), (g), (k), (p), and (r) the
33 county economic development income tax may be imposed at a rate of:

- 34 (1) one-tenth percent (0.1%);
- 35 (2) two-tenths percent (0.2%);
- 36 (3) twenty-five hundredths percent (0.25%);
- 37 (4) three-tenths percent (0.3%);
- 38 (5) thirty-five hundredths percent (0.35%);
- 39 (6) four-tenths percent (0.4%);
- 40 (7) forty-five hundredths percent (0.45%); or
- 41 (8) five-tenths percent (0.5%);

42 on the adjusted gross income of county taxpayers.

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1 (c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o),
 2 (p), or (s), the county economic development income tax rate plus the
 3 county adjusted gross income tax rate, if any, that are in effect on
 4 January 1 of a year may not exceed one and twenty-five hundredths
 5 percent (1.25%). Except as provided in subsection (g), (p), (r), ~~or~~ (t),
 6 **or (u)** the county economic development tax rate plus the county
 7 option income tax rate, if any, that are in effect on January 1 of a year
 8 may not exceed one percent (1%).

9 (d) To impose, increase, decrease, or rescind the county economic
 10 development income tax, the appropriate body must, after January 1 but
 11 before April 1 of a year, adopt an ordinance. The ordinance to impose
 12 the tax must substantially state the following:

13 "The _____ County _____ imposes the county economic
 14 development income tax on the county taxpayers of _____
 15 County. The county economic development income tax is imposed at
 16 a rate of _____ percent (____%) on the county taxpayers of the
 17 county. This tax takes effect July 1 of this year."

18 (e) Any ordinance adopted under this chapter takes effect July 1 of
 19 the year the ordinance is adopted.

20 (f) The auditor of a county shall record all votes taken on ordinances
 21 presented for a vote under the authority of this chapter and shall, not
 22 more than ten (10) days after the vote, send a certified copy of the
 23 results to the commissioner of the department by certified mail.

24 (g) This subsection applies to a county having a population of more
 25 than one hundred forty-eight thousand (148,000) but less than one
 26 hundred seventy thousand (170,000). Except as provided in subsection
 27 (p), in addition to the rates permitted by subsection (b), the:

28 (1) county economic development income tax may be imposed at
 29 a rate of:

30 (A) fifteen-hundredths percent (0.15%);

31 (B) two-tenths percent (0.2%); or

32 (C) twenty-five hundredths percent (0.25%); and

33 (2) county economic development income tax rate plus the county
 34 option income tax rate that are in effect on January 1 of a year
 35 may equal up to one and twenty-five hundredths percent (1.25%);
 36 if the county income tax council makes a determination to impose rates
 37 under this subsection and section 22 of this chapter.

38 (h) For a county having a population of more than forty-one
 39 thousand (41,000) but less than forty-three thousand (43,000), except
 40 as provided in subsection (p), the county economic development
 41 income tax rate plus the county adjusted gross income tax rate that are
 42 in effect on January 1 of a year may not exceed one and thirty-five

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1 hundredths percent (1.35%) if the county has imposed the county
 2 adjusted gross income tax at a rate of one and one-tenth percent (1.1%)
 3 under IC 6-3.5-1.1-2.5.

4 (i) For a county having a population of more than thirteen thousand
 5 five hundred (13,500) but less than fourteen thousand (14,000), except
 6 as provided in subsection (p), the county economic development
 7 income tax rate plus the county adjusted gross income tax rate that are
 8 in effect on January 1 of a year may not exceed one and fifty-five
 9 hundredths percent (1.55%).

10 (j) For a county having a population of more than seventy-one
 11 thousand (71,000) but less than seventy-one thousand four hundred
 12 (71,400), except as provided in subsection (p), the county economic
 13 development income tax rate plus the county adjusted gross income tax
 14 rate that are in effect on January 1 of a year may not exceed one and
 15 five-tenths percent (1.5%).

16 (k) This subsection applies to a county having a population of more
 17 than twenty-seven thousand four hundred (27,400) but less than
 18 twenty-seven thousand five hundred (27,500). Except as provided in
 19 subsection (p), in addition to the rates permitted under subsection (b):

- 20 (1) the county economic development income tax may be imposed
 21 at a rate of twenty-five hundredths percent (0.25%); and
 22 (2) the sum of the county economic development income tax rate
 23 and the county adjusted gross income tax rate that are in effect on
 24 January 1 of a year may not exceed one and five-tenths percent
 25 (1.5%);

26 if the county council makes a determination to impose rates under this
 27 subsection and section 22.5 of this chapter.

28 (l) For a county having a population of more than twenty-nine
 29 thousand (29,000) but less than thirty thousand (30,000), except as
 30 provided in subsection (p), the county economic development income
 31 tax rate plus the county adjusted gross income tax rate that are in effect
 32 on January 1 of a year may not exceed one and five-tenths percent
 33 (1.5%).

34 (m) For:

- 35 (1) a county having a population of more than one hundred
 36 eighty-two thousand seven hundred ninety (182,790) but less than
 37 two hundred thousand (200,000); or
 38 (2) a county having a population of more than forty-five thousand
 39 (45,000) but less than forty-five thousand nine hundred (45,900);
 40 except as provided in subsection (p), the county economic development
 41 income tax rate plus the county adjusted gross income tax rate that are
 42 in effect on January 1 of a year may not exceed one and five-tenths

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percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(p) In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1) resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

(q) If the county economic development income tax is imposed as authorized under subsection (p) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified

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1 distribution must be used for the purpose provided in section 25(e) or
2 26 of this chapter to the extent that the certified distribution results
3 from the difference between:

- 4 (1) the actual county economic development tax rate; and
- 5 (2) the maximum rate that would otherwise apply under this
6 section.

7 (r) This subsection applies only to a county described in section 27
8 of this chapter. Except as provided in subsection (p), in addition to the
9 rates permitted by subsection (b), the:

- 10 (1) county economic development income tax may be imposed at
11 a rate of twenty-five hundredths percent (0.25%); and
- 12 (2) county economic development income tax rate plus the county
13 option income tax rate that are in effect on January 1 of a year
14 may equal up to one and twenty-five hundredths percent (1.25%);
15 if the county council makes a determination to impose rates under this
16 subsection and section 27 of this chapter.

17 (s) Except as provided in subsection (p), the county economic
18 development income tax rate plus the county adjusted gross income tax
19 rate that are in effect on January 1 of a year may not exceed one and
20 five-tenths percent (1.5%) if the county has imposed the county
21 adjusted gross income tax under IC 6-3.5-1.1-3.3.

22 (t) This subsection applies to Howard County. Except as provided
23 in subsection (p), the sum of the county economic development income
24 tax rate and the county option income tax rate that are in effect on
25 January 1 of a year may not exceed one and twenty-five hundredths
26 percent (1.25%).

27 **(u) This subsection applies to a county to which IC 6-3.5-6-29**
28 **applies. Except as provided in subsection (p), the sum of the county**
29 **economic development income tax rate and the county option**
30 **income tax rate that are in effect on January 1 of a year may not**
31 **exceed one and five-tenths percent (1.5%).**

32 SECTION 3. An emergency is declared for this act.

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