
HOUSE BILL No. 1638

DIGEST OF INTRODUCED BILL

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

Synopsis: Funding for operation of juvenile center. Authorizes Monroe County to adopt an additional county option income tax rate of not more than 0.25% to fund the operation and maintenance of a juvenile detention center and other facilities to provide juvenile services.

Effective: Upon passage.

Pierce

January 23, 2007, read first time and referred to Committee on Ways and Means.

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First Regular Session 115th General Assembly (2007)

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 2006 Regular Session of the General Assembly.

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HOUSE BILL No. 1638



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 6-3.5-6-18, AS AMENDED BY P.L.162-2006,
2 SECTION 31, AND AS AMENDED BY P.L.184-2006, SECTION 6,
3 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county
5 auditor receives under this chapter shall be used to:
6 (1) replace the amount, if any, of property tax revenue lost due to
7 the allowance of an increased homestead credit within the county;
8 (2) fund the operation of a public communications system and
9 computer facilities district as provided in an election, if any, made
10 by the county fiscal body under IC 36-8-15-19(b);
11 (3) fund the operation of a public transportation corporation as
12 provided in an election, if any, made by the county fiscal body
13 under IC 36-9-4-42;
14 (4) make payments permitted under IC 36-7-15.1-17.5;
15 (5) make payments permitted under subsection (i);
16 (6) make distributions of distributive shares to the civil taxing
17 units of a county; and



1 (7) make the distributions permitted under ~~section~~ sections 27, 28,
 2 ~~and~~ 29, and 30 of this chapter.

3 (b) The county auditor shall retain from the payments of the county's
 4 certified distribution, an amount equal to the revenue lost, if any, due
 5 to the increase of the homestead credit within the county. This money
 6 shall be distributed to the civil taxing units and school corporations of
 7 the county as though they were property tax collections and in such a
 8 manner that no civil taxing unit or school corporation shall suffer a net
 9 revenue loss due to the allowance of an increased homestead credit.

10 (c) The county auditor shall retain:

11 (1) the amount, if any, specified by the county fiscal body for a
 12 particular calendar year under subsection (i), IC 36-7-15.1-17.5,
 13 IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified
 14 distribution for that same calendar year; and

15 (2) the amount of an additional tax rate imposed under section 27,
 16 28, ~~or~~ 29, or 30 of this chapter.

17 The county auditor shall distribute amounts retained under this
 18 subsection to the county.

19 (d) All certified distribution revenues that are not retained and
 20 distributed under subsections (b) and (c) shall be distributed to the civil
 21 taxing units of the county as distributive shares.

22 (e) The amount of distributive shares that each civil taxing unit in
 23 a county is entitled to receive during a month equals the product of the
 24 following:

25 (1) The amount of revenue that is to be distributed as distributive
 26 shares during that month; multiplied by

27 (2) A fraction. The numerator of the fraction equals the allocation
 28 amount for the civil taxing unit for the calendar year in which the
 29 month falls. The denominator of the fraction equals the sum of the
 30 allocation amounts of all the civil taxing units of the county for
 31 the calendar year in which the month falls.

32 (f) The department of local government finance shall provide each
 33 county auditor with the fractional amount of distributive shares that
 34 each civil taxing unit in the auditor's county is entitled to receive
 35 monthly under this section.

36 (g) Notwithstanding subsection (e), if a civil taxing unit of an
 37 adopting county does not impose a property tax levy that is first due
 38 and payable in a calendar year in which distributive shares are being
 39 distributed under this section, that civil taxing unit is entitled to receive
 40 a part of the revenue to be distributed as distributive shares under this
 41 section within the county. The fractional amount such a civil taxing
 42 unit is entitled to receive each month during that calendar year equals

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the product of the following:

- (1) The amount to be distributed as distributive shares during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 2. IC 6-3.5-6-30, IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 30. (a) This section applies only to Monroe County.**

(b) Maintaining low property tax rates is essential to economic development, and the use of county option income tax revenues as provided in this chapter and as needed in the county to fund the operation and maintenance of a juvenile detention center and other facilities to provide juvenile services, rather than the use of property taxes, promotes that purpose.

(c) In addition to the rates permitted by sections 8 and 9 of this chapter, the county fiscal body may impose an additional county option income tax at a rate of not more than twenty-five hundredths percent (0.25%) on the adjusted gross income of resident county taxpayers if the county fiscal body makes the finding and determination set forth in subsection (d). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(d) In order to impose the county option income tax as provided

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in this section, the county fiscal body must adopt an ordinance:

(1) finding and determining that revenues from the county option income tax are needed in the county to fund the operation and maintenance of a juvenile detention center and other facilities necessary to provide juvenile services; and

(2) agreeing to freeze for the term in which an ordinance is in effect under this section the part of any property tax levy imposed in the county for the operation of the juvenile detention center and other facilities covered by the ordinance at the rate imposed in the year preceding the year in which a full year of additional county option income tax is certified for distribution to the county under this section.

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

(f) The county treasurer shall establish a county juvenile detention center revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county juvenile detention center revenue fund before a certified distribution is made under section 18 of this chapter.

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

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

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

(h) The department of local government finance shall enforce an

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agreement made under subsection (d)(2).

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

SECTION 3. IC 6-3.5-7-5, AS AMENDED BY P.L.162-2006, SECTION 33, AND AS AMENDED BY P.L.184-2006, SECTION 8, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

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

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

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

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

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o), (p), ~~or~~ (s), or (v), the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect

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1 on January 1 of a year may not exceed one and twenty-five hundredths
2 percent (1.25%). Except as provided in subsection (g), (p), (r), (t), ~~or~~
3 (u), **or (w)**, the county economic development tax rate plus the county
4 option income tax rate, if any, that are in effect on January 1 of a year
5 may not exceed one percent (1%).

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

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

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

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

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

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

- 27 (A) fifteen-hundredths percent (0.15%);
- 28 (B) two-tenths percent (0.2%); or
- 29 (C) twenty-five hundredths percent (0.25%); and

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

35 (h) For a county having a population of more than forty-one
36 thousand (41,000) but less than forty-three thousand (43,000), except
37 as provided in subsection (p), the county economic development
38 income tax rate plus the county adjusted gross income tax rate that are
39 in effect on January 1 of a year may not exceed one and thirty-five
40 hundredths percent (1.35%) if the county has imposed the county
41 adjusted gross income tax at a rate of one and one-tenth percent (1.1%)
42 under IC 6-3.5-1.1-2.5.

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

7 (j) For a county having a population of more than seventy-one
 8 thousand (71,000) but less than seventy-one thousand four hundred
 9 (71,400), except as provided in subsection (p), the county economic
 10 development income tax rate plus the county adjusted gross income tax
 11 rate that are in effect on January 1 of a year may not exceed one and
 12 five-tenths percent (1.5%).

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

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

19 (2) the sum of the county economic development income tax rate
 20 and the county adjusted gross income tax rate that are in effect on
 21 January 1 of a year may not exceed one and five-tenths percent
 22 (1.5%);

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

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

31 (m) For:

32 (1) a county having a population of more than one hundred
 33 eighty-two thousand seven hundred ninety (182,790) but less than
 34 two hundred thousand (200,000); or

35 (2) a county having a population of more than forty-five thousand
 36 (45,000) but less than forty-five thousand nine hundred (45,900);
 37 except as provided in subsection (p), the county economic development
 38 income tax rate plus the county adjusted gross income tax rate that are
 39 in effect on January 1 of a year may not exceed one and five-tenths
 40 percent (1.5%).

41 (n) For a county having a population of more than six thousand
 42 (6,000) but less than eight thousand (8,000), except as provided in

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1 subsection (p), the county economic development income tax rate plus
2 the county adjusted gross income tax rate that are in effect on January
3 1 of a year may not exceed one and five-tenths percent (1.5%).

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

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

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

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

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

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

20 (p) In addition:

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

25 (2) the:

26 (A) county economic development income tax; and

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

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

32 However, the additional rate imposed under this subsection may not
33 exceed the amount necessary to mitigate the increased ad valorem
34 property taxes on homesteads (as defined in IC 6-1.1-20.9-1) or
35 residential property (as defined in section 26 of this chapter), as
36 appropriate under the ordinance adopted by the adopting body in the
37 county, resulting from the deduction of the assessed value of inventory
38 in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

39 (q) If the county economic development income tax is imposed as
40 authorized under subsection (p) at a rate that exceeds the maximum
41 rate that would otherwise apply under this section, the certified
42 distribution must be used for the purpose provided in section 25(e) or

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1 26 of this chapter to the extent that the certified distribution results
2 from the difference between:

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

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

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

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

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

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

26 (u) This subsection applies to Scott County. Except as provided in
27 subsection (p), the sum of the county economic development income
28 tax rate and the county option income tax rate that are in effect on
29 January 1 of a year may not exceed one and twenty-five hundredths
30 percent (1.25%).

31 *(v) This subsection applies to Jasper County. Except as provided in*
32 *subsection (p), the sum of the county economic development income tax*
33 *rate and the county adjusted gross income tax rate that are in effect on*
34 *January 1 of a year may not exceed one and five-tenths percent (1.5%).*

35 **(w) This subsection applies to Monroe County. Except as**
36 **provided in subsection (p), if an ordinance is adopted under**
37 **IC 6-3.5-6-30, the sum of the county economic development income**
38 **tax rate and the county option income tax rate that are in effect on**
39 **January 1 of a year may not exceed one and twenty-five**
40 **hundredths percent (1.25%).**

41 SECTION 4. [EFFECTIVE UPON PASSAGE] **Notwithstanding**
42 **the provisions in IC 6-3.5-6, as amended by this act, specifying that**

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1 **an ordinance establishing or increasing the rate of a county option**
2 **income tax in 2007 must be adopted before April 1, 2007, an**
3 **ordinance adopted in 2007 to establish an additional rate under**
4 **IC 6-3.5-6-30, as added by this act, may be adopted before June 1,**
5 **2007. An ordinance authorized under this SECTION must be**
6 **adopted in the same manner as an ordinance under IC 6-3.5-6, as**
7 **amended by this act. An ordinance adopted under this SECTION**
8 **is effective on the later of the following:**

- 9 **(1) July 1, 2007.**
10 **(2) Fifteen (15) regular business days after the department of**
11 **state revenue receives a certified copy of the ordinance from**
12 **the county auditor.**

13 **SECTION 5. An emergency is declared for this act.**

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