

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1767, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 2, line 8, delete "five (5)" and insert "**four (4)**".
- 2 Page 2, line 9, delete "five (5)" and insert "**four (4)**".
- 3 Page 2, line 21, delete "five (5)" and insert "**four (4)**".
- 4 Page 2, line 27, delete "ten (10)" and insert "**eight (8)**".
- 5 Page 2, line 28, after "of" insert "**the**".
- 6 Page 3, line 41, delete "five (5)" and insert "**four (4)**".
- 7 Page 4, line 1, delete "five (5)" and insert "**four (4)**".
- 8 Page 4, line 23, delete "ten (10)" and insert "**eight (8)**".
- 9 Page 4, line 39, delete "ten (10)" and insert "**eight (8)**".
- 10 Page 5, delete lines 24 through 42, begin a new paragraph and
- 11 insert:
- 12 "SECTION 2. IC 6-1.1-18.5-13, AS AMENDED BY P.L.154-2006,
- 13 SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 14 JULY 1, 2007]: Sec. 13. With respect to an appeal filed under section
- 15 12 of this chapter, the local government tax control board may
- 16 recommend that a civil taxing unit receive any one (1) or more of the
- 17 following types of relief:
- 18 (1) Permission to the civil taxing unit to increase its levy in excess
- 19 of the limitations established under section 3 of this chapter, if in
- 20 the judgment of the local government tax control board the

1 increase is reasonably necessary due to increased costs of the civil
 2 taxing unit resulting from annexation, consolidation, or other
 3 extensions of governmental services by the civil taxing unit to
 4 additional geographic areas or persons.

5 (2) Permission to the civil taxing unit to increase its levy in excess
 6 of the limitations established under section 3 of this chapter, if the
 7 local government tax control board finds that the civil taxing unit
 8 needs the increase to meet the civil taxing unit's share of the costs
 9 of operating a court established by statute enacted after December
 10 31, 1973. Before recommending such an increase, the local
 11 government tax control board shall consider all other revenues
 12 available to the civil taxing unit that could be applied for that
 13 purpose. The maximum aggregate levy increases that the local
 14 government tax control board may recommend for a particular
 15 court equals the civil taxing unit's estimate of the unit's share of
 16 the costs of operating a court for the first full calendar year in
 17 which it is in existence. For purposes of this subdivision, costs of
 18 operating a court include:

- 19 (A) the cost of personal services (including fringe benefits);
- 20 (B) the cost of supplies; and
- 21 (C) any other cost directly related to the operation of the court.

22 (3) Permission to the civil taxing unit to increase its levy in excess
 23 of the limitations established under section 3 of this chapter, if the
 24 local government tax control board finds that the quotient
 25 determined under STEP SIX of the following formula is equal to
 26 or greater than one and two-hundredths (1.02):

27 STEP ONE: Determine the three (3) calendar years that most
 28 immediately precede the ensuing calendar year and in which
 29 a statewide general reassessment of real property **or the initial**
 30 **annual adjustment of the assessed value of real property**
 31 **under IC 6-1.1-4-4.5** does not first become effective.

32 STEP TWO: Compute separately, for each of the calendar
 33 years determined in STEP ONE, the quotient (rounded to the
 34 nearest ten-thousandth (0.0001)) of the sum of the civil taxing
 35 unit's total assessed value of all taxable property and the total
 36 assessed value of property tax deductions in the unit under
 37 IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar
 38 year, divided by the sum of the civil taxing unit's total assessed

1 value of all taxable property and the total assessed value of
2 property tax deductions in the unit under IC 6-1.1-12-41 or
3 IC 6-1.1-12-42 in the calendar year immediately preceding the
4 particular calendar year.

5 STEP THREE: Divide the sum of the three (3) quotients
6 computed in STEP TWO by three (3).

7 STEP FOUR: Compute separately, for each of the calendar
8 years determined in STEP ONE, the quotient (rounded to the
9 nearest ten-thousandth (0.0001)) of the sum of the total
10 assessed value of all taxable property in all counties and the
11 total assessed value of property tax deductions in all counties
12 under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular
13 calendar year, divided by the sum of the total assessed value
14 of all taxable property in all counties and the total assessed
15 value of property tax deductions in all counties under
16 IC 6-1.1-12-41 or IC 6-1.1-12-42 in the calendar year
17 immediately preceding the particular calendar year.

18 STEP FIVE: Divide the sum of the three (3) quotients
19 computed in STEP FOUR by three (3).

20 STEP SIX: Divide the STEP THREE amount by the STEP
21 FIVE amount.

22 The civil taxing unit may increase its levy by a percentage not
23 greater than the percentage by which the STEP THREE amount
24 exceeds the percentage by which the civil taxing unit may
25 increase its levy under section 3 of this chapter based on the
26 assessed value growth quotient determined under section 2 of this
27 chapter.

28 (4) Permission to the civil taxing unit to increase its levy in excess
29 of the limitations established under section 3 of this chapter, if the
30 local government tax control board finds that the civil taxing unit
31 needs the increase to pay the costs of furnishing fire protection for
32 the civil taxing unit through a volunteer fire department. For
33 purposes of determining a township's need for an increased levy,
34 the local government tax control board shall not consider the
35 amount of money borrowed under IC 36-6-6-14 during the
36 immediately preceding calendar year. However, any increase in
37 the amount of the civil taxing unit's levy recommended by the
38 local government tax control board under this subdivision for the

- 1 ensuing calendar year may not exceed the lesser of:
- 2 (A) ten thousand dollars (\$10,000); or
- 3 (B) twenty percent (20%) of:
- 4 (i) the amount authorized for operating expenses of a
- 5 volunteer fire department in the budget of the civil taxing
- 6 unit for the immediately preceding calendar year; plus
- 7 (ii) the amount of any additional appropriations authorized
- 8 during that calendar year for the civil taxing unit's use in
- 9 paying operating expenses of a volunteer fire department
- 10 under this chapter; minus
- 11 (iii) the amount of money borrowed under IC 36-6-6-14
- 12 during that calendar year for the civil taxing unit's use in
- 13 paying operating expenses of a volunteer fire department.
- 14 (5) Permission to a civil taxing unit to increase its levy in excess
- 15 of the limitations established under section 3 of this chapter in
- 16 order to raise revenues for pension payments and contributions
- 17 the civil taxing unit is required to make under IC 36-8. The
- 18 maximum increase in a civil taxing unit's levy that may be
- 19 recommended under this subdivision for an ensuing calendar year
- 20 equals the amount, if any, by which the pension payments and
- 21 contributions the civil taxing unit is required to make under
- 22 IC 36-8 during the ensuing calendar year exceeds the product of
- 23 one and one-tenth (1.1) multiplied by the pension payments and
- 24 contributions made by the civil taxing unit under IC 36-8 during
- 25 the calendar year that immediately precedes the ensuing calendar
- 26 year. For purposes of this subdivision, "pension payments and
- 27 contributions made by a civil taxing unit" does not include that
- 28 part of the payments or contributions that are funded by
- 29 distributions made to a civil taxing unit by the state.
- 30 (6) Permission to increase its levy in excess of the limitations
- 31 established under section 3 of this chapter if the local government
- 32 tax control board finds that:
- 33 (A) the township's township assistance ad valorem property
- 34 tax rate is less than one and sixty-seven hundredths cents
- 35 (\$0.0167) per one hundred dollars (\$100) of assessed
- 36 valuation; and
- 37 (B) the township needs the increase to meet the costs of
- 38 providing township assistance under IC 12-20 and IC 12-30-4.

1 The maximum increase that the board may recommend for a
 2 township is the levy that would result from an increase in the
 3 township's township assistance ad valorem property tax rate of
 4 one and sixty-seven hundredths cents (\$0.0167) per one hundred
 5 dollars (\$100) of assessed valuation minus the township's ad
 6 valorem property tax rate per one hundred dollars (\$100) of
 7 assessed valuation before the increase.

8 (7) Permission to a civil taxing unit to increase its levy in excess
 9 of the limitations established under section 3 of this chapter if:

10 (A) the increase has been approved by the legislative body of
 11 the municipality with the largest population where the civil
 12 taxing unit provides public transportation services; and

13 (B) the local government tax control board finds that the civil
 14 taxing unit needs the increase to provide adequate public
 15 transportation services.

16 The local government tax control board shall consider tax rates
 17 and levies in civil taxing units of comparable population, and the
 18 effect (if any) of a loss of federal or other funds to the civil taxing
 19 unit that might have been used for public transportation purposes.
 20 However, the increase that the board may recommend under this
 21 subdivision for a civil taxing unit may not exceed the revenue that
 22 would be raised by the civil taxing unit based on a property tax
 23 rate of one cent (\$0.01) per one hundred dollars (\$100) of
 24 assessed valuation.

25 (8) Permission to a civil taxing unit to increase the unit's levy in
 26 excess of the limitations established under section 3 of this
 27 chapter if the local government tax control board finds that:

28 (A) the civil taxing unit is:

29 (i) a county having a population of more than one hundred
 30 forty-eight thousand (148,000) but less than one hundred
 31 seventy thousand (170,000);

32 (ii) a city having a population of more than fifty-five
 33 thousand (55,000) but less than fifty-nine thousand (59,000);

34 (iii) a city having a population of more than twenty-eight
 35 thousand seven hundred (28,700) but less than twenty-nine
 36 thousand (29,000);

37 (iv) a city having a population of more than fifteen thousand
 38 four hundred (15,400) but less than sixteen thousand six

- 1 hundred (16,600); or
- 2 (v) a city having a population of more than seven thousand
- 3 (7,000) but less than seven thousand three hundred (7,300);
- 4 and
- 5 (B) the increase is necessary to provide funding to undertake
- 6 removal (as defined in IC 13-11-2-187) and remedial action
- 7 (as defined in IC 13-11-2-185) relating to hazardous
- 8 substances (as defined in IC 13-11-2-98) in solid waste
- 9 disposal facilities or industrial sites in the civil taxing unit that
- 10 have become a menace to the public health and welfare.
- 11 The maximum increase that the local government tax control
- 12 board may recommend for such a civil taxing unit is the levy that
- 13 would result from a property tax rate of six and sixty-seven
- 14 hundredths cents (\$0.0667) for each one hundred dollars (\$100)
- 15 of assessed valuation. For purposes of computing the ad valorem
- 16 property tax levy limit imposed on a civil taxing unit under
- 17 section 3 of this chapter, the civil taxing unit's ad valorem
- 18 property tax levy for a particular year does not include that part of
- 19 the levy imposed under this subdivision. In addition, a property
- 20 tax increase permitted under this subdivision may be imposed for
- 21 only two (2) calendar years.
- 22 (9) Permission for a county:
- 23 (A) having a population of more than eighty thousand (80,000)
- 24 but less than ninety thousand (90,000) to increase the county's
- 25 levy in excess of the limitations established under section 3 of
- 26 this chapter, if the local government tax control board finds
- 27 that the county needs the increase to meet the county's share of
- 28 the costs of operating a jail or juvenile detention center,
- 29 including expansion of the facility, if the jail or juvenile
- 30 detention center is opened after December 31, 1991;
- 31 (B) that operates a county jail or juvenile detention center that
- 32 is subject to an order that:
- 33 (i) was issued by a federal district court; and
- 34 (ii) has not been terminated;
- 35 (C) that operates a county jail that fails to meet:
- 36 (i) American Correctional Association Jail Construction
- 37 Standards; and
- 38 (ii) Indiana jail operation standards adopted by the

1 department of correction; or
2 (D) that operates a juvenile detention center that fails to meet
3 standards equivalent to the standards described in clause (C)
4 for the operation of juvenile detention centers.

5 Before recommending an increase, the local government tax
6 control board shall consider all other revenues available to the
7 county that could be applied for that purpose. An appeal for
8 operating funds for a jail or a juvenile detention center shall be
9 considered individually, if a jail and juvenile detention center are
10 both opened in one (1) county. The maximum aggregate levy
11 increases that the local government tax control board may
12 recommend for a county equals the county's share of the costs of
13 operating the jail or a juvenile detention center for the first full
14 calendar year in which the jail or juvenile detention center is in
15 operation.

16 (10) Permission for a township to increase its levy in excess of the
17 limitations established under section 3 of this chapter, if the local
18 government tax control board finds that the township needs the
19 increase so that the property tax rate to pay the costs of furnishing
20 fire protection for a township, or a portion of a township, enables
21 the township to pay a fair and reasonable amount under a contract
22 with the municipality that is furnishing the fire protection.
23 However, for the first time an appeal is granted the resulting rate
24 increase may not exceed fifty percent (50%) of the difference
25 between the rate imposed for fire protection within the
26 municipality that is providing the fire protection to the township
27 and the township's rate. A township is required to appeal a second
28 time for an increase under this subdivision if the township wants
29 to further increase its rate. However, a township's rate may be
30 increased to equal but may not exceed the rate that is used by the
31 municipality. More than one (1) township served by the same
32 municipality may use this appeal.

33 (11) Permission for a township to increase its levy in excess of the
34 limitations established under section 3 of this chapter, if the local
35 government tax control board finds that the township has been
36 required, for the three (3) consecutive years preceding the year for
37 which the appeal under this subdivision is to become effective, to
38 borrow funds under IC 36-6-6-14 to furnish fire protection for the

1 township or a part of the township. However, the maximum
 2 increase in a township's levy that may be allowed under this
 3 subdivision is the least of the amounts borrowed under
 4 IC 36-6-6-14 during the preceding three (3) calendar years. A
 5 township may elect to phase in an approved increase in its levy
 6 under this subdivision over a period not to exceed three (3) years.
 7 A particular township may appeal to increase its levy under this
 8 section not more frequently than every fourth calendar year.

9 (12) Permission to a city having a population of more than
 10 twenty-nine thousand (29,000) but less than thirty-one thousand
 11 (31,000) to increase its levy in excess of the limitations
 12 established under section 3 of this chapter if:

13 (A) an appeal was granted to the city under this section to
 14 reallocate property tax replacement credits under IC 6-3.5-1.1
 15 in 1998, 1999, and 2000; and

16 (B) the increase has been approved by the legislative body of
 17 the city, and the legislative body of the city has by resolution
 18 determined that the increase is necessary to pay normal
 19 operating expenses.

20 The maximum amount of the increase is equal to the amount of
 21 property tax replacement credits under IC 6-3.5-1.1 that the city
 22 petitioned under this section to have reallocated in 2001 for a
 23 purpose other than property tax relief."

24 Delete page 6.

25 Page 7, delete lines 1 through 36.

26 Page 9, between lines 33 and 34, begin a new paragraph and insert:

27 "SECTION 7. [EFFECTIVE JANUARY 1, 2007
 28 (RETROACTIVE)] **(a) This SECTION applies notwithstanding the**
 29 **following:**

30 **(1) IC 6-1.1-3-7.5.**

31 **(2) IC 6-1.1-10-31.1.**

32 **(3) IC 6-1.1-11.**

33 **(4) 50 IAC 4.2-2.**

34 **(5) 50 IAC 4.2-3.**

35 **(6) 50 IAC 4.2-11.**

36 **(7) 50 IAC 4.2-12.**

37 **(8) 50 IAC 16.**

38 **(b) As used in this SECTION, "amended return" means an**

1 amended personal property tax return filed by a taxpayer after
2 December 31, 2006, and before March 1, 2007, for the assessment
3 dates.

4 (c) As used in this SECTION, "assessment dates" refers to
5 assessment dates (as defined in IC 6-1.1-1-2(1)) in 2002, 2003, and
6 2004.

7 (d) As used in this SECTION, "return" refers to the personal
8 property tax return required under IC 6-1.1-3-7.

9 (e) As used in this SECTION, "taxpayer" means a taxpayer
10 that:

11 (1) filed original returns under IC 6-1.1-3-7 for the assessment
12 dates; and

13 (2) filed amended returns for the assessment dates.

14 (f) The amended returns:

15 (1) are allowed; and

16 (2) are considered to have been timely filed.

17 (g) A taxpayer is entitled to the exemptions for tangible personal
18 property claimed on:

19 (1) Schedule B of the amended returns; and

20 (2) the Form 103-W filed with the amended returns.

21 (h) Any notice of increased assessed value issued by a township
22 assessor with respect to personal property that is the subject of an
23 amended return is considered withdrawn and nullified.

24 (i) IC 6-1.1-37-9 and IC 6-1.1-37-10 do not apply to any
25 additional personal property taxes owed by a taxpayer as a result
26 of filing an amended return.

27 (j) This SECTION expires July 1, 2008.

28 SECTION 8. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]

29 (a) This SECTION applies notwithstanding the following:

30 (1) IC 6-1.1-3-7.5.

31 (2) IC 6-1.1-10-31.1.

32 (3) IC 6-1.1-11.

33 (4) 50 IAC 4.2-2.

34 (5) 50 IAC 4.2-3.

35 (6) 50 IAC 4.2-11.

36 (7) 50 IAC 4.2-12.

37 (8) All of the following as in effect before being voided by
38 IC 6-1.1-3-22:

- 1 **(A) 50 IAC 4.3-2.**
- 2 **(B) 50 IAC 4.3-3.**
- 3 **(C) 50 IAC 4.3-11.**
- 4 **(D) 50 IAC 4.3-12.**
- 5 **(9) 50 IAC 16.**
- 6 **(b) As used in this SECTION, "amended return" means an**
7 **amended personal property tax return submitted for filing by a**
8 **taxpayer after December 31, 2006, and before March 1, 2007, for**
9 **the assessment dates.**
- 10 **(c) As used in this SECTION, "assessment dates" refers to**
11 **assessment dates (as defined in IC 6-1.1-1-2(1)) in 2002, 2003, and**
12 **2004.**
- 13 **(d) As used in this SECTION, "return" refers to the personal**
14 **property tax return required under IC 6-1.1-3-7.**
- 15 **(e) As used in this SECTION, "taxpayer" means a taxpayer**
16 **that:**
 - 17 **(1) filed original returns under IC 6-1.1-3-7 for the assessment**
18 **dates; and**
 - 19 **(2) submitted for filing amended returns for the assessment**
20 **dates.**
- 21 **(f) The amended returns:**
 - 22 **(1) are allowed; and**
 - 23 **(2) are considered to have been timely filed.**
- 24 **(g) A taxpayer is entitled to the exemptions for tangible personal**
25 **property claimed on:**
 - 26 **(1) Schedule B of the amended returns; and**
 - 27 **(2) the Form 103-W filed with the amended returns.**
- 28 **(h) Any notice of increased assessed value issued by a township**
29 **assessor with respect to personal property that is the subject of an**
30 **amended return is considered withdrawn and nullified.**
- 31 **(i) IC 6-1.1-37-7, IC 6-1.1-37-9, and IC 6-1.1-37-10 do not apply**

1 **to any additional personal property taxes owed by a taxpayer as a**
2 **result of filing an amended return.**

3 **(j) This SECTION expires July 1, 2008."**

4 Renumber all SECTIONS consecutively.

(Reference is to HB 1767 as reprinted February 24, 2007.)

and when so amended that said bill do pass.

Committee Vote: Yeas 8, Nays 0.

Kenley

Chairperson