

PREVAILED	Roll Call No. _____
FAILED	Ayes _____
WITHDRAWN	Noes _____
RULED OUT OF ORDER	

HOUSE MOTION _____

MR. SPEAKER:

I move that Engrossed Senate Bill 239 be amended to read as follows:

- 1 Page 47 between lines 28 and 29, begin a new paragraph and insert:
- 2 "SECTION 20. IC 6-1.1-36-17, AS ADDED BY P.L.87-2009,
- 3 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 4 UPON PASSAGE]: Sec. 17. (a) As used in this section, "nonreverting
- 5 fund" refers to a nonreverting fund established under subsection (c).
- 6 (b) Each county auditor that makes a determination that property
- 7 was not eligible for a standard deduction under IC 6-1.1-12-37 or a
- 8 homestead credit under IC 6-1.1-20.9 (repealed) in a particular year
- 9 shall notify the county treasurer of the determination. The county
- 10 auditor shall issue a notice of taxes, interest, and penalties due to the
- 11 owner and include a statement that the payment is to be made payable
- 12 to the county auditor. The notice must require full payment of the
- 13 amount owed within thirty (30) days.
- 14 (c) Each county auditor shall establish a nonreverting fund. Upon
- 15 collection of the adjustment in tax due (and any interest and penalties
- 16 on that amount) after the termination of a deduction or credit as
- 17 specified in subsection (b), the county treasurer shall deposit that
- 18 amount in the nonreverting fund. Any part of the amount that is not
- 19 collected by the due date shall be placed on the tax duplicate for the
- 20 affected property and collected in the same manner as other property
- 21 taxes. The adjustment in tax due (and any interest and penalties on that
- 22 amount) after the termination of a deduction or credit as specified in
- 23 subsection (b) shall be deposited in the nonreverting fund only in the
- 24 first year in which that amount is collected.

1 (d) The amount to be deposited in the nonreverting fund includes
 2 adjustments in the tax due as a result of the termination of deductions
 3 or credits available only for property that satisfies the eligibility for a
 4 standard deduction under IC 6-1.1-12-37 or a homestead credit under
 5 IC 6-1.1-20.9 (repealed), including the following:

6 (1) Supplemental deductions under IC 6-1.1-12-37.5.

7 (2) Homestead credits under IC 6-1.1-20.4, IC 6-3.5-1.1-26,
 8 **IC 6-3.5-1.1-27**, IC 6-3.5-6-13, IC 6-3.5-6-32, **IC 6-3.5-6-32.5**,
 9 IC 6-3.5-7-13.1, or IC 6-3.5-7-26, or any other law.

10 (3) Credit for excessive property taxes under IC 6-1.1-20.6-7.5 or
 11 IC 6-1.1-20.6-8.5.

12 Any amount paid that exceeds the amount required to be deposited in
 13 the nonreverting fund shall be distributed as property taxes.

14 (e) Money in the nonreverting fund shall be treated as miscellaneous
 15 revenue. Distributions shall be made from the nonreverting fund
 16 established under this section upon appropriation by the county fiscal
 17 body and shall be made only for the following purposes:

18 (1) Fees and other costs incurred by the county auditor to discover
 19 property that is eligible for a standard deduction under
 20 IC 6-1.1-12-37 or a homestead credit under IC 6-1.1-20.9
 21 (repealed).

22 (2) Other expenses of the office of the county auditor.

23 (3) The cost of preparing, sending, and processing notices
 24 described in IC 6-1.1-22-8.1(b)(9) and checklists or notices
 25 described in IC 6-1.1-22.5-12(d).

26 The amount of deposits in a reverting fund, the balance of a
 27 nonreverting fund, and expenditures from a reverting fund may not be
 28 considered in establishing the budget of the office of the county auditor
 29 or in setting property tax levies that will be used in any part to fund the
 30 office of the county auditor."

31 Page 51, between lines 12 and 13, begin a new paragraph and insert:
 32 "SECTION 24. IC 6-3.5-1.1-2, AS AMENDED BY P.L.224-2007,
 33 SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 UPON PASSAGE]: Sec. 2. (a) The county council of any county in
 35 which the county option income tax will not be in effect on October 1
 36 of a year under an ordinance adopted during a previous calendar year
 37 may impose the county adjusted gross income tax on the adjusted gross
 38 income of county taxpayers of its county effective July 1 of that year.

39 (b) Except as provided in section 2.3, 2.5, 2.6, 2.7, 2.8, 2.9, 3.3, 3.5,
 40 3.6, 24, 25, ~~or 26~~, **or 27** of this chapter, the county adjusted gross
 41 income tax may be imposed at a rate of one-half of one percent (0.5%),
 42 three-fourths of one percent (0.75%), or one percent (1%) on the
 43 adjusted gross income of resident county taxpayers of the county. Any
 44 county imposing the county adjusted gross income tax must impose the
 45 tax on the nonresident county taxpayers at a rate of one-fourth of one
 46 percent (0.25%) on their adjusted gross income. If the county council

1 elects to decrease the county adjusted gross income tax, the county
2 council may decrease the county adjusted gross income tax rate in
3 increments of one-tenth of one percent (0.1%).

4 (c) To impose the county adjusted gross income tax, the county
5 council must, after March 31 but before August 1 of a year, adopt an
6 ordinance. The ordinance must substantially state the following:

7 "The _____ County Council imposes the county adjusted
8 gross income tax on the county taxpayers of _____ County.
9 The county adjusted gross income tax is imposed at a rate of
10 _____ percent (_____%) on the resident county taxpayers of the
11 county and one-fourth of one percent (0.25%) on the nonresident
12 county taxpayers of the county. This tax takes effect October 1 of
13 this year."

14 (d) Any ordinance adopted under this section takes effect October
15 1 of the year the ordinance is adopted.

16 (e) The auditor of a county shall record all votes taken on
17 ordinances presented for a vote under the authority of this section and
18 immediately send a certified copy of the results to the department by
19 certified mail.

20 (f) If the county adjusted gross income tax had previously been
21 adopted by a county under IC 6-3.5-1 (before its repeal on March 15,
22 1983) and that tax was in effect at the time of the enactment of this
23 chapter, then the county adjusted gross income tax continues in that
24 county at the rates in effect at the time of enactment until the rates are
25 modified or the tax is rescinded in the manner prescribed by this
26 chapter. If a county's adjusted gross income tax is continued under this
27 subsection, then the tax shall be treated as if it had been imposed under
28 this chapter and is subject to rescission or reduction as authorized in
29 this chapter.

30 SECTION 25. IC 6-3.5-1.1-9, AS AMENDED BY
31 P.L.182-2009(ss), SECTION 210, IS AMENDED TO READ AS
32 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Revenue
33 derived from the imposition of the county adjusted gross income tax
34 shall, in the manner prescribed by this section, be distributed to the
35 county that imposed it. The amount to be distributed to a county during
36 an ensuing calendar year equals the amount of county adjusted gross
37 income tax revenue that the budget agency determines has been:

38 (1) received from that county for a taxable year ending before the
39 calendar year in which the determination is made; and

40 (2) reported on an annual return or amended return processed by
41 the department in the state fiscal year ending before July 1 of the
42 calendar year in which the determination is made;

43 as adjusted for refunds of county adjusted gross income tax made in the
44 state fiscal year.

45 (b) Before August 2 of each calendar year, the budget agency shall
46 certify to the county auditor of each adopting county the amount

1 determined under subsection (a) plus the amount of interest in the
 2 county's account that has accrued and has not been included in a
 3 certification made in a preceding year. The amount certified is the
 4 county's "certified distribution" for the immediately succeeding
 5 calendar year. The amount certified shall be adjusted under subsections
 6 (c), (d), (e), (f), (g), and (h). The budget agency shall provide the
 7 county council with an informative summary of the calculations used
 8 to determine the certified distribution. The summary of calculations
 9 must include:

- 10 (1) the amount reported on individual income tax returns
- 11 processed by the department during the previous fiscal year;
- 12 (2) adjustments for over distributions in prior years;
- 13 (3) adjustments for clerical or mathematical errors in prior years;
- 14 (4) adjustments for tax rate changes; and
- 15 (5) the amount of excess account balances to be distributed under
- 16 IC 6-3.5-1.1-21.1.

17 The budget agency shall also certify information concerning the part of
 18 the certified distribution that is attributable to a tax rate under section
 19 24, 25, ~~or 26~~, ~~or 27~~ of this chapter. This information must be certified
 20 to the county auditor, the department, and the department of local
 21 government finance not later than September 1 of each calendar year.
 22 The part of the certified distribution that is attributable to a tax rate
 23 under section 24, 25, ~~or 26~~, ~~or 27~~ of this chapter may be used only as
 24 specified in those provisions.

25 (c) The budget agency shall certify an amount less than the amount
 26 determined under subsection (b) if the budget agency determines that
 27 the reduced distribution is necessary to offset overpayments made in a
 28 calendar year before the calendar year of the distribution. The budget
 29 agency may reduce the amount of the certified distribution over several
 30 calendar years so that any overpayments are offset over several years
 31 rather than in one (1) lump sum.

32 (d) The budget agency shall adjust the certified distribution of a
 33 county to correct for any clerical or mathematical errors made in any
 34 previous certification under this section. The budget agency may
 35 reduce the amount of the certified distribution over several calendar
 36 years so that any adjustment under this subsection is offset over several
 37 years rather than in one (1) lump sum.

38 (e) The budget agency shall adjust the certified distribution of a
 39 county to provide the county with the distribution required under
 40 section 10(b) of this chapter.

41 (f) This subsection applies to a county that:

- 42 (1) initially imposes the county adjusted gross income tax; or
- 43 (2) increases the county adjusted income tax rate;

44 under this chapter in the same calendar year in which the budget
 45 agency makes a certification under this section. The budget agency
 46 shall adjust the certified distribution of a county to provide for a

1 distribution in the immediately following calendar year and in each
 2 calendar year thereafter. The budget agency shall provide for a full
 3 transition to certification of distributions as provided in subsection
 4 (a)(1) through (a)(2) in the manner provided in subsection (c).

5 (g) The budget agency shall adjust the certified distribution of a
 6 county to provide the county with the distribution required under
 7 section 3.3 of this chapter beginning not later than the tenth month after
 8 the month in which additional revenue from the tax authorized under
 9 section 3.3 of this chapter is initially collected.

10 (h) This subsection applies in the year in which a county initially
 11 imposes a tax rate under section 24 of this chapter. Notwithstanding
 12 any other provision, the budget agency shall adjust the part of the
 13 county's certified distribution that is attributable to the tax rate under
 14 section 24 of this chapter to provide for a distribution in the
 15 immediately following calendar year equal to the result of:

16 (1) the sum of the amounts determined under STEP ONE through
 17 STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county
 18 initially imposes a tax rate under section 24 of this chapter;
 19 multiplied by

20 (2) two (2).

21 SECTION 26. IC 6-3.5-1.1-10, AS AMENDED BY P.L.224-2007,
 22 SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 UPON PASSAGE]: Sec. 10. (a) Except as provided in subsection (b),
 24 one-half (1/2) of each adopting county's certified distribution for a
 25 calendar year shall be distributed from its account established under
 26 section 8 of this chapter to the appropriate county treasurer on May 1
 27 and the other one-half (1/2) on November 1 of that calendar year.

28 (b) This subsection applies to a county having a population of more
 29 than one hundred forty-five thousand (145,000) but less than one
 30 hundred forty-eight thousand (148,000). Notwithstanding section 9 of
 31 this chapter, the initial certified distribution certified for a county under
 32 section 9 of this chapter shall be distributed to the county treasurer
 33 from the account established for the county under section 8 of this
 34 chapter according to the following schedule during the eighteen (18)
 35 month period beginning on July 1 of the year in which the county
 36 initially adopts an ordinance under section 2 of this chapter:

37 (1) One-fourth (1/4) on October 1 of the calendar year in which
 38 the ordinance was adopted.

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

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

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

45 Notwithstanding section 11 of this chapter, the part of the certified
 46 distribution received under subdivision (1) that would otherwise be

1 allocated to a civil taxing unit or school corporation as property tax
 2 replacement credits under section 11 of this chapter shall be set aside
 3 and treated for the calendar year when received by the civil taxing unit
 4 or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or
 5 IC 20-44-3. Certified distributions made to the county treasurer for
 6 calendar years following the eighteen (18) month period described in
 7 this subsection shall be made as provided in subsection (a).

8 (c) Except for:

9 (1) revenue that must be used to pay the costs of:

10 (A) financing, constructing, acquiring, improving, renovating,
 11 equipping, operating, or maintaining facilities and buildings;

12 (B) debt service on bonds; or

13 (C) lease rentals;

14 under section 2.3 of this chapter;

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

17 (3) revenue that must be used to pay the costs of:

18 (A) financing, constructing, acquiring, improving, renovating,
 19 equipping, operating, or maintaining facilities and buildings;

20 (B) debt service on bonds; or

21 (C) lease rentals;

22 under section 2.8 of this chapter;

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

27 (5) revenue that must be used to pay the costs of operating and
 28 maintaining a jail and justice center under section 3.5(d) of this
 29 chapter;

30 (6) revenue that must be used to pay the costs of constructing,
 31 acquiring, improving, renovating, or equipping a county
 32 courthouse under section 3.6 of this chapter;

33 (7) revenue under section 2.6 of this chapter; or

34 (8) revenue attributable to a tax rate under section 24, 25, ~~or~~ 26,
 35 **or 27** of this chapter;

36 distributions made to a county treasurer under subsections (a) and (b)
 37 shall be treated as though they were property taxes that were due and
 38 payable during that same calendar year. Except as provided by
 39 subsection (b) and sections 24, 25, ~~and~~ 26, **and 27** of this chapter, the
 40 certified distribution shall be distributed and used by the taxing units
 41 and school corporations as provided in sections 11 through 15 of this
 42 chapter.

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

46 SECTION 27. IC 6-3.5-1.1-11, AS AMENDED BY P.L.224-2007,

SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for:

- (1) revenue that must be used to pay the costs of:
 - (A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;
 - (B) debt service on bonds; or
 - (C) lease rentals;
 under section 2.3 of this chapter;
- (2) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;
- (3) revenue that must be used to pay the costs of:
 - (A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;
 - (B) debt service on bonds; or
 - (C) lease rentals;
 under section 2.8 of this chapter;
- (4) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;
- (5) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter;
- (6) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; or
- (7) revenue attributable to a tax rate under section 24, 25, or 26, or 27 of this chapter;

the certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units and school corporations of the county as certified shares and property tax replacement credits.

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

COUNTY	PROPERTY TAX	
ADJUSTED GROSS	REPLACEMENT	CERTIFIED
INCOME TAX RATE	CREDITS	SHARES

1	0.5%	50%	50%
2	0.75%	33 1/3%	66 2/3%
3	1%	25%	75%

4 (c) The part of a certified distribution that constitutes property tax
5 replacement credits shall be distributed as provided under sections 12,
6 13, and 14 of this chapter.

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

9 SECTION 28. IC 6-3.5-1.1-23, AS AMENDED BY P.L.224-2007,
10 SECTION 65, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 UPON PASSAGE]: Sec. 23. (a) A pledge of county adjusted gross
12 income tax revenues under this chapter (other than tax revenue
13 attributable to a tax rate under section 24, 25, ~~or 26, or 27~~ of this
14 chapter) is enforceable in accordance with IC 5-1-14.

15 (b) With respect to obligations for which a pledge has been made
16 under this chapter, the general assembly covenants with the county and
17 the purchasers or owners of those obligations that this chapter will not
18 be repealed or amended in any manner that will adversely affect the
19 collection of the tax imposed under this chapter as long as the principal
20 of or interest on those obligations is unpaid.

21 SECTION 29. IC 6-3.5-1.1-25, AS AMENDED BY P.L.146-2008,
22 SECTION 332, IS AMENDED TO READ AS FOLLOWS
23 [EFFECTIVE UPON PASSAGE]: Sec. 25. (a) As used in this section,
24 "public safety" refers to the following:

- 25 (1) A police and law enforcement system to preserve public peace
26 and order.
- 27 (2) A firefighting and fire prevention system.
- 28 (3) Emergency ambulance services (as defined in
29 IC 16-18-2-107).
- 30 (4) Emergency medical services (as defined in IC 16-18-2-110).
- 31 (5) Emergency action (as defined in IC 13-11-2-65).
- 32 (6) A probation department of a court.
- 33 (7) Confinement, supervision, services under a community
34 corrections program (as defined in IC 35-38-2.6-2), or other
35 correctional services for a person who has been:
 - 36 (A) diverted before a final hearing or trial under an agreement
37 that is between the county prosecuting attorney and the person
38 or the person's custodian, guardian, or parent and that provides
39 for confinement, supervision, community corrections services,
40 or other correctional services instead of a final action
41 described in clause (B) or (C);
 - 42 (B) convicted of a crime; or
 - 43 (C) adjudicated as a delinquent child or a child in need of
44 services.
- 45 (8) A juvenile detention facility under IC 31-31-8.
- 46 (9) A juvenile detention center under IC 31-31-9.

- 1 (10) A county jail.
- 2 (11) A communications system (as defined in IC 36-8-15-3) or an
3 enhanced emergency telephone system (as defined in
4 IC 36-8-16-2).
- 5 (12) Medical and health expenses for jail inmates and other
6 confined persons.
- 7 (13) Pension payments for any of the following:
- 8 (A) A member of the fire department (as defined in
9 IC 36-8-1-8) or any other employee of a fire department.
- 10 (B) A member of the police department (as defined in
11 IC 36-8-1-9), a police chief hired under a waiver under
12 IC 36-8-4-6.5, or any other employee hired by a police
13 department.
- 14 (C) A county sheriff or any other member of the office of the
15 county sheriff.
- 16 (D) Other personnel employed to provide a service described
17 in this section.
- 18 (b) If a county council has imposed a tax rate of at least twenty-five
19 hundredths of one percent (0.25%) under section 24 of this chapter, a
20 tax rate of at least twenty-five hundredths of one percent (0.25%) under
21 **either** section 26 **or** 27 of this chapter, or a total combined tax rate of
22 at least twenty-five hundredths of one percent (0.25%) under ~~sections~~
23 **section** 24 and **either** section 26 **or** 27 of this chapter, the county
24 council may also adopt an ordinance to impose an additional tax rate
25 under this section to provide funding for public safety.
- 26 (c) A tax rate under this section may not exceed twenty-five
27 hundredths of one percent (0.25%).
- 28 (d) If a county council adopts an ordinance to impose a tax rate
29 under this section, the county auditor shall send a certified copy of the
30 ordinance to the department and the department of local government
31 finance by certified mail.
- 32 (e) A tax rate under this section is in addition to any other tax rates
33 imposed under this chapter and does not affect the purposes for which
34 other tax revenue under this chapter may be used.
- 35 (f) Except as provided in subsection (k), the county auditor shall
36 distribute the portion of the certified distribution that is attributable to
37 a tax rate under this section to the county and to each municipality in
38 the county. The amount that shall be distributed to the county or
39 municipality is equal to the result of:
- 40 (1) the portion of the certified distribution that is attributable to a
41 tax rate under this section; multiplied by
- 42 (2) a fraction equal to:
- 43 (A) the attributed allocation amount (as defined in
44 IC 6-3.5-1.1-15) of the county or municipality for the calendar
45 year; divided by
- 46 (B) the sum of the attributed allocation amounts of the county

1 and each municipality in the county for the calendar year.
 2 The county auditor shall make the distributions required by this
 3 subsection not more than thirty (30) days after receiving the portion of
 4 the certified distribution that is attributable to a tax rate under this
 5 section. Tax revenue distributed to a county or municipality under this
 6 subsection must be deposited into a separate account or fund and may
 7 be appropriated by the county or municipality only for public safety
 8 purposes.

9 (g) The department of local government finance may not require a
 10 county or municipality receiving tax revenue under this section to
 11 reduce the county's or municipality's property tax levy for a particular
 12 year on account of the county's or municipality's receipt of the tax
 13 revenue.

14 (h) The tax rate under this section and the tax revenue attributable
 15 to the tax rate under this section shall not be considered for purposes
 16 of computing:

- 17 (1) the maximum income tax rate that may be imposed in a county
 18 under section 2 of this chapter or any other provision of this
 19 chapter;
 20 (2) the maximum permissible property tax levy under STEP
 21 EIGHT of IC 6-1.1-18.5-3(b);
 22 (3) the total county tax levy under IC 6-1.1-21-2(g)(3),
 23 IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5) (before the repeal of
 24 IC 6-1.1-21); or
 25 (4) the credit under IC 6-1.1-20.6.

26 (i) The tax rate under this section may be imposed or rescinded at
 27 the same time and in the same manner that the county may impose or
 28 increase a tax rate under section 24 of this chapter.

29 (j) The department of local government finance and the department
 30 of state revenue may take any actions necessary to carry out the
 31 purposes of this section.

32 (k) Two (2) or more political subdivisions that are entitled to receive
 33 a distribution under this section may adopt resolutions providing that
 34 some part or all of those distributions shall instead be paid to one (1)
 35 political subdivision in the county to carry out specific public safety
 36 purposes specified in the resolutions.

37 SECTION 30. IC 6-3.5-1.1-26, AS AMENDED BY P.L.146-2008,
 38 SECTION 333, IS AMENDED TO READ AS FOLLOWS
 39 [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) A county council may
 40 impose a tax rate under this section to provide property tax relief to
 41 political subdivisions in the county. A county council is not required to
 42 impose any other tax before imposing a tax rate under this section.

43 (b) A tax rate under this section may be imposed in increments of
 44 five hundredths of one percent (0.05%) determined by the county
 45 council. A tax rate under this section may not exceed one percent (1%).

46 (c) **Except as otherwise provided in this subsection,** a tax rate

1 under this section is in addition to any other tax rates imposed under
 2 this chapter and does not affect the purposes for which other tax
 3 revenue under this chapter may be used. **A tax rate under this section**
 4 **may not be imposed if a tax rate is imposed under section 27 of this**
 5 **chapter.**

6 (d) If a county council adopts an ordinance to impose or increase a
 7 tax rate under this section, the county auditor shall send a certified
 8 copy of the ordinance to the department and the department of local
 9 government finance by certified mail.

10 (e) A tax rate under this section may be imposed, increased,
 11 decreased, ~~or~~ rescinded, **or replaced by a tax rate imposed under**
 12 **section 27 of this chapter** by a county council at the same time and in
 13 the same manner that the county council may impose or increase a tax
 14 rate under section 24 of this chapter.

15 (f) Tax revenue attributable to a tax rate under this section may be
 16 used for any combination of the following purposes, as specified by
 17 ordinance of the county council:

18 (1) Except as provided in subsection (j), the tax revenue may be
 19 used to provide local property tax replacement credits at a
 20 uniform rate to all taxpayers in the county. The local property tax
 21 replacement credits shall be treated for all purposes as property
 22 tax levies. The county auditor shall determine the local property
 23 tax replacement credit percentage for a particular year based on
 24 the amount of tax revenue that will be used under this subdivision
 25 to provide local property tax replacement credits in that year. A
 26 county council may not adopt an ordinance determining that tax
 27 revenue shall be used under this subdivision to provide local
 28 property tax replacement credits at a uniform rate to all taxpayers
 29 in the county unless the county council has done the following:

30 (A) Made available to the public the county council's best
 31 estimate of the amount of property tax replacement credits to
 32 be provided under this subdivision to homesteads, other
 33 residential property, commercial property, industrial property,
 34 and agricultural property.

35 (B) Adopted a resolution or other statement acknowledging
 36 that some taxpayers in the county that do not pay the tax rate
 37 under this section will receive a property tax replacement
 38 credit that is funded with tax revenue from the tax rate under
 39 this section.

40 (2) The tax revenue may be used to uniformly increase (before
 41 January 1, 2009) or uniformly provide (after December 31, 2008)
 42 the homestead credit percentage in the county. The homestead
 43 credits shall be treated for all purposes as property tax levies. The
 44 homestead credits do not reduce the basis for determining the
 45 state homestead credit under IC 6-1.1-20.9 (before its repeal). The
 46 homestead credits shall be applied to the net property taxes due

1 on the homestead after the application of all other assessed value
 2 deductions or property tax deductions and credits that apply to the
 3 amount owed under IC 6-1.1. The department of local government
 4 finance shall determine the homestead credit percentage for a
 5 particular year based on the amount of tax revenue that will be
 6 used under this subdivision to provide homestead credits in that
 7 year.

8 (3) The tax revenue may be used to provide local property tax
 9 replacement credits at a uniform rate for all qualified residential
 10 property (as defined in IC 6-1.1-20.6-4 before January 1, 2009,
 11 and as defined in section 1 of this chapter after December 31,
 12 2008) in the county. The local property tax replacement credits
 13 shall be treated for all purposes as property tax levies. The county
 14 auditor shall determine the local property tax replacement credit
 15 percentage for a particular year based on the amount of tax
 16 revenue that will be used under this subdivision to provide local
 17 property tax replacement credits in that year.

18 (4) This subdivision applies only to Lake County. The Lake
 19 County council may adopt an ordinance providing that the tax
 20 revenue from the tax rate under this section is used for any of the
 21 following:

22 (A) To reduce all property tax levies imposed by the county by
 23 the granting of property tax replacement credits against those
 24 property tax levies.

25 (B) To provide local property tax replacement credits in Lake
 26 County in the following manner:

27 (i) The tax revenue under this section that is collected from
 28 taxpayers within a particular municipality in Lake County
 29 (as determined by the department based on the department's
 30 best estimate) shall be used only to provide a local property
 31 tax credit against property taxes imposed by that
 32 municipality.

33 (ii) The tax revenue under this section that is collected from
 34 taxpayers within the unincorporated area of Lake County (as
 35 determined by the department) shall be used only to provide
 36 a local property tax credit against property taxes imposed by
 37 the county. The local property tax credit for the
 38 unincorporated area of Lake County shall be available only
 39 to those taxpayers within the unincorporated area of the
 40 county.

41 (C) To provide property tax credits in the following manner:

42 (i) Sixty percent (60%) of the tax revenue under this section
 43 shall be used as provided in clause (B).

44 (ii) Forty percent (40%) of the tax revenue under this section
 45 shall be used to provide property tax replacement credits
 46 against property tax levies of the county and each township

1 and municipality in the county. The percentage of the tax
 2 revenue distributed under this item that shall be used as
 3 credits against the county's levies or against a particular
 4 township's or municipality's levies is equal to the percentage
 5 determined by dividing the population of the county,
 6 township, or municipality by the sum of the total population
 7 of the county, each township in the county, and each
 8 municipality in the county.

9 The Lake County council shall determine whether the credits
 10 under clause (A), (B), or (C) shall be provided to homesteads, to
 11 all qualified residential property, or to all taxpayers. The
 12 department of local government finance, with the assistance of the
 13 budget agency, shall certify to the county auditor and the fiscal
 14 body of the county and each township and municipality in the
 15 county the amount of property tax credits under this subdivision.
 16 Except as provided in subsection (g), the tax revenue under this
 17 section that is used to provide credits under this subdivision shall
 18 be treated for all purposes as property tax levies.

19 The county council may before October 1 of a year adopt an ordinance
 20 changing the purposes for which tax revenue attributable to a tax rate
 21 under this section shall be used in the following year.

22 (g) The tax rate under this section and the tax revenue attributable
 23 to the tax rate under this section shall not be considered for purposes
 24 of computing:

- 25 (1) the maximum income tax rate that may be imposed in a county
 26 under section 2 of this chapter or any other provision of this
 27 chapter;
- 28 (2) the maximum permissible property tax levy under STEP
 29 EIGHT of IC 6-1.1-18.5-3(b);
- 30 (3) before January 1, 2009, the total county tax levy under
 31 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5)
 32 (before the repeal of those provisions); or
- 33 (4) the credit under IC 6-1.1-20.6.

34 (h) Tax revenue under this section shall be treated as a part of the
 35 receiving civil taxing unit's or school corporation's property tax levy for
 36 that year for purposes of fixing the budget of the civil taxing unit or
 37 school corporation and for determining the distribution of taxes that are
 38 distributed on the basis of property tax levies.

39 (i) The department of local government finance and the department
 40 of state revenue may take any actions necessary to carry out the
 41 purposes of this section.

42 (j) A taxpayer that owns an industrial plant located in Jasper County
 43 is ineligible for a local property tax replacement credit under this
 44 section against the property taxes due on the industrial plant if the
 45 assessed value of the industrial plant as of March 1, 2006, exceeds
 46 twenty percent (20%) of the total assessed value of all taxable property

1 in the county on that date. The general assembly finds that the
 2 provisions of this subsection are necessary because the industrial plant
 3 represents such a large percentage of Jasper County's assessed
 4 valuation.

5 SECTION 31. IC 6-3.5-1.1-27 IS ADDED TO THE INDIANA
 6 CODE AS A NEW SECTION TO READ AS FOLLOWS
 7 [EFFECTIVE UPON PASSAGE]: **Sec. 27. (a) This section does not**
 8 **apply to Lake County.**

9 **(b) A county council may impose a tax rate under this section to**
 10 **provide property tax relief to county taxpayers. A county council**
 11 **is not required to impose any other tax before imposing a tax rate**
 12 **under this section.**

13 **(c) A tax rate under this section may be imposed in increments**
 14 **of five hundredths of one percent (0.05%), as determined by the**
 15 **county council. A tax rate under this section may not exceed one**
 16 **percent (1%).**

17 **(d) Except as provided in this subsection, a tax rate under this**
 18 **section is in addition to any other tax rates imposed under this**
 19 **chapter and does not affect the purposes for which other tax**
 20 **revenue under this chapter may be used. A tax rate may not be**
 21 **imposed under this section if a tax rate is imposed under section 26**
 22 **of this chapter.**

23 **(e) If a county council adopts an ordinance to impose or increase**
 24 **a tax rate under this section, the county auditor shall send a**
 25 **certified copy of the ordinance to the department and the**
 26 **department of local government finance by certified mail.**

27 **(f) A tax rate under this section may be imposed, increased,**
 28 **decreased, rescinded, or replaced by a tax rate imposed under**
 29 **section 26 of this chapter by a county council at the same time and**
 30 **in the same manner that the county council may impose or increase**
 31 **a tax rate under section 24 of this chapter.**

32 **(g) Tax revenue attributable to a tax rate under this section may**
 33 **be used for any combination of the following purposes, as specified**
 34 **by ordinance of the county council:**

35 **(1) Except as provided in subsection (j), the tax revenue may**
 36 **be used to provide county property tax replacement credits at**
 37 **a uniform rate to all taxpayers in the county and applied to all**
 38 **property tax levies imposed by the county. The county**
 39 **property tax replacement credits must be treated for all**
 40 **purposes as property tax levies. The county auditor shall**
 41 **determine the county property tax replacement credit**
 42 **percentage for a particular year based on the amount of tax**
 43 **revenue that will be used under this subdivision to provide**
 44 **county property tax replacement credits in that year. A**
 45 **county council may not adopt an ordinance determining that**
 46 **tax revenue must be used under this subdivision to provide**
 47 **county property tax replacement credits at a uniform rate to**

1 **all taxpayers in the county unless the county council has done**
 2 **the following:**

3 **(A) Made available to the public the county council's best**
 4 **estimate of the amount of the property tax replacement**
 5 **credits to be provided under this subdivision to**
 6 **homesteads, other residential property, commercial**
 7 **property, industrial property, and agricultural property.**

8 **(B) Adopted a resolution or other statement**
 9 **acknowledging that some taxpayers in the county that do**
 10 **not pay the tax rate under this section will receive a**
 11 **property tax replacement credit that is funded with tax**
 12 **revenue from the tax rate under this section.**

13 **(2) The tax revenue may be used to uniformly provide a**
 14 **homestead credit percentage against all property tax levies**
 15 **imposed by the county. The homestead credits must be treated**
 16 **for all purposes as property tax levies. The homestead credits**
 17 **must be applied to the county's part of property taxes due on**
 18 **the homestead after the application of all other assessed value**
 19 **deductions or property tax deductions and credits that apply**
 20 **to the amount owed under IC 6-1.1. The department of local**
 21 **government finance shall determine the homestead credit**
 22 **percentage for a particular year based on the amount of tax**
 23 **revenue that will be used under this subdivision to provide a**
 24 **homestead credit in that year.**

25 **(3) The tax revenue may be used to provide county property**
 26 **tax replacement credits at a uniform rate for all qualified**
 27 **residential property in the county for all property tax levies**
 28 **imposed by the county. The county property tax replacement**
 29 **credits must be treated for all purposes as property tax levies.**
 30 **The county auditor shall determine the county property tax**
 31 **replacement credit percentage for a particular year based on**
 32 **the amount of tax revenue that will be used under this**
 33 **subdivision to provide county property tax replacement**
 34 **credits in that year.**

35 **(h) The tax rate under this section and the tax revenue**
 36 **attributable to the tax rate under this section may not be**
 37 **considered for purposes of computing:**

38 **(1) the maximum income tax rate that may be imposed in a**
 39 **county under section 2 of this chapter or any other provision**
 40 **of this chapter;**

41 **(2) the maximum permissible property tax levy under STEP**
 42 **EIGHT of IC 6-1.1-18.5-3(b); or**

43 **(3) the credit under IC 6-1.1-20.6.**

44 **(i) The department of local government finance and the**
 45 **department of state revenue may take any actions necessary to**
 46 **carry out the purposes of this section.**

47 **(j) A taxpayer that owns an industrial plant located in Jasper**

1 **County is ineligible for a county property tax replacement credit**
 2 **under this section against the property taxes due on the industrial**
 3 **plant if the assessed value of the industrial plant as of March 1,**
 4 **2009, exceeds twenty percent (20%) of the total assessed value of**
 5 **all taxable property in the county on that date. The general**
 6 **assembly finds that this subsection is necessary because the**
 7 **industrial plant represents such a large percentage of Jasper**
 8 **County's assessed valuation.**

9 SECTION 32. IC 6-3.5-1.5-1, AS AMENDED BY
 10 P.L.182-2009(ss), SECTION 215, IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The
 12 department of local government finance and the department of state
 13 revenue (before January 1, 2010) or the budget agency (after December
 14 31, 2009) shall, before July 1 of each year, jointly calculate the county
 15 adjusted income tax rate or county option income tax rate (as
 16 applicable) that must be imposed in a county to raise income tax
 17 revenue in the following year equal to the sum of the following STEPS:

18 STEP ONE: Determine the greater of zero (0) or the result of:

- 19 (1) the department of local government finance's estimate of
 20 the sum of the maximum permissible ad valorem property tax
 21 levies calculated under IC 6-1.1-18.5 for all civil taxing units
 22 in the county for the ensuing calendar year (before any
 23 adjustment under IC 6-1.1-18.5-3(g) or IC 6-1.1-18.5-3(h) for
 24 the ensuing calendar year); minus
 25 (2) the sum of the maximum permissible ad valorem property
 26 tax levies calculated under IC 6-1.1-18.5 for all civil taxing
 27 units in the county for the current calendar year.

28 In the case of a civil taxing unit that is located in more than one
 29 (1) county, the department of local government finance shall, for
 30 purposes of making the determination under this subdivision,
 31 apportion the civil taxing unit's maximum permissible ad valorem
 32 property tax levy among the counties in which the civil taxing unit
 33 is located.

34 STEP TWO: This STEP applies only to property taxes first due
 35 and payable before January 1, 2009. Determine the greater of zero
 36 (0) or the result of:

- 37 (1) the department of local government finance's estimate of
 38 the family and children property tax levy that will be imposed
 39 by the county under IC 12-19-7-4 for the ensuing calendar year
 40 (before any adjustment under IC 12-19-7-4(b) for the ensuing
 41 calendar year); minus
 42 (2) the county's family and children property tax levy imposed
 43 by the county under IC 12-19-7-4 for the current calendar year.

44 STEP THREE: This STEP applies only to property taxes first due
 45 and payable before January 1, 2009. Determine the greater of zero
 46 (0) or the result of:

- 1 (1) the department of local government finance's estimate of
 2 the children's psychiatric residential treatment services
 3 property tax levy that will be imposed by the county under
 4 IC 12-19-7.5-6 for the ensuing calendar year (before any
 5 adjustment under IC 12-19-7.5-6(b) for the ensuing calendar
 6 year); minus
 7 (2) the children's psychiatric residential treatment services
 8 property tax imposed by the county under IC 12-19-7.5-6 for
 9 the current calendar year.
- 10 STEP FOUR: Determine the greater of zero (0) or the result of:
 11 (1) the department of local government finance's estimate of
 12 the county's maximum community mental health centers
 13 property tax levy under IC 12-29-2-2 for the ensuing calendar
 14 year (before any adjustment under IC 12-29-2-2(c) for the
 15 ensuing calendar year); minus
 16 (2) the county's maximum community mental health centers
 17 property tax levy under IC 12-29-2-2 for the current calendar
 18 year.
- 19 (b) In the case of a county that wishes to impose a tax rate under
 20 IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time, the
 21 department of local government finance and the department of state
 22 revenue (before January 1, 2010) or the budget agency (after December
 23 31, 2009) shall jointly estimate the amount that will be calculated
 24 under subsection (a) in the second year after the tax rate is first
 25 imposed. The department of local government finance and the
 26 department of state revenue (before January 1, 2010) or the budget
 27 agency (after December 31, 2009) shall calculate the tax rate under
 28 IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) that must be imposed
 29 in the county in the second year after the tax rate is first imposed to
 30 raise income tax revenue equal to the estimate under this subsection.
- 31 (c) The department (before January 1, 2010) or the budget agency
 32 (after December 31, 2009) and the department of local government
 33 finance shall make the calculations under subsections (a) and (b) based
 34 on the best information available at the time the calculation is made.
- 35 (d) Notwithstanding IC 6-3.5-1.1-24(h) and IC 6-3.5-6-30(h), if a
 36 county has adopted an income tax rate under IC 6-3.5-1.1-24 or
 37 IC 6-3.5-6-30 to replace property tax levy growth, the part of the tax
 38 rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 that was used before
 39 January 1, 2009, to reduce levy growth in the county family and
 40 children's fund property tax levy and the children's psychiatric
 41 residential treatment services property tax levy shall instead be used for
 42 property tax relief in the same manner that a tax rate under
 43 IC 6-3.5-1.1-26, **IC 6-3.5-1.1-27**, ~~or~~ IC 6-3.5-6-32, **or IC 6-3.5-6-32.5**
 44 is used for property tax relief.
- 45 SECTION 33. IC 6-3.5-6-8, AS AMENDED BY P.L.224-2007,
 46 SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

1 UPON PASSAGE]: Sec. 8. (a) The county income tax council of any
 2 county in which the county adjusted gross income tax will not be in
 3 effect on October 1 of a year under an ordinance adopted during a
 4 previous calendar year may impose the county option income tax on the
 5 adjusted gross income of county taxpayers of its county effective
 6 October 1 of that same year.

7 (b) Except as provided in sections 30, 31, ~~and 32~~, **and 32.5** of this
 8 chapter, the county option income tax may initially be imposed at a rate
 9 of two-tenths of one percent (0.2%) on the resident county taxpayers of
 10 the county and at a rate of five hundredths of one percent (0.05%) for
 11 all other county taxpayers.

12 (c) To impose the county option income tax, a county income tax
 13 council must, after March 31 but before August 1 of the year, pass an
 14 ordinance. The ordinance must substantially state the following:

15 "The _____ County Income Tax Council imposes the
 16 county option income tax on the county taxpayers of
 17 _____ County. The county option income tax is
 18 imposed at a rate of two-tenths of one percent (0.2%) on the
 19 resident county taxpayers of the county and at a rate of five
 20 hundredths of one percent (0.05%) on all other county taxpayers.
 21 This tax takes effect October 1 of this year."

22 (d) Except as provided in sections 30, 31, ~~and 32~~, **and 32.5** of this
 23 chapter, if the county option income tax is imposed on the county
 24 taxpayers of a county, then the county option income tax rate that is in
 25 effect for resident county taxpayers of that county increases by
 26 one-tenth of one percent (0.1%) on each succeeding October 1 until the
 27 rate equals six-tenths of one percent (0.6%).

28 (e) The county option income tax rate in effect for the county
 29 taxpayers of a county who are not resident county taxpayers of that
 30 county is at all times one-fourth (1/4) of the tax rate imposed upon
 31 resident county taxpayers.

32 (f) The auditor of a county shall record all votes taken on ordinances
 33 presented for a vote under this section and immediately send a certified
 34 copy of the results to the department by certified mail.

35 SECTION 34. IC 6-3.5-6-9, AS AMENDED BY P.L.224-2007,
 36 SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 UPON PASSAGE]: Sec. 9. (a) If on March 31 of a calendar year the
 38 county option income tax rate in effect for resident county taxpayers
 39 equals six tenths of one percent (0.6%), excluding a tax rate imposed
 40 under section 30, 31, ~~or 32~~, **or 32.5** of this chapter, the county income
 41 tax council of that county may after March 31 and before August 1 of
 42 that year pass an ordinance to increase its tax rate for resident county
 43 taxpayers. If a county income tax council passes an ordinance under
 44 this section, its county option income tax rate for resident county
 45 taxpayers increases by one tenth of one percent (0.1%) each succeeding
 46 October 1 until its rate reaches a maximum of one percent (1%),

1 excluding a tax rate imposed under section 30, 31, ~~or 32~~, **or 32.5** of this
2 chapter.

3 (b) The auditor of the county shall record any vote taken on an
4 ordinance proposed under the authority of this section and immediately
5 send a certified copy of the results to the department by certified mail.

6 SECTION 35. IC 6-3.5-6-17, AS AMENDED BY P.L.182-2009(ss),
7 SECTION 219, IS AMENDED TO READ AS FOLLOWS
8 [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) Revenue derived from
9 the imposition of the county option income tax shall, in the manner
10 prescribed by this section, be distributed to the county that imposed it.
11 The amount that is to be distributed to a county during an ensuing
12 calendar year equals the amount of county option income tax revenue
13 that the budget agency determines has been:

14 (1) received from that county for a taxable year ending in a
15 calendar year preceding the calendar year in which the
16 determination is made; and

17 (2) reported on an annual return or amended return processed by
18 the department in the state fiscal year ending before July 1 of the
19 calendar year in which the determination is made;

20 as adjusted (as determined after review of the recommendation of the
21 budget agency) for refunds of county option income tax made in the
22 state fiscal year.

23 (b) Before August 2 of each calendar year, the budget agency shall
24 certify to the county auditor of each adopting county the amount
25 determined under subsection (a) plus the amount of interest in the
26 county's account that has accrued and has not been included in a
27 certification made in a preceding year. The amount certified is the
28 county's "certified distribution" for the immediately succeeding
29 calendar year. The amount certified shall be adjusted, as necessary,
30 under subsections (c), (d), (e), and (f). The budget agency shall provide
31 the county council with an informative summary of the calculations
32 used to determine the certified distribution. The summary of
33 calculations must include:

34 (1) the amount reported on individual income tax returns
35 processed by the department during the previous fiscal year;

36 (2) adjustments for over distributions in prior years;

37 (3) adjustments for clerical or mathematical errors in prior years;

38 (4) adjustments for tax rate changes; and

39 (5) the amount of excess account balances to be distributed under
40 IC 6-3.5-6-17.3.

41 The budget agency shall also certify information concerning the part of
42 the certified distribution that is attributable to a tax rate under section
43 30, 31, ~~or 32~~, **or 32.5** of this chapter. This information must be certified
44 to the county auditor and to the department of local government finance
45 not later than September 1 of each calendar year. The part of the
46 certified distribution that is attributable to a tax rate under section 30,

1 31, ~~or 32~~, **or 32.5** of this chapter may be used only as specified in those
2 provisions.

3 (c) The budget agency shall certify an amount less than the amount
4 determined under subsection (b) if the budget agency determines that
5 the reduced distribution is necessary to offset overpayments made in a
6 calendar year before the calendar year of the distribution. The budget
7 agency may reduce the amount of the certified distribution over several
8 calendar years so that any overpayments are offset over several years
9 rather than in one (1) lump sum.

10 (d) The budget agency shall adjust the certified distribution of a
11 county to correct for any clerical or mathematical errors made in any
12 previous certification under this section. The budget agency may
13 reduce the amount of the certified distribution over several calendar
14 years so that any adjustment under this subsection is offset over several
15 years rather than in one (1) lump sum.

16 (e) This subsection applies to a county that:

17 (1) initially imposed the county option income tax; or

18 (2) increases the county option income tax rate;

19 under this chapter in the same calendar year in which the budget
20 agency makes a certification under this section. The budget agency
21 shall adjust the certified distribution of a county to provide for a
22 distribution in the immediately following calendar year and in each
23 calendar year thereafter. The budget agency shall provide for a full
24 transition to certification of distributions as provided in subsection
25 (a)(1) through (a)(2) in the manner provided in subsection (c).

26 (f) This subsection applies in the year a county initially imposes a
27 tax rate under section 30 of this chapter. Notwithstanding any other
28 provision, the budget agency shall adjust the part of the county's
29 certified distribution that is attributable to the tax rate under section 30
30 of this chapter to provide for a distribution in the immediately
31 following calendar year equal to the result of:

32 (1) the sum of the amounts determined under STEP ONE through
33 STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county
34 initially imposes a tax rate under section 30 of this chapter;
35 multiplied by

36 (2) the following:

37 (A) In a county containing a consolidated city, one and
38 five-tenths (1.5).

39 (B) In a county other than a county containing a consolidated
40 city, two (2).

41 (g) One-twelfth (1/12) of each adopting county's certified
42 distribution for a calendar year shall be distributed from its account
43 established under section 16 of this chapter to the appropriate county
44 treasurer on the first day of each month of that calendar year.

45 (h) Upon receipt, each monthly payment of a county's certified
46 distribution shall be allocated among, distributed to, and used by the

1 civil taxing units of the county as provided in sections 18 and 19 of this
2 chapter.

3 (i) All distributions from an account established under section 16 of
4 this chapter shall be made by warrants issued by the auditor of state to
5 the treasurer of state ordering the appropriate payments.

6 SECTION 36. IC 6-3.5-6-18, AS AMENDED BY P.L.182-2009(ss),
7 SECTION 222, IS AMENDED TO READ AS FOLLOWS
8 [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county
9 auditor receives under this chapter shall be used to:

- 10 (1) replace the amount, if any, of property tax revenue lost due to
- 11 the allowance of an increased homestead credit within the county;
- 12 (2) fund the operation of a public communications system and
- 13 computer facilities district as provided in an election, if any, made
- 14 by the county fiscal body under IC 36-8-15-19(b);
- 15 (3) fund the operation of a public transportation corporation as
- 16 provided in an election, if any, made by the county fiscal body
- 17 under IC 36-9-4-42;
- 18 (4) make payments permitted under IC 36-7-14-25.5 or
- 19 IC 36-7-15.1-17.5;
- 20 (5) make payments permitted under subsection (i);
- 21 (6) make distributions of distributive shares to the civil taxing
- 22 units of a county; and
- 23 (7) make the distributions permitted under sections 27, 28, 29, 30,
- 24 31, 32, **32.5**, and 33 of this chapter.

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

32 (c) The county auditor shall retain:

- 33 (1) the amount, if any, specified by the county fiscal body for a
- 34 particular calendar year under subsection (i), IC 36-7-14-25.5,
- 35 IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the
- 36 county's certified distribution for that same calendar year; and
- 37 (2) the amount of an additional tax rate imposed under section 27,
- 38 28, 29, 30, 31, 32, **32.5**, or 33 of this chapter.

39 The county auditor shall distribute amounts retained under this
40 subsection to the county.

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

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

- 1 (1) The amount of revenue that is to be distributed as distributive
2 shares during that month; multiplied by
- 3 (2) A fraction. The numerator of the fraction equals the allocation
4 amount for the civil taxing unit for the calendar year in which the
5 month falls. The denominator of the fraction equals the sum of the
6 allocation amounts of all the civil taxing units of the county for
7 the calendar year in which the month falls.
- 8 (f) The department of local government finance shall provide each
9 county auditor with the fractional amount of distributive shares that
10 each civil taxing unit in the auditor's county is entitled to receive
11 monthly under this section.
- 12 (g) Notwithstanding subsection (e), if a civil taxing unit of an
13 adopting county does not impose a property tax levy that is first due
14 and payable in a calendar year in which distributive shares are being
15 distributed under this section, that civil taxing unit is entitled to receive
16 a part of the revenue to be distributed as distributive shares under this
17 section within the county. The fractional amount such a civil taxing
18 unit is entitled to receive each month during that calendar year equals
19 the product of the following:
- 20 (1) The amount to be distributed as distributive shares during that
21 month; multiplied by
- 22 (2) A fraction. The numerator of the fraction equals the budget of
23 that civil taxing unit for that calendar year. The denominator of
24 the fraction equals the aggregate budgets of all civil taxing units
25 of that county for that calendar year.
- 26 (h) If for a calendar year a civil taxing unit is allocated a part of a
27 county's distributive shares by subsection (g), then the formula used in
28 subsection (e) to determine all other civil taxing units' distributive
29 shares shall be changed each month for that same year by reducing the
30 amount to be distributed as distributive shares under subsection (e) by
31 the amount of distributive shares allocated under subsection (g) for that
32 same month. The department of local government finance shall make
33 any adjustments required by this subsection and provide them to the
34 appropriate county auditors.
- 35 (i) Notwithstanding any other law, a county fiscal body may pledge
36 revenues received under this chapter (other than revenues attributable
37 to a tax rate imposed under section 30, 31, ~~or~~ 32, **or 32.5** of this
38 chapter) to the payment of bonds or lease rentals to finance a qualified
39 economic development tax project under IC 36-7-27 in that county or
40 in any other county if the county fiscal body determines that the project
41 will promote significant opportunities for the gainful employment or
42 retention of employment of the county's residents.
- 43 SECTION 37. IC 6-3.5-6-26, AS AMENDED BY P.L.224-2007,
44 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
45 UPON PASSAGE]: Sec. 26. (a) A pledge of county option income tax
46 revenues under this chapter (other than revenues attributable to a tax

1 rate imposed under section 30, 31, ~~or 32,~~ **or 32.5** of this chapter) is
2 enforceable in accordance with IC 5-1-14.

3 (b) With respect to obligations for which a pledge has been made
4 under this chapter, the general assembly covenants with the county and
5 the purchasers or owners of those obligations that this chapter will not
6 be repealed or amended in any manner that will adversely affect the tax
7 collected under this chapter as long as the principal of or interest on
8 those obligations is unpaid.

9 SECTION 38. IC 6-3.5-6-32, AS AMENDED BY P.L.146-2008,
10 SECTION 343, IS AMENDED TO READ AS FOLLOWS
11 [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) A county income tax
12 council may impose a tax rate under this section to provide property tax
13 relief to political subdivisions in the county. A county income tax
14 council is not required to impose any other tax before imposing a tax
15 rate under this section.

16 (b) A tax rate under this section may be imposed in increments of
17 five hundredths of one percent (0.05%) determined by the county
18 income tax council. A tax rate under this section may not exceed one
19 percent (1%).

20 (c) **Except as provided in this subsection,** a tax rate under this
21 section is in addition to any other tax rates imposed under this chapter
22 and does not affect the purposes for which other tax revenue under this
23 chapter may be used. **A tax rate under this section may not be**
24 **imposed if a tax rate is imposed under section 32.5 of this chapter.**

25 (d) If a county income tax council adopts an ordinance to impose or
26 increase a tax rate under this section, the county auditor shall send a
27 certified copy of the ordinance to the department and the department
28 of local government finance by certified mail.

29 (e) A tax rate under this section may be imposed, increased,
30 decreased, ~~or rescinded,~~ **or replaced with a tax rate under section**
31 **32.5 of this chapter** at the same time and in the same manner that the
32 county income tax council may impose or increase a tax rate under
33 section 30 of this chapter.

34 (f) Tax revenue attributable to a tax rate under this section may be
35 used for any combination of the following purposes, as specified by
36 ordinance of the county income tax council:

37 (1) The tax revenue may be used to provide local property tax
38 replacement credits at a uniform rate to all taxpayers in the
39 county. The local property tax replacement credits shall be treated
40 for all purposes as property tax levies. The county auditor shall
41 determine the local property tax replacement credit percentage for
42 a particular year based on the amount of tax revenue that will be
43 used under this subdivision to provide local property tax
44 replacement credits in that year. A county income tax council may
45 not adopt an ordinance determining that tax revenue shall be used
46 under this subdivision to provide local property tax replacement

- 1 credits at a uniform rate to all taxpayers in the county unless the
2 county council has done the following:
- 3 (A) Made available to the public the county council's best
4 estimate of the amount of property tax replacement credits to
5 be provided under this subdivision to homesteads, other
6 residential property, commercial property, industrial property,
7 and agricultural property.
- 8 (B) Adopted a resolution or other statement acknowledging
9 that some taxpayers in the county that do not pay the tax rate
10 under this section will receive a property tax replacement
11 credit that is funded with tax revenue from the tax rate under
12 this section.
- 13 (2) The tax revenue may be used to uniformly increase (before
14 January 1, 2009) or uniformly provide (after December 31, 2008)
15 the homestead credit percentage in the county. The homestead
16 credits shall be treated for all purposes as property tax levies. The
17 homestead credits do not reduce the basis for determining the
18 state homestead credit under IC 6-1.1-20.9 (before its repeal). The
19 homestead credits shall be applied to the net property taxes due
20 on the homestead after the application of all other assessed value
21 deductions or property tax deductions and credits that apply to the
22 amount owed under IC 6-1.1. The department of local government
23 finance shall determine the homestead credit percentage for a
24 particular year based on the amount of tax revenue that will be
25 used under this subdivision to provide homestead credits in that
26 year.
- 27 (3) The tax revenue may be used to provide local property tax
28 replacement credits at a uniform rate for all qualified residential
29 property (as defined in IC 6-1.1-20.6-4 before January 1, 2009,
30 and as defined in section 1 of this chapter after December 31,
31 2008) in the county. The local property tax replacement credits
32 shall be treated for all purposes as property tax levies. The county
33 auditor shall determine the local property tax replacement credit
34 percentage for a particular year based on the amount of tax
35 revenue that will be used under this subdivision to provide local
36 property tax replacement credits in that year.
- 37 (4) This subdivision applies only to Lake County. The Lake
38 County council may adopt an ordinance providing that the tax
39 revenue from the tax rate under this section is used for any of the
40 following:
- 41 (A) To reduce all property tax levies imposed by the county by
42 the granting of property tax replacement credits against those
43 property tax levies.
- 44 (B) To provide local property tax replacement credits in Lake
45 County in the following manner:
- 46 (i) The tax revenue under this section that is collected from

1 taxpayers within a particular municipality in Lake County
 2 (as determined by the department based on the department's
 3 best estimate) shall be used only to provide a local property
 4 tax credit against property taxes imposed by that
 5 municipality.

6 (ii) The tax revenue under this section that is collected from
 7 taxpayers within the unincorporated area of Lake County (as
 8 determined by the department) shall be used only to provide
 9 a local property tax credit against property taxes imposed by
 10 the county. The local property tax credit for the
 11 unincorporated area of Lake County shall be available only
 12 to those taxpayers within the unincorporated area of the
 13 county.

14 (C) To provide property tax credits in the following manner:

15 (i) Sixty percent (60%) of the tax revenue under this section
 16 shall be used as provided in clause (B).

17 (ii) Forty percent (40%) of the tax revenue under this section
 18 shall be used to provide property tax replacement credits
 19 against property tax levies of the county and each township
 20 and municipality in the county. The percentage of the tax
 21 revenue distributed under this item that shall be used as
 22 credits against the county's levies or against a particular
 23 township's or municipality's levies is equal to the percentage
 24 determined by dividing the population of the county,
 25 township, or municipality by the sum of the total population
 26 of the county, each township in the county, and each
 27 municipality in the county.

28 The Lake County council shall determine whether the credits
 29 under clause (A), (B), or (C) shall be provided to homesteads, to
 30 all qualified residential property, or to all taxpayers. The
 31 department of local government finance, with the assistance of the
 32 budget agency, shall certify to the county auditor and the fiscal
 33 body of the county and each township and municipality in the
 34 county the amount of property tax credits under this subdivision.
 35 Except as provided in subsection (g), the tax revenue under this
 36 section that is used to provide credits under this subdivision shall
 37 be treated for all purposes as property tax levies.

38 The county income tax council may before October 1 of a year adopt
 39 an ordinance changing the purposes for which tax revenue attributable
 40 to a tax rate under this section shall be used in the following year.

41 (g) The tax rate under this section shall not be considered for
 42 purposes of computing:

43 (1) the maximum income tax rate that may be imposed in a county
 44 under section 8 or 9 of this chapter or any other provision of this
 45 chapter;

46 (2) the maximum permissible property tax levy under STEP

1 EIGHT of IC 6-1.1-18.5-3(b); or
 2 (3) the credit under IC 6-1.1-20.6.

3 (h) Tax revenue under this section shall be treated as a part of the
 4 receiving civil taxing unit's or school corporation's property tax levy for
 5 that year for purposes of fixing the budget of the civil taxing unit or
 6 school corporation and for determining the distribution of taxes that are
 7 distributed on the basis of property tax levies.

8 (i) The department of local government finance and the department
 9 of state revenue may take any actions necessary to carry out the
 10 purposes of this section.

11 (j) Notwithstanding any other provision, in Lake County the county
 12 council (and not the county income tax council) is the entity authorized
 13 to take actions concerning the tax rate under this section.

14 SECTION 39. IC 6-3.5-6-32.5 IS ADDED TO THE INDIANA
 15 CODE AS A NEW SECTION TO READ AS FOLLOWS
 16 [EFFECTIVE UPON PASSAGE]: **Sec. 32.5. (a) This section does not
 17 apply to:**

18 **(1) Marion County; or**

19 **(2) Lake County.**

20 **(b) A county income tax council may impose a tax rate under
 21 this section to provide property tax relief to county taxpayers. A
 22 county income tax council is not required to impose any other tax
 23 before imposing a tax rate under this section.**

24 **(c) A tax rate under this section may be imposed in increments
 25 of five hundredths of one percent (0.05%), as determined by the
 26 county income tax council. A tax rate under this section may not
 27 exceed one percent (1%).**

28 **(d) Except as provided in this subsection, a tax rate under this
 29 section is in addition to any other tax rates imposed under this
 30 chapter and does not affect the purposes for which other tax
 31 revenue under this chapter may be used. A tax rate may not be
 32 imposed under this section if a tax rate is imposed under section 32
 33 of this chapter.**

34 **(e) If a county income tax council adopts an ordinance to impose
 35 or increase a tax rate under this section, the county auditor shall
 36 send a certified copy of the ordinance to the department and the
 37 department of local government finance by certified mail.**

38 **(f) A tax rate under this section may be imposed, increased,
 39 decreased, rescinded, or replaced with a tax rate imposed under
 40 section 32 of this chapter at the same time and in the same manner
 41 that the county income tax council may impose or increase a tax
 42 rate under section 30 of this chapter.**

43 **(g) Tax revenue attributable to a tax rate under this section may
 44 be used for any combination of the following purposes, as specified
 45 by ordinance of the county income tax council:**

46 **(1) The tax revenue may be used to provide county property
 47 tax replacement credits at a uniform rate to all taxpayers in**

1 the county and applied to all property tax levies imposed by
 2 the county. The county property tax replacement credits must
 3 be treated for all purposes as property tax levies. The county
 4 auditor shall determine the county property tax replacement
 5 credit percentage for a particular year based on the amount
 6 of tax revenue that will be used under this subdivision to
 7 provide county property tax replacement credits in that year.
 8 A county income tax council may not adopt an ordinance
 9 determining that tax revenue must be used under this
 10 subdivision to provide county property tax replacement
 11 credits at a uniform rate to all taxpayers in the county unless
 12 the county income tax council has done the following:

13 (A) Made available to the public the county income tax
 14 council's best estimate of the amount of property tax
 15 replacement credits to be provided under this subdivision
 16 to homesteads, other residential property, commercial
 17 property, industrial property, and agricultural property.

18 (B) Adopted a resolution or other statement
 19 acknowledging that some taxpayers in the county that do
 20 not pay the tax rate under this section will receive a
 21 property tax replacement credit that is funded with tax
 22 revenue from the tax rate under this section.

23 (2) The tax revenue may be used to uniformly provide the
 24 homestead credit percentage to be applied against all
 25 property tax levies imposed by the county. The homestead
 26 credits must be treated for all purposes as property tax levies.
 27 The homestead credits must be applied to the county's part of
 28 property taxes due on the homestead after the application of
 29 all other assessed value deductions or property tax deductions
 30 and credits that apply to the amount owed under IC 6-1.1.
 31 The department of local government finance shall determine
 32 the homestead credit percentage for a particular year based
 33 on the amount of tax revenue that will be used under this
 34 subdivision to provide homestead credits in that year.

35 (3) The tax revenue may be used to provide county property
 36 tax replacement credits at a uniform rate for all qualified
 37 residential property in the county for all property tax levies
 38 imposed by the county. The county property tax replacement
 39 credits must be treated for all purposes as property tax levies.
 40 The county auditor shall determine the county property tax
 41 replacement credit percentage for a particular year based on
 42 the amount of tax revenue that will be used under this
 43 subdivision to provide county property tax replacement
 44 credits in that year.

45 (h) The tax rate under this section may not be considered for
 46 purposes of computing:

47 (1) the maximum income tax rate that may be imposed in a

- 1 **county under section 8 or 9 of this chapter or any other**
 2 **provision of this chapter;**
 3 **(2) the maximum permissible property tax levy under STEP**
 4 **EIGHT of IC 6-1.1-18.5-3(b); or**
 5 **(3) the credit under IC 6-1.1-20.6.**

6 **(i) The department of local government finance and the**
 7 **department of state revenue may take any actions necessary to**
 8 **carry out the purposes of this section.**

9 SECTION 40. IC 6-3.5-7-5, AS AMENDED BY P.L.146-2008,
 10 SECTION 344, IS AMENDED TO READ AS FOLLOWS
 11 [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in
 12 subsection (c), the county economic development income tax may be
 13 imposed on the adjusted gross income of county taxpayers. The entity
 14 that may impose the tax is:

- 15 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
 16 the county option income tax is in effect on March 31 of the year
 17 the county economic development income tax is imposed;
 18 (2) the county council if the county adjusted gross income tax is
 19 in effect on March 31 of the year the county economic
 20 development tax is imposed; or
 21 (3) the county income tax council or the county council,
 22 whichever acts first, for a county not covered by subdivision (1)
 23 or (2).

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

27 (b) Except as provided in subsections (c), (g), (k), (p), and (r) and
 28 section 28 of this chapter, the county economic development income
 29 tax may be imposed at a rate of:

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

38 on the adjusted gross income of county taxpayers.

39 (c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o),
 40 (p), (s), (v), (w), (x), or (y), the county economic development income
 41 tax rate plus the county adjusted gross income tax rate, if any, that are
 42 in effect on January 1 of a year may not exceed one and twenty-five
 43 hundredths percent (1.25%). Except as provided in subsection (g), (p),
 44 (r), (t), (u), (w), (x), or (y), the county economic development tax rate
 45 plus the county option income tax rate, if any, that are in effect on
 46 January 1 of a year may not exceed one percent (1%).

1 (d) To impose, increase, decrease, or rescind the county economic
 2 development income tax, the appropriate body must, after March 31
 3 but before August 1 of a year, adopt an ordinance. The ordinance to
 4 impose the tax must substantially state the following:

5 "The _____ County _____ imposes the county economic
 6 development income tax on the county taxpayers of _____
 7 County. The county economic development income tax is imposed at
 8 a rate of _____ percent (____%) on the county taxpayers of the
 9 county. This tax takes effect October 1 of this year."

10 (e) Any ordinance adopted under this chapter takes effect October
 11 1 of the year the ordinance is adopted.

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

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

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

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

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

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

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

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

38 (i) For a county having a population of more than thirteen thousand
 39 five hundred (13,500) but less than fourteen thousand (14,000), 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 fifty-five
 43 hundredths percent (1.55%).

44 (j) For a county having a population of more than seventy-one
 45 thousand (71,000) but less than seventy-one thousand four hundred
 46 (71,400), except as provided in subsection (p), the county economic

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

4 (k) This subsection applies to a county having a population of more
 5 than twenty-seven thousand four hundred (27,400) but less than
 6 twenty-seven thousand five hundred (27,500). Except as provided in
 7 subsection (p), in addition 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 the county adjusted gross income tax rate that are in effect on
 12 January 1 of a year may not exceed one and five-tenths percent
 13 (1.5%);

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

16 (l) For a county having a population of more than twenty-nine
 17 thousand (29,000) but less than thirty thousand (30,000), except as
 18 provided in subsection (p), the county economic development income
 19 tax rate plus the county adjusted gross income tax rate that are in effect
 20 on January 1 of a year may not exceed one and five-tenths percent
 21 (1.5%).

22 (m) For:

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

26 (2) a county having a population of more than forty-five thousand
 27 (45,000) but less than forty-five thousand nine hundred (45,900);

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

32 (n) For a county having a population of more than six thousand
 33 (6,000) but less than eight thousand (8,000), except as provided in
 34 subsection (p), the county economic development income tax rate plus
 35 the county adjusted gross income tax rate that are in effect on January
 36 1 of a year may not exceed one and five-tenths percent (1.5%).

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

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

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

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

1 percent (1.5%); or
 2 (B) the county option income tax rate that are in effect on
 3 January 1 of a year may not exceed one and twenty-five
 4 hundredths percent (1.25%);

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

7 (p) In addition:

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

12 (2) the:

13 (A) county economic development income tax; and

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

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

19 However, the additional rate imposed under this subsection may not
 20 exceed the amount necessary to mitigate the increased ad valorem
 21 property taxes on homesteads (as defined in IC 6-1.1-20.9-1 before
 22 January 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or
 23 residential property (as defined in section 26 of this chapter), as
 24 appropriate under the ordinance adopted by the adopting body in the
 25 county, resulting from the deduction of the assessed value of inventory
 26 in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the
 27 exclusion in 2008 of inventory from the definition of personal property
 28 in IC 6-1.1-1-11.

29 (q) If the county economic development income tax is imposed as
 30 authorized under subsection (p) at a rate that exceeds the maximum
 31 rate that would otherwise apply under this section, the certified
 32 distribution must be used for the purpose provided in section 25(e) or
 33 26 of this chapter to the extent that the certified distribution results
 34 from the difference between:

35 (1) the actual county economic development tax rate; and

36 (2) the maximum rate that would otherwise apply under this
 37 section.

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

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

43 (2) county economic development income tax rate plus the county
 44 option income tax rate that are in effect on January 1 of a year
 45 may equal up to one and twenty-five hundredths percent (1.25%);

46 if the county council makes a determination to impose rates under this

1 subsection and section 27 of this chapter.

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

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

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

17 (v) This subsection applies to Jasper County. Except as provided in
18 subsection (p), the sum of the county economic development income
19 tax rate and the county adjusted gross income tax rate that are in effect
20 on January 1 of a year may not exceed one and five-tenths percent
21 (1.5%).

22 (w) An additional county economic development income tax rate
23 imposed under section 28 of this chapter may not be considered in
24 calculating any limit under this section on the sum of:

- 25 (1) the county economic development income tax rate plus the
26 county adjusted gross income tax rate; or
27 (2) the county economic development tax rate plus the county
28 option income tax rate.

29 (x) The income tax rate limits imposed by subsection (c) or (y) or
30 any other provision of this chapter do not apply to:

31 (1) a county adjusted gross income tax rate imposed under
32 IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, ~~or~~ IC 6-3.5-1.1-26, or
33 **IC 6-3.5-1.1-27; or**

34 (2) a county option income tax rate imposed under IC 6-3.5-6-30,
35 IC 6-3.5-6-31, ~~or~~ IC 6-3.5-6-32, **or IC 6-3.5-6-32.5.**

36 For purposes of computing the maximum combined income tax rate
37 under subsection (c) or (y) or any other provision of this chapter that
38 may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this
39 chapter, a county's county adjusted gross income tax rate or county
40 option income tax rate for a particular year does not include the county
41 adjusted gross income tax rate imposed under IC 6-3.5-1.1-24,
42 IC 6-3.5-1.1-25, ~~or~~ IC 6-3.5-1.1-26, or **IC 6-3.5-1.1-27 or** the county
43 option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, ~~or~~
44 IC 6-3.5-6-32, **or IC 6-3.5-6-32.5.**

45 (y) This subsection applies to Monroe County. Except as provided
46 in subsection (p), if an ordinance is adopted under IC 6-3.5-6-33, the

- 1 sum of the county economic development income tax rate and the
- 2 county option income tax rate that are in effect on January 1 of a year
- 3 may not exceed one and twenty-five hundredths percent (1.25%)."
- 4 Renumber all SECTIONS consecutively.
(Reference is to ESB 239 as printed February 22, 2010.)

Representative Thompson