

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WITHDRAWN	Noes _____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 20, between lines 12 and 13, begin a new paragraph and insert:
- 2 "SECTION 13. IC 6-1.1-18.5-3, AS AMENDED BY P.L.146-2008,
- 3 SECTION 169, IS AMENDED TO READ AS FOLLOWS
- 4 [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) A civil taxing unit that is
- 5 treated as not being located in an adopting county under section 4 of
- 6 this chapter may not impose an ad valorem property tax levy for an
- 7 ensuing calendar year that exceeds the amount determined in the last
- 8 STEP of the following STEPS:
- 9 STEP ONE: Add the civil taxing unit's maximum permissible ad
- 10 valorem property tax levy for the preceding calendar year to the
- 11 part of the civil taxing unit's certified share, if any, that was used
- 12 to reduce the civil taxing unit's ad valorem property tax levy under
- 13 STEP EIGHT of subsection (b) for that preceding calendar year.
- 14 STEP TWO: Multiply the amount determined in STEP ONE by
- 15 the amount determined in the last STEP of section 2(b) of this
- 16 chapter.
- 17 STEP THREE: Determine the lesser of one and fifteen hundredths
- 18 (1.15) or the quotient (rounded to the nearest ten-thousandth
- 19 (0.0001)), of the assessed value of all taxable property subject to
- 20 the civil taxing unit's ad valorem property tax levy for the ensuing
- 21 calendar year, divided by the assessed value of all taxable
- 22 property that is subject to the civil taxing unit's ad valorem
- 23 property tax levy for the ensuing calendar year and that is
- 24 contained within the geographic area that was subject to the civil

- 1 taxing unit's ad valorem property tax levy in the preceding
2 calendar year.
- 3 STEP FOUR: Determine the greater of the amount determined in
4 STEP THREE or one (1).
- 5 STEP FIVE: Multiply the amount determined in STEP TWO by
6 the amount determined in STEP FOUR.
- 7 STEP SIX: Add the amount determined under STEP TWO to the
8 amount determined under subsection (c).
- 9 STEP SEVEN: Determine the greater of the amount determined
10 under STEP FIVE or the amount determined under STEP SIX.
- 11 (b) Except as otherwise provided in this chapter, a civil taxing unit
12 that is treated as being located in an adopting county under section 4 of
13 this chapter may not impose an ad valorem property tax levy for an
14 ensuing calendar year that exceeds the amount determined in the last
15 STEP of the following STEPS:
- 16 STEP ONE: Add the civil taxing unit's maximum permissible ad
17 valorem property tax levy for the preceding calendar year to the
18 part of the civil taxing unit's certified share, if any, used to reduce
19 the civil taxing unit's ad valorem property tax levy under STEP
20 EIGHT of this subsection for that preceding calendar year.
- 21 STEP TWO: Multiply the amount determined in STEP ONE by
22 the amount determined in the last STEP of section 2(b) of this
23 chapter.
- 24 STEP THREE: Determine the lesser of one and fifteen hundredths
25 (1.15) or the quotient of the assessed value of all taxable property
26 subject to the civil taxing unit's ad valorem property tax levy for
27 the ensuing calendar year divided by the assessed value of all
28 taxable property that is subject to the civil taxing unit's ad
29 valorem property tax levy for the ensuing calendar year and that
30 is contained within the geographic area that was subject to the
31 civil taxing unit's ad valorem property tax levy in the preceding
32 calendar year.
- 33 STEP FOUR: Determine the greater of the amount determined in
34 STEP THREE or one (1).
- 35 STEP FIVE: Multiply the amount determined in STEP TWO by
36 the amount determined in STEP FOUR.
- 37 STEP SIX: Add the amount determined under STEP TWO to the
38 amount determined under subsection (c).
- 39 STEP SEVEN: Determine the greater of the amount determined
40 under STEP FIVE or the amount determined under STEP SIX.
- 41 STEP EIGHT: Subtract the amount determined under STEP FIVE
42 of subsection (e) from the amount determined under STEP
43 SEVEN of this subsection.
- 44 (c) The amount to be entered under STEP SIX of subsection (a) or
45 STEP SIX of subsection (b), as applicable, equals the sum of the
46 following:

- 1 (1) If a civil taxing unit in the immediately preceding calendar
 2 year provided an area outside its boundaries with services on a
 3 contractual basis and in the ensuing calendar year that area has
 4 been annexed by the civil taxing unit, the amount paid by the
 5 annexed area during the immediately preceding calendar year for
 6 services that the civil taxing unit must provide to that area during
 7 the ensuing calendar year as a result of the annexation.
- 8 (2) If the civil taxing unit has had an excessive levy appeal
 9 approved under section 13(a)(1) of this chapter for the ensuing
 10 calendar year, an amount determined by the civil taxing unit for
 11 the ensuing calendar year that does not exceed the amount of that
 12 excessive levy.
- 13 In all other cases, the amount to be entered under STEP SIX of
 14 subsection (a) or STEP SIX of subsection (b), as the case may be,
 15 equals zero (0).
- 16 (d) This subsection applies only to civil taxing units located in a
 17 county having a county adjusted gross income tax rate for resident
 18 county taxpayers (as defined in IC 6-3.5-1.1-1) of one percent (1%) as
 19 of January 1 of the ensuing calendar year. For each civil taxing unit, the
 20 amount to be added to the amount determined in subsection (e), STEP
 21 FOUR, is determined using the following formula:
- 22 STEP ONE: Multiply the civil taxing unit's maximum permissible
 23 ad valorem property tax levy for the preceding calendar year by
 24 two percent (2%).
- 25 STEP TWO: For the determination year, the amount to be used as
 26 the STEP TWO amount is the amount determined in subsection
 27 (f) for the civil taxing unit. For each year following the
 28 determination year the STEP TWO amount is the lesser of:
- 29 (A) the amount determined in STEP ONE; or
 30 (B) the amount determined in subsection (f) for the civil taxing
 31 unit.
- 32 STEP THREE: Determine the greater of:
- 33 (A) zero (0); or
 34 (B) the civil taxing unit's certified share for the ensuing
 35 calendar year minus the greater of:
- 36 (i) the civil taxing unit's certified share for the calendar year
 37 that immediately precedes the ensuing calendar year; or
 38 (ii) the civil taxing unit's base year certified share.
- 39 STEP FOUR: Determine the greater of:
- 40 (A) zero (0); or
 41 (B) the amount determined in STEP TWO minus the amount
 42 determined in STEP THREE.
- 43 Add the amount determined in STEP FOUR to the amount determined
 44 in subsection (e), STEP THREE, as provided in subsection (e), STEP
 45 FOUR.
- 46 (e) For each civil taxing unit, the amount to be subtracted under

1 subsection (b), STEP EIGHT, is determined using the following
2 formula:

3 STEP ONE: Determine the lesser of the civil taxing unit's base
4 year certified share for the ensuing calendar year, as determined
5 under section 5 of this chapter, or the civil taxing unit's certified
6 share for the ensuing calendar year.

7 STEP TWO: Determine the greater of:

8 (A) zero (0); or

9 (B) the remainder of:

10 (i) the amount of federal revenue sharing money that was
11 received by the civil taxing unit in 1985; minus

12 (ii) the amount of federal revenue sharing money that will be
13 received by the civil taxing unit in the year preceding the
14 ensuing calendar year.

15 STEP THREE: Determine the lesser of:

16 (A) the amount determined in STEP TWO; or

17 (B) the amount determined in subsection (f) for the civil taxing
18 unit.

19 STEP FOUR: Add the amount determined in subsection (d),
20 STEP FOUR, to the amount determined in STEP THREE.

21 STEP FIVE: Subtract the amount determined in STEP FOUR
22 from the amount determined in STEP ONE.

23 (f) As used in this section, a taxing unit's "determination year"
24 means the latest of:

25 (1) calendar year 1987, if the taxing unit is treated as being
26 located in an adopting county for calendar year 1987 under
27 section 4 of this chapter;

28 (2) the taxing unit's base year, as defined in section 5 of this
29 chapter, if the taxing unit is treated as not being located in an
30 adopting county for calendar year 1987 under section 4 of this
31 chapter; or

32 (3) the ensuing calendar year following the first year that the
33 taxing unit is located in a county that has a county adjusted gross
34 income tax rate of more than one-half percent (0.5%) on July 1 of
35 that year.

36 The amount to be used in subsections (d) and (e) for a taxing unit
37 depends upon the taxing unit's certified share for the ensuing calendar
38 year, the taxing unit's determination year, and the county adjusted gross
39 income tax rate for resident county taxpayers (as defined in
40 IC 6-3.5-1.1-1) that is in effect in the taxing unit's county on July 1 of
41 the year preceding the ensuing calendar year. For the determination
42 year and the ensuing calendar years following the taxing unit's
43 determination year, the amount is the taxing unit's certified share for
44 the ensuing calendar year multiplied by the appropriate factor
45 prescribed in the following table:

46 COUNTRIES WITH A TAX RATE OF 1/2%

1			Subsection (e)
2	Year		Factor
3	For the determination year and each ensuing		
4	calendar year following the determination year		0
5	COUNTIES WITH A TAX RATE OF 3/4%		
6			Subsection (e)
7	Year		Factor
8	For the determination year and each ensuing		
9	calendar year following the determination year		1/2
10	COUNTIES WITH A TAX RATE OF 1.0%		
11		Subsection (d)	Subsection (e)
12	Year	Factor	Factor
13	For the determination year	1/6	1/3
14	For the ensuing calendar year		
15	following the determination year	1/4	1/3
16	For the ensuing calendar year		
17	following the determination year		
18	by two (2) years	1/3	1/3
19	(g) This subsection applies only to property taxes first due and		
20	payable after December 31, 2007. This subsection applies only to a		
21	civil taxing unit that is located in a county for which a county adjusted		
22	gross income tax rate is first imposed or is increased in a particular		
23	year under IC 6-3.5-1.1-24 or IC 6-3.5-1.1-24.5 or a county option		
24	income tax rate is first imposed or is increased in a particular year		
25	under IC 6-3.5-6-30 or IC 6-3.5-6-30.5.. Notwithstanding any		
26	provision in this section or any other section of this chapter and except		
27	as provided in subsection (h), the maximum permissible ad valorem		
28	property tax levy calculated under this section for the ensuing calendar		
29	year for a civil taxing unit subject to this section is equal to the civil		
30	taxing unit's maximum permissible ad valorem property tax levy for the		
31	current calendar year.		
32	(h) This subsection applies only to property taxes first due and		
33	payable after December 31, 2007. In the case of a civil taxing unit that:		
34	(1) is partially located in a county for which a county adjusted		
35	gross income tax rate is first imposed or is increased in a		
36	particular year under IC 6-3.5-1.1-24 or a county option income		
37	tax rate is first imposed or is increased in a particular year under		
38	IC 6-3.5-6-30; and		
39	(2) is partially located in a county that is not described in		
40	subdivision (1);		
41	the department of local government finance shall, notwithstanding		
42	subsection (g), adjust the portion of the civil taxing unit's maximum		
43	permissible ad valorem property tax levy that is attributable (as		
44	determined by the department of local government finance) to the		
45	county or counties described in subdivision (2). The department of		
46	local government finance shall adjust this portion of the civil taxing		

1 unit's maximum permissible ad valorem property tax levy so that,
 2 notwithstanding subsection (g), this portion is allowed to increase as
 3 otherwise provided in this section. If the department of local
 4 government finance increases the civil taxing unit's maximum
 5 permissible ad valorem property tax levy under this subsection, any
 6 additional property taxes imposed by the civil taxing unit under the
 7 adjustment shall be paid only by the taxpayers in the county or counties
 8 described in subdivision (2).".

9 Page 47, between lines 28 and 29, begin a new paragraph and insert:

10 "SECTION 21. IC 6-1.1-36-17, AS ADDED BY P.L.87-2009,
 11 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 UPON PASSAGE]: Sec. 17. (a) As used in this section, "nonreverting
 13 fund" refers to a nonreverting fund established under subsection (c).

14 (b) Each county auditor that makes a determination that property
 15 was not eligible for a standard deduction under IC 6-1.1-12-37 or a
 16 homestead credit under IC 6-1.1-20.9 (repealed) in a particular year
 17 shall notify the county treasurer of the determination. The county
 18 auditor shall issue a notice of taxes, interest, and penalties due to the
 19 owner and include a statement that the payment is to be made payable
 20 to the county auditor. The notice must require full payment of the
 21 amount owed within thirty (30) days.

22 (c) Each county auditor shall establish a nonreverting fund. Upon
 23 collection of the adjustment in tax due (and any interest and penalties
 24 on that amount) after the termination of a deduction or credit as
 25 specified in subsection (b), the county treasurer shall deposit that
 26 amount in the nonreverting fund. Any part of the amount that is not
 27 collected by the due date shall be placed on the tax duplicate for the
 28 affected property and collected in the same manner as other property
 29 taxes. The adjustment in tax due (and any interest and penalties on that
 30 amount) after the termination of a deduction or credit as specified in
 31 subsection (b) shall be deposited in the nonreverting fund only in the
 32 first year in which that amount is collected.

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

- 38 (1) Supplemental deductions under IC 6-1.1-12-37.5.
- 39 (2) Homestead credits under IC 6-1.1-20.4, IC 6-3.5-1.1-26,
 40 **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**,
 41 IC 6-3.5-7-13.1, or IC 6-3.5-7-26, or any other law.
- 42 (3) Credit for excessive property taxes under IC 6-1.1-20.6-7.5 or
 43 IC 6-1.1-20.6-8.5.

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

46 (e) Money in the nonreverting fund shall be treated as miscellaneous

1 revenue. Distributions shall be made from the nonreverting fund
 2 established under this section upon appropriation by the county fiscal
 3 body and shall be made only for the following purposes:

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

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

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

12 The amount of deposits in a reverting fund, the balance of a
 13 nonreverting fund, and expenditures from a reverting fund may not be
 14 considered in establishing the budget of the office of the county auditor
 15 or in setting property tax levies that will be used in any part to fund the
 16 office of the county auditor."

17 Page 51, between lines 12 and 13, begin a new paragraph and insert:

18 "SECTION 25 IC 6-3.5-1.1-2, AS AMENDED BY P.L.224-2007,
 19 SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 UPON PASSAGE]: Sec. 2. (a) The county council of any county in
 21 which the county option income tax will not be in effect on October 1
 22 of a year under an ordinance adopted during a previous calendar year
 23 may impose the county adjusted gross income tax on the adjusted gross
 24 income of county taxpayers of its county effective July 1 of that year.

25 (b) Except as provided in section 2.3, 2.5, 2.6, 2.7, 2.8, 2.9, 3.3, 3.5,
 26 3.6, 24, **24.5**, 25, ~~or 26, or 27~~ of this chapter, the county adjusted gross
 27 income tax may be imposed at a rate of one-half of one percent (0.5%),
 28 three-fourths of one percent (0.75%), or one percent (1%) on the
 29 adjusted gross income of resident county taxpayers of the county. Any
 30 county imposing the county adjusted gross income tax must impose the
 31 tax on the nonresident county taxpayers at a rate of one-fourth of one
 32 percent (0.25%) on their adjusted gross income. If the county council
 33 elects to decrease the county adjusted gross income tax, the county
 34 council may decrease the county adjusted gross income tax rate in
 35 increments of one-tenth of one percent (0.1%).

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

39 "The _____ County Council imposes the county adjusted
 40 gross income tax on the county taxpayers of _____ County.
 41 The county adjusted gross income tax is imposed at a rate of
 42 _____ percent (____%) on the resident county taxpayers of the
 43 county and one-fourth of one percent (0.25%) on the nonresident
 44 county taxpayers of the county. This tax takes effect October 1 of
 45 this year."

46 (d) Any ordinance adopted under this section takes effect October

1 of the year the ordinance is adopted.

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

6 (f) If the county adjusted gross income tax had previously been
7 adopted by a county under IC 6-3.5-1 (before its repeal on March 15,
8 1983) and that tax was in effect at the time of the enactment of this
9 chapter, then the county adjusted gross income tax continues in that
10 county at the rates in effect at the time of enactment until the rates are
11 modified or the tax is rescinded in the manner prescribed by this
12 chapter. If a county's adjusted gross income tax is continued under this
13 subsection, then the tax shall be treated as if it had been imposed under
14 this chapter and is subject to rescission or reduction as authorized in
15 this chapter.

16 SECTION 26. IC 6-3.5-1.1-9, AS AMENDED BY
17 P.L.182-2009(ss), SECTION 210, IS AMENDED TO READ AS
18 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Revenue
19 derived from the imposition of the county adjusted gross income tax
20 shall, in the manner prescribed by this section, be distributed to the
21 county that imposed it. The amount to be distributed to a county during
22 an ensuing calendar year equals the amount of county adjusted gross
23 income tax revenue that the budget agency determines has been:

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

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

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

31 (b) Before August 2 of each calendar year, the budget agency shall
32 certify to the county auditor of each adopting county the amount
33 determined under subsection (a) plus the amount of interest in the
34 county's account that has accrued and has not been included in a
35 certification made in a preceding year. The amount certified is the
36 county's "certified distribution" for the immediately succeeding
37 calendar year. The amount certified shall be adjusted under subsections
38 (c), (d), (e), (f), (g), and (h). The budget agency shall provide the
39 county council with an informative summary of the calculations used
40 to determine the certified distribution. The summary of calculations
41 must include:

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

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

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

46 (4) adjustments for tax rate changes; and

1 (5) the amount of excess account balances to be distributed under
2 IC 6-3.5-1.1-21.1.

3 The budget agency shall also certify information concerning the part of
4 the certified distribution that is attributable to a tax rate under section
5 24, **24.5**, 25, ~~or 26, or 27~~ of this chapter. This information must be
6 certified to the county auditor, the department, and the department of
7 local government finance not later than September 1 of each calendar
8 year. The part of the certified distribution that is attributable to a tax
9 rate under section 24, **24.5**, 25, ~~or 26, or 27~~ of this chapter may be used
10 only as specified in those provisions.

11 (c) The budget agency shall certify an amount less than the amount
12 determined under subsection (b) if the budget agency determines that
13 the reduced distribution is necessary to offset overpayments made in a
14 calendar year before the calendar year of the distribution. The budget
15 agency may reduce the amount of the certified distribution over several
16 calendar years so that any overpayments are offset over several years
17 rather than in one (1) lump sum.

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

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

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

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

30 under this chapter in the same calendar year in which the budget
31 agency makes a certification under this section. The budget agency
32 shall adjust the certified distribution of a county to provide for a
33 distribution in the immediately following calendar year and in each
34 calendar year thereafter. The budget agency shall provide for a full
35 transition to certification of distributions as provided in subsection
36 (a)(1) through (a)(2) in the manner provided in subsection (c).

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

42 (h) This subsection applies in the year in which a county initially
43 imposes a tax rate under section 24 ~~or 24.5~~ of this chapter.
44 Notwithstanding any other provision, the budget agency shall adjust the
45 part of the county's certified distribution that is attributable to the tax
46 rate under section 24 ~~or 24.5~~ of this chapter to provide for a

1 distribution in the immediately following calendar year equal to the
 2 result of:

- 3 (1) the sum of the amounts determined under STEP ONE through
- 4 STEP FOUR of IC 6-3.5-1.5-1(a) **or STEP ONE through STEP**
- 5 **TWO of IC 6-3.5-1.5-15(a)** in the year in which the county
- 6 initially imposes a tax rate under section 24 **or 24.5** of this
- 7 chapter; multiplied by
- 8 (2) two (2).

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

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

- 25 (1) One-fourth (1/4) on October 1 of the calendar year in which
- 26 the ordinance was adopted.
- 27 (2) One-fourth (1/4) on January 1 of the calendar year following
- 28 the year in which the ordinance was adopted.
- 29 (3) One-fourth (1/4) on May 1 of the calendar year following the
- 30 year in which the ordinance was adopted.
- 31 (4) One-fourth (1/4) on November 1 of the calendar year
- 32 following the year in which the ordinance was adopted.

33 Notwithstanding section 11 of this chapter, the part of the certified
 34 distribution received under subdivision (1) that would otherwise be
 35 allocated to a civil taxing unit or school corporation as property tax
 36 replacement credits under section 11 of this chapter shall be set aside
 37 and treated for the calendar year when received by the civil taxing unit
 38 or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or
 39 IC 20-44-3. Certified distributions made to the county treasurer for
 40 calendar years following the eighteen (18) month period described in
 41 this subsection shall be made as provided in subsection (a).

- 42 (c) Except for:
- 43 (1) revenue that must be used to pay the costs of:
- 44 (A) financing, constructing, acquiring, improving, renovating,
- 45 equipping, operating, or maintaining facilities and buildings;
- 46 (B) debt service on bonds; or

- 1 (C) lease rentals;
- 2 under section 2.3 of this chapter;
- 3 (2) revenue that must be used to pay the costs of operating a jail
- 4 and juvenile detention center under section 2.5(d) of this chapter;
- 5 (3) revenue that must be used to pay the costs of:
- 6 (A) financing, constructing, acquiring, improving, renovating,
- 7 equipping, operating, or maintaining facilities and buildings;
- 8 (B) debt service on bonds; or
- 9 (C) lease rentals;
- 10 under section 2.8 of this chapter;
- 11 (4) revenue that must be used to pay the costs of construction,
- 12 improvement, renovation, or remodeling of a jail and related
- 13 buildings and parking structures under section 2.7, 2.9, or 3.3 of
- 14 this chapter;
- 15 (5) revenue that must be used to pay the costs of operating and
- 16 maintaining a jail and justice center under section 3.5(d) of this
- 17 chapter;
- 18 (6) revenue that must be used to pay the costs of constructing,
- 19 acquiring, improving, renovating, or equipping a county
- 20 courthouse under section 3.6 of this chapter;
- 21 (7) revenue under section 2.6 of this chapter; or
- 22 (8) revenue attributable to a tax rate under section 24, **24.5**, 25, **or**
- 23 **26, or 27** of this chapter;
- 24 distributions made to a county treasurer under subsections (a) and (b)
- 25 shall be treated as though they were property taxes that were due and
- 26 payable during that same calendar year. Except as provided by
- 27 subsection (b) and sections 24, **24.5**, 25, ~~and 26~~, **and 27** of this chapter,
- 28 the certified distribution shall be distributed and used by the taxing
- 29 units and school corporations as provided in sections 11 through 15 of
- 30 this chapter.
- 31 (d) All distributions from an account established under section 8 of
- 32 this chapter shall be made by warrants issued by the auditor of the state
- 33 to the treasurer of the state ordering the appropriate payments.
- 34 SECTION 28. IC 6-3.5-1.1-11, AS AMENDED BY P.L.224-2007,
- 35 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 36 UPON PASSAGE]: Sec. 11. (a) Except for:
- 37 (1) revenue that must be used to pay the costs of:
- 38 (A) financing, constructing, acquiring, improving, renovating,
- 39 equipping, operating, or maintaining facilities and buildings;
- 40 (B) debt service on bonds; or
- 41 (C) lease rentals;
- 42 under section 2.3 of this chapter;
- 43 (2) revenue that must be used to pay the costs of operating a jail
- 44 and juvenile detention center under section 2.5(d) of this chapter;
- 45 (3) revenue that must be used to pay the costs of:
- 46 (A) financing, constructing, acquiring, improving, renovating,

- 1 equipping, operating, or maintaining facilities and buildings;
- 2 (B) debt service on bonds; or
- 3 (C) lease rentals;
- 4 under section 2.8 of this chapter;
- 5 (4) revenue that must be used to pay the costs of construction,
- 6 improvement, renovation, or remodeling of a jail and related
- 7 buildings and parking structures under section 2.7, 2.9, or 3.3 of
- 8 this chapter;
- 9 (5) revenue that must be used to pay the costs of operating and
- 10 maintaining a jail and justice center under section 3.5(d) of this
- 11 chapter;
- 12 (6) revenue that must be used to pay the costs of constructing,
- 13 acquiring, improving, renovating, or equipping a county
- 14 courthouse under section 3.6 of this chapter; or
- 15 (7) revenue attributable to a tax rate under section 24, **24.5**, 25, **or**
- 16 **26, or 27** of this chapter;

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

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

31	PROPERTY		
32	COUNTY	TAX	
33	ADJUSTED GROSS	REPLACEMENT	CERTIFIED
34	INCOME TAX RATE	CREDITS	SHARES
35	0.5%	50%	50%
36	0.75%	33 1/3%	66 2/3%
37	1%	25%	75%

38 (c) The part of a certified distribution that constitutes property tax
 39 replacement credits shall be distributed as provided under sections 12,
 40 13, and 14 of this chapter.

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

43 SECTION 29. IC 6-3.5-1.1-23, AS AMENDED BY P.L.224-2007,
 44 SECTION 65, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 45 UPON PASSAGE]: Sec. 23. (a) A pledge of county adjusted gross
 46 income tax revenues under this chapter (other than tax revenue

1 attributable to a tax rate under section 24, **24.5**, 25, ~~or~~ 26, **or 27** of this
2 chapter) is 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
7 collection of the tax imposed under this chapter as long as the principal
8 of or interest on those obligations is unpaid.

9 SECTION 30. IC 6-3.5-1.1-24, AS AMENDED BY P.L.146-2008,
10 SECTION 331, IS AMENDED TO READ AS FOLLOWS
11 [EFFECTIVE UPON PASSAGE]: Sec. 24. (a) **Except as provided in**
12 **subsection (s)**, in a county in which the county adjusted gross income
13 tax is in effect, the county council may, before August 1 of a year,
14 adopt an ordinance to impose or increase (as applicable) a tax rate
15 under this section.

16 (b) **Except as provided in subsection (s)**, in a county in which
17 neither the county adjusted gross income tax nor the county option
18 income tax is in effect, the county council may, before August 1 of a
19 year, adopt an ordinance to impose a tax rate under this section.

20 (c) An ordinance adopted under this section takes effect October 1
21 of the year in which the ordinance is adopted. If a county council
22 adopts an ordinance to impose or increase a tax rate under this section,
23 the county auditor shall send a certified copy of the ordinance to the
24 department and the department of local government finance by
25 certified mail.

26 (d) A tax rate under this section is in addition to any other tax rates
27 imposed under this chapter and does not affect the purposes for which
28 other tax revenue under this chapter may be used.

29 (e) The following apply only in the year in which a county council
30 first imposes a tax rate under this section.

31 (1) The county council shall, in the ordinance imposing the tax
32 rate, specify the tax rate for each of the following two (2) years.

33 (2) The tax rate that must be imposed in the county from October
34 1 of the year in which the tax rate is imposed through September
35 30 of the following year is equal to the result of:

36 (A) the tax rate determined for the county under
37 IC 6-3.5-1.5-1(a) in the year in which the tax rate is increased;
38 multiplied by

39 (B) two (2).

40 (3) The tax rate that must be imposed in the county from October
41 1 of the following year through September 30 of the year after the
42 following year is the tax rate determined for the county under
43 IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues
44 in effect in later years unless the tax rate is increased under this
45 section.

46 (4) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h),

1 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
 2 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
 3 payable in the ensuing calendar year and to property taxes first
 4 due and payable in the calendar year after the ensuing calendar
 5 year.

6 (f) The following apply only in a year in which a county council
 7 increases a tax rate under this section:

8 (1) The county council shall, in the ordinance increasing the tax
 9 rate, specify the tax rate for the following year.

10 (2) The tax rate that must be imposed in the county from October
 11 1 of the year in which the tax rate is increased through September
 12 30 of the following year is equal to the result of:

13 (A) the tax rate determined for the county under
 14 IC 6-3.5-1.5-1(a) in that year; plus

15 (B) the tax rate currently in effect in the county under this
 16 section.

17 The tax rate under this subdivision continues in effect in later
 18 years unless the tax rate is increased under this section.

19 (3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h),
 20 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
 21 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
 22 payable in the ensuing calendar year.

23 (g) The department of local government finance shall determine the
 24 following property tax replacement distribution amounts:

25 STEP ONE: Determine the sum of the amounts determined under
 26 STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the
 27 county in the preceding year.

28 STEP TWO: For distribution to each civil taxing unit that in the
 29 year had a maximum permissible property tax levy limited under
 30 IC 6-1.1-18.5-3(g), determine the result of:

31 (1) the quotient of:

32 (A) the part of the amount determined under STEP ONE of
 33 IC 6-3.5-1.5-1(a) in the preceding year that was attributable
 34 to the civil taxing unit; divided by

35 (B) the STEP ONE amount; multiplied by

36 (2) the tax revenue received by the county treasurer under this
 37 section.

38 STEP THREE: For distributions in 2009 and thereafter, the result
 39 of this STEP is zero (0). For distribution to the county for deposit
 40 in the county family and children's fund before 2009, determine
 41 the result of:

42 (1) the quotient of:

43 (A) the amount determined under STEP TWO of
 44 IC 6-3.5-1.5-1(a) in the preceding year; divided by

45 (B) the STEP ONE amount; multiplied by

46 (2) the tax revenue received by the county treasurer under this

- 1 section.
- 2 STEP FOUR: For distributions in 2009 and thereafter, the result
- 3 of this STEP is zero (0). For distribution to the county for deposit
- 4 in the county children's psychiatric residential treatment services
- 5 fund before 2009, determine the result of:
- 6 (1) the quotient of:
- 7 (A) the amount determined under STEP THREE of
- 8 IC 6-3.5-1.5-1(a) in the preceding year; divided by
- 9 (B) the STEP ONE amount; multiplied by
- 10 (2) the tax revenue received by the county treasurer under this
- 11 section.
- 12 STEP FIVE: For distribution to the county for community mental
- 13 health center purposes, determine the result of:
- 14 (1) the quotient of:
- 15 (A) the amount determined under STEP FOUR of
- 16 IC 6-3.5-1.5-1(a) in the preceding year; divided by
- 17 (B) the STEP ONE amount; multiplied by
- 18 (2) the tax revenue received by the county treasurer under this
- 19 section.
- 20 Except as provided in subsection (m), the county treasurer shall
- 21 distribute the portion of the certified distribution that is attributable to
- 22 a tax rate under this section as specified in this section. The county
- 23 treasurer shall make the distributions under this subsection at the same
- 24 time that distributions are made to civil taxing units under section 15
- 25 of this chapter.
- 26 (h) Notwithstanding sections 3.1 and 4 of this chapter, a county
- 27 council may not decrease or rescind a tax rate imposed under this
- 28 chapter.
- 29 (i) The tax rate under this section shall not be considered for
- 30 purposes of computing:
- 31 (1) the maximum income tax rate that may be imposed in a county
- 32 under section 2 of this chapter or any other provision of this
- 33 chapter; or
- 34 (2) the maximum permissible property tax levy under STEP
- 35 EIGHT of IC 6-1.1-18.5-3(b).
- 36 (j) The tax levy under this section shall not be considered for
- 37 purposes of computing the total county tax levy under
- 38 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) (before
- 39 the repeal of those provisions) or for purposes of the credit under
- 40 IC 6-1.1-20.6.
- 41 (k) A distribution under this section shall be treated as a part of the
- 42 receiving civil taxing unit's property tax levy for that year for purposes
- 43 of fixing the budget of the civil taxing unit and for determining the
- 44 distribution of taxes that are distributed on the basis of property tax
- 45 levies.
- 46 (l) If a county council imposes a tax rate under this section, the

1 portion of county adjusted gross income tax revenue dedicated to
2 property tax replacement credits under section 11 of this chapter may
3 not be decreased.

4 (m) In the year following the year in a which a county first imposes
5 a tax rate under this section, one-half (1/2) of the tax revenue that is
6 attributable to the tax rate under this section must be deposited in the
7 county stabilization fund established under subsection (o).

8 (n) A pledge of county adjusted gross income taxes does not apply
9 to revenue attributable to a tax rate under this section.

10 (o) A county stabilization fund is established in each county that
11 imposes a tax rate under this section. The county stabilization fund
12 shall be administered by the county auditor. If for a year the certified
13 distributions attributable to a tax rate under this section exceed the
14 amount calculated under STEP ONE through STEP FOUR of
15 IC 6-3.5-1.5-1(a) that is used by the department of local government
16 finance and the department of state revenue to determine the tax rate
17 under this section, the excess shall be deposited in the county
18 stabilization fund. Money shall be distributed from the county
19 stabilization fund in a year by the county auditor to political
20 subdivisions entitled to a distribution of tax revenue attributable to the
21 tax rate under this section if:

22 (1) the certified distributions attributable to a tax rate under this
23 section are less than the amount calculated under STEP ONE
24 through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the
25 department of local government finance and the department of
26 state revenue to determine the tax rate under this section for a
27 year; or

28 (2) the certified distributions attributable to a tax rate under this
29 section in a year are less than the certified distributions
30 attributable to a tax rate under this section in the preceding year.

31 However, subdivision (2) does not apply to the year following the first
32 year in which certified distributions of revenue attributable to the tax
33 rate under this section are distributed to the county.

34 (p) Notwithstanding any other provision, a tax rate imposed under
35 this section may not exceed one percent (1%).

36 (q) A county council must each year hold at least one (1) public
37 meeting at which the county council discusses whether the tax rate
38 under this section should be imposed or increased.

39 (r) 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 **(s) A tax rate may not be imposed under this section if a tax rate**
43 **is imposed under section 24.5 of this chapter.**

44 SECTION 31. IC 6-3.5-1.1-24.5 IS ADDED TO THE INDIANA
45 CODE AS A NEW SECTION TO READ AS FOLLOWS
46 [EFFECTIVE UPON PASSAGE]: **Sec. 24.5. (a) This section does not**

1 apply to Lake County.

2 (b) In a county in which the county adjusted gross income tax is
3 in effect, the county council may, before August 1 of a year, adopt
4 an ordinance to impose or increase (as applicable) a tax rate under
5 this section.

6 (c) In a county in which neither the county adjusted gross
7 income tax nor the county option income tax is in effect, the county
8 council may, before August 1 of a year, adopt an ordinance to
9 impose a tax rate under this section.

10 (d) A tax rate under this section may not be imposed if a tax rate
11 is imposed under section 24 of this chapter.

12 (e) An ordinance adopted under this section takes effect October
13 1 of the year in which the ordinance is adopted. If a county council
14 adopts an ordinance to impose or increase a tax rate under this
15 section, the county auditor shall send a certified copy of the
16 ordinance to the department and the department of local
17 government finance by certified mail.

18 (f) A tax rate under this section is in addition to any other tax
19 rates imposed under this chapter and does not affect the purposes
20 for which other tax revenue under this chapter may be used.

21 (g) The following apply only in the year in which a county
22 council first imposes a tax rate under this section.

23 (1) The county council shall, in the ordinance imposing the tax
24 rate, specify the tax rate for each of the following two (2)
25 years.

26 (2) The tax rate that must be imposed in the county from
27 October 1 of the year in which the tax rate is imposed through
28 September 30 of the following year is equal to the result of:

29 (A) the tax rate determined for the county under
30 IC 6-3.5-1.5-1.5(a) in the year in which the tax rate is
31 increased; multiplied by

32 (B) two (2).

33 (3) The tax rate that must be imposed in the county from
34 October 1 of the following year through September 30 of the
35 year after the following year is the tax rate determined for the
36 county under IC 6-3.5-1.5-1.5(b). The tax rate under this
37 subdivision continues in effect in later years unless the tax
38 rate is increased under this section.

39 (4) The levy limitations in IC 6-1.1-18.5-3(g), and
40 IC 12-29-2-2(c) apply to property taxes first due and payable
41 in the ensuing calendar year and to property taxes first due
42 and payable in the calendar year after the ensuing calendar
43 year.

44 (h) The following apply only in a year in which a county council
45 increases a tax rate under this section:

46 (1) The county council shall, in the ordinance increasing the
47 tax rate, specify the tax rate for the following year.

1 **(2) The tax rate that must be imposed in the county from**
 2 **October 1 of the year in which the tax rate is increased**
 3 **through September 30 of the following year is equal to the**
 4 **result of:**

5 **(A) the tax rate determined for the county under**
 6 **IC 6-3.5-1.5-1.5(a) in that year; plus**

7 **(B) the tax rate currently in effect in the county under this**
 8 **section.**

9 **The tax rate under this subdivision continues in effect in later**
 10 **years unless the tax rate is increased under this section.**

11 **(3) The levy limitations in IC 6-1.1-18.5-3(g), and**
 12 **IC 12-29-2-2(c) apply to property taxes first due and payable**
 13 **in the ensuing calendar year.**

14 **(i) The department of local government finance shall distribute**
 15 **to the county the amount determined under property tax**
 16 **replacement distribution amounts:**

17 **STEP ONE: Determine the sum of the amounts determined**
 18 **under IC 6-3.5-1.5-1.5(a) for the county's portion of the tax**
 19 **levy in the preceding year.**

20 **STEP TWO: For distribution to the county for community**
 21 **mental health center purposes, determine the result of:**

22 **(1) the quotient of:**

23 **(A) the amount determined under STEP TWO of**
 24 **IC 6-3.5-1.5-1.5(a) in the preceding year; divided by**

25 **(B) the STEP ONE amount; multiplied by**

26 **(2) the tax revenue received by the county treasurer under**
 27 **this section.**

28 **Except as provided in subsection (o), the county treasurer shall**
 29 **distribute the portion of the certified distribution that is**
 30 **attributable to a tax rate under this section as specified in this**
 31 **section. The county treasurer shall make the distributions to the**
 32 **county under this subsection at the same time that distributions are**
 33 **made to civil taxing units under section 15 of this chapter.**

34 **(j) Notwithstanding sections 3.1 and 4 of this chapter, a county**
 35 **council may not decrease or rescind a tax rate imposed under this**
 36 **chapter.**

37 **(k) The tax rate under this section shall not be considered for**
 38 **purposes of computing:**

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

42 **(2) a county's maximum permissible tax levy.**

43 **(l) The tax levy under this section shall not be considered for**
 44 **purposes of computing the total county tax levy under**
 45 **IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or for purposes of the**
 46 **credit under IC 6-1.1-20.6.**

47 **(m) A distribution under this section shall be treated as a part**

1 of the receiving county's property tax levy for that year for
 2 purposes of fixing the budget of the county and for determining the
 3 distribution of taxes that are distributed on the basis of property
 4 tax levies.

5 (n) If a county council imposes a tax rate under this section, the
 6 portion of county adjusted gross income tax revenue dedicated to
 7 property tax replacement credits under section 11 of this chapter
 8 may not be decreased.

9 (o) In the year following the year in a which a county first
 10 imposes a tax rate under this section, one-half (1/2) of the tax
 11 revenue that is attributable to the tax rate under this section must
 12 be deposited in the county stabilization fund established under
 13 subsection (o).

14 (p) A pledge of county adjusted gross income taxes does not
 15 apply to revenue attributable to a tax rate under this section.

16 (q) A county stabilization fund is established in each county that
 17 imposes a tax rate under this section. The county stabilization fund
 18 shall be administered by the county auditor. If for a year the
 19 certified distributions attributable to a tax rate under this section
 20 exceed the amount calculated under IC 6-3.5-1.5-1.5(a) that is used
 21 by the department of local government finance and the budget
 22 agency to determine the tax rate under this section, the excess shall
 23 be deposited in the county stabilization fund. Money shall be
 24 distributed from the county stabilization fund in a year by the
 25 county auditor to the county from revenue attributable to the tax
 26 rate imposed under this section if:

27 (1) the certified distributions attributable to a tax rate under
 28 this section are less than the amount calculated under
 29 IC 6-3.5-1.5-1.5(a) that is used by the department of local
 30 government finance and the budget agency to determine the
 31 tax rate under this section for a year; or

32 (2) the certified distributions attributable to a tax rate under
 33 this section in a year are less than the certified distributions
 34 attributable to a tax rate under this section in the preceding
 35 year.

36 However, subdivision (2) does not apply to the year following the
 37 first year in which certified distributions of revenue attributable to
 38 the tax rate under this section are distributed to the county.

39 (r) Notwithstanding any other provision, a tax rate imposed
 40 under this section may not exceed one percent (1%).

41 (s) A county council must each year hold at least one (1) public
 42 meeting at which the county council discusses whether the tax rate
 43 under this section should be imposed or increased.

44 (t) 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 SECTION 32. IC 6-3.5-1.1-25, AS AMENDED BY P.L.146-2008,

1 SECTION 332, IS AMENDED TO READ AS FOLLOWS
 2 [EFFECTIVE UPON PASSAGE]: Sec. 25. (a) As used in this section,
 3 "public safety" refers to the following:

4 (1) A police and law enforcement system to preserve public peace
 5 and order.

6 (2) A firefighting and fire prevention system.

7 (3) Emergency ambulance services (as defined in
 8 IC 16-18-2-107).

9 (4) Emergency medical services (as defined in IC 16-18-2-110).

10 (5) Emergency action (as defined in IC 13-11-2-65).

11 (6) A probation department of a court.

12 (7) Confinement, supervision, services under a community
 13 corrections program (as defined in IC 35-38-2.6-2), or other
 14 correctional services for a person who has been:

15 (A) diverted before a final hearing or trial under an agreement
 16 that is between the county prosecuting attorney and the person
 17 or the person's custodian, guardian, or parent and that provides
 18 for confinement, supervision, community corrections services,
 19 or other correctional services instead of a final action
 20 described in clause (B) or (C);

21 (B) convicted of a crime; or

22 (C) adjudicated as a delinquent child or a child in need of
 23 services.

24 (8) A juvenile detention facility under IC 31-31-8.

25 (9) A juvenile detention center under IC 31-31-9.

26 (10) A county jail.

27 (11) A communications system (as defined in IC 36-8-15-3) or an
 28 enhanced emergency telephone system (as defined in
 29 IC 36-8-16-2).

30 (12) Medical and health expenses for jail inmates and other
 31 confined persons.

32 (13) Pension payments for any of the following:

33 (A) A member of the fire department (as defined in
 34 IC 36-8-1-8) or any other employee of a fire department.

35 (B) A member of the police department (as defined in
 36 IC 36-8-1-9), a police chief hired under a waiver under
 37 IC 36-8-4-6.5, or any other employee hired by a police
 38 department.

39 (C) A county sheriff or any other member of the office of the
 40 county sheriff.

41 (D) Other personnel employed to provide a service described
 42 in this section.

43 (b) If a county council has imposed a tax rate of at least twenty-five
 44 hundredths of one percent (0.25%) under section 24 of this chapter, a
 45 tax rate of at least twenty-five hundredths of one percent (0.25%) under
 46 **either** section 26 **or** 27 of this chapter, or a total combined tax rate of

1 at least twenty-five hundredths of one percent (0.25%) under **either**
 2 sections 24 **or** 24.5 and **either section 26 or 27** of this chapter, the
 3 county council may also adopt an ordinance to impose an additional tax
 4 rate under this section to provide funding for public safety.

5 (c) A tax rate under this section may not exceed twenty-five
 6 hundredths of one percent (0.25%).

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

11 (e) A tax rate under this section is in addition to any other tax rates
 12 imposed under this chapter and does not affect the purposes for which
 13 other tax revenue under this chapter may be used.

14 (f) Except as provided in subsection (k), the county auditor shall
 15 distribute the portion of the certified distribution that is attributable to
 16 a tax rate under this section to the county and to each municipality in
 17 the county. The amount that shall be distributed to the county or
 18 municipality is equal to the result of:

19 (1) the portion of the certified distribution that is attributable to a
 20 tax rate under this section; multiplied by

21 (2) a fraction equal to:

22 (A) the attributed allocation amount (as defined in
 23 IC 6-3.5-1.1-15) of the county or municipality for the calendar
 24 year; divided by

25 (B) the sum of the attributed allocation amounts of the county
 26 and each municipality in the county for the calendar year.

27 The county auditor shall make the distributions required by this
 28 subsection not more than thirty (30) days after receiving the portion of
 29 the certified distribution that is attributable to a tax rate under this
 30 section. Tax revenue distributed to a county or municipality under this
 31 subsection must be deposited into a separate account or fund and may
 32 be appropriated by the county or municipality only for public safety
 33 purposes.

34 (g) The department of local government finance may not require a
 35 county or municipality receiving tax revenue under this section to
 36 reduce the county's or municipality's property tax levy for a particular
 37 year on account of the county's or municipality's receipt of the tax
 38 revenue.

39 (h) The tax rate under this section and the tax revenue attributable
 40 to the tax rate under this section shall not be considered for purposes
 41 of computing:

42 (1) the maximum income tax rate that may be imposed in a county
 43 under section 2 of this chapter or any other provision of this
 44 chapter;

45 (2) the maximum permissible property tax levy under STEP
 46 EIGHT of IC 6-1.1-18.5-3(b);

1 (3) the total county tax levy under IC 6-1.1-21-2(g)(3),
 2 IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5) (before the repeal of
 3 IC 6-1.1-21); or

4 (4) the credit under IC 6-1.1-20.6.

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

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

16 SECTION 33. IC 6-3.5-1.1-26, AS AMENDED BY P.L.146-2008,
 17 SECTION 333, IS AMENDED TO READ AS FOLLOWS
 18 [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) A county council may
 19 impose a tax rate under this section to provide property tax relief to
 20 political subdivisions in the county. A county council is not required to
 21 impose any other tax before imposing a tax rate under this section.

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

25 (c) **Except as otherwise provided in this subsection,** a tax rate
 26 under this section is in addition to any other tax rates imposed under
 27 this chapter and does not affect the purposes for which other tax
 28 revenue under this chapter may be used. **A tax rate under this section**
 29 **may not be imposed if a tax rate is imposed under section 27 of this**
 30 **chapter.**

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

35 (e) A tax rate under this section may be imposed, increased,
 36 decreased, ~~or~~ rescinded, **or replaced by a tax rate imposed under**
 37 **section 27 of this chapter** by a county council at the same time and in
 38 the same manner that the county council may impose or increase a tax
 39 rate under section 24 of this chapter.

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

43 (1) Except as provided in subsection (j), the tax revenue may be
 44 used to provide local property tax replacement credits at a
 45 uniform rate to all taxpayers in the county. The local property tax
 46 replacement credits shall be treated for all purposes as property

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

9 (A) Made available to the public the county council's best
 10 estimate of the amount of property tax replacement credits to
 11 be provided under this subdivision to homesteads, other
 12 residential property, commercial property, industrial property,
 13 and agricultural property.

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

19 (2) The tax revenue may be used to uniformly increase (before
 20 January 1, 2009) or uniformly provide (after December 31, 2008)
 21 the homestead credit percentage in the county. The homestead
 22 credits shall be treated for all purposes as property tax levies. The
 23 homestead credits do not reduce the basis for determining the
 24 state homestead credit under IC 6-1.1-20.9 (before its repeal). The
 25 homestead credits shall be applied to the net property taxes due
 26 on the homestead after the application of all other assessed value
 27 deductions or property tax deductions and credits that apply to the
 28 amount owed under IC 6-1.1. The department of local government
 29 finance shall determine the homestead credit percentage for a
 30 particular year based on the amount of tax revenue that will be
 31 used under this subdivision to provide homestead credits in that
 32 year.

33 (3) The tax revenue may be used to provide local property tax
 34 replacement credits at a uniform rate for all qualified residential
 35 property (as defined in IC 6-1.1-20.6-4 before January 1, 2009,
 36 and as defined in section 1 of this chapter after December 31,
 37 2008) in the county. The local property tax replacement credits
 38 shall be treated for all purposes as property tax levies. The county
 39 auditor shall determine the local property tax replacement credit
 40 percentage for a particular year based on the amount of tax
 41 revenue that will be used under this subdivision to provide local
 42 property tax replacement credits in that year.

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

1 (A) To reduce all property tax levies imposed by the county by
2 the granting of property tax replacement credits against those
3 property tax levies.

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

6 (i) The tax revenue under this section that is collected from
7 taxpayers within a particular municipality in Lake County
8 (as determined by the department based on the department's
9 best estimate) shall be used only to provide a local property
10 tax credit against property taxes imposed by that
11 municipality.

12 (ii) The tax revenue under this section that is collected from
13 taxpayers within the unincorporated area of Lake County (as
14 determined by the department) shall be used only to provide
15 a local property tax credit against property taxes imposed by
16 the county. The local property tax credit for the
17 unincorporated area of Lake County shall be available only
18 to those taxpayers within the unincorporated area of the
19 county.

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

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

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

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

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

1 (g) The tax rate under this section and the tax revenue attributable
 2 to the tax rate under this section shall not be considered for purposes
 3 of computing:

4 (1) the maximum income tax rate that may be imposed in a county
 5 under section 2 of this chapter or any other provision of this
 6 chapter;

7 (2) the maximum permissible property tax levy under STEP
 8 EIGHT of IC 6-1.1-18.5-3(b);

9 (3) before January 1, 2009, the total county tax levy under
 10 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)
 11 (before the repeal of those provisions); or

12 (4) the credit under IC 6-1.1-20.6.

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

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

21 (j) A taxpayer that owns an industrial plant located in Jasper County
 22 is ineligible for a local property tax replacement credit under this
 23 section against the property taxes due on the industrial plant if the
 24 assessed value of the industrial plant as of March 1, 2006, exceeds
 25 twenty percent (20%) of the total assessed value of all taxable property
 26 in the county on that date. The general assembly finds that the
 27 provisions of this subsection are necessary because the industrial plant
 28 represents such a large percentage of Jasper County's assessed
 29 valuation.

30 SECTION 34. IC 6-3.5-1.1-27 IS ADDED TO THE INDIANA
 31 CODE AS A NEW SECTION TO READ AS FOLLOWS
 32 [EFFECTIVE UPON PASSAGE]: **Sec. 27. (a) This section does not**
 33 **apply to Lake County.**

34 **(b) A county council may impose a tax rate under this section to**
 35 **provide property tax relief to county taxpayers. A county council**
 36 **is not required to impose any other tax before imposing a tax rate**
 37 **under this section.**

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

42 **(d) Except as provided in this subsection, a tax rate under this**
 43 **section is in addition to any other tax rates imposed under this**
 44 **chapter and does not affect the purposes for which other tax**
 45 **revenue under this chapter may be used. A tax rate may not be**
 46 **imposed under this section if a tax rate is imposed under section 26**

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of this chapter.

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

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

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

(1) Except as provided in subsection (j), the tax revenue may be used to provide county property tax replacement credits at a uniform rate to all taxpayers in the county and applied to all property tax levies imposed by the county. The county property tax replacement credits must be treated for all purposes as property tax levies. The county auditor shall determine the county property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide county property tax replacement credits in that year. A county council may not adopt an ordinance determining that tax revenue must be used under this subdivision to provide county property tax replacement credits at a uniform rate to all taxpayers in the county unless the county council has done the following:

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

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

(2) The tax revenue may be used to uniformly provide a homestead credit percentage against all property tax levies imposed by the county. The homestead credits must be treated for all purposes as property tax levies. The homestead credits must be applied to the county's part of property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The department of local government finance shall determine the homestead credit

1 percentage for a particular year based on the amount of tax
2 revenue that will be used under this subdivision to provide a
3 homestead credit in that year.

4 **(3) The tax revenue may be used to provide county property**
5 **tax replacement credits at a uniform rate for all qualified**
6 **residential property, as defined in section 1 of this chapter, in**
7 **the county for all property tax levies imposed by the county.**
8 **The county property tax replacement credits must be treated**
9 **for all purposes as property tax levies. The county auditor**
10 **shall determine the county property tax replacement credit**
11 **percentage for a particular year based on the amount of tax**
12 **revenue that will be used under this subdivision to provide**
13 **county property tax replacement credits in that year.**

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

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

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

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

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

26 **(j) A taxpayer that owns an industrial plant located in Jasper**
27 **County is ineligible for a county property tax replacement credit**
28 **under this section against the property taxes due on the industrial**
29 **plant if the assessed value of the industrial plant as of March 1,**
30 **2009, exceeds twenty percent (20%) of the total assessed value of**
31 **all taxable property in the county on that date. The general**
32 **assembly finds that this subsection is necessary because the**
33 **industrial plant represents such a large percentage of Jasper**
34 **County's assessed valuation.**

35 SECTION 35. IC 6-3.5-1.5-1, AS AMENDED BY
36 P.L.182-2009(ss), SECTION 215, IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) **This section**
38 **applies to a tax rate imposed under IC 6-3.5-1.1-24 or**
39 **IC 6-3.5-6-30.** The department of local government finance and the
40 department of state revenue (before January 1, 2010) or the budget
41 agency (after December 31, 2009) shall, before July 1 of each year,
42 jointly calculate the county adjusted income tax rate or county option
43 income tax rate (as applicable) that must be imposed in a county to
44 raise income tax revenue in the following year equal to the sum of the
45 following STEPS:

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

47 (1) the department of local government finance's estimate of

- 1 the sum of the maximum permissible ad valorem property tax
 2 levies calculated under IC 6-1.1-18.5 for all civil taxing units
 3 in the county for the ensuing calendar year (before any
 4 adjustment under IC 6-1.1-18.5-3(g) or IC 6-1.1-18.5-3(h) for
 5 the ensuing calendar year); minus
 6 (2) the sum of the maximum permissible ad valorem property
 7 tax levies calculated under IC 6-1.1-18.5 for all civil taxing
 8 units in the county for the current calendar year.
- 9 In the case of a civil taxing unit that is located in more than one
 10 (1) county, the department of local government finance shall, for
 11 purposes of making the determination under this subdivision,
 12 apportion the civil taxing unit's maximum permissible ad valorem
 13 property tax levy among the counties in which the civil taxing unit
 14 is located.
- 15 STEP TWO: This STEP applies only to property taxes first due
 16 and payable before January 1, 2009. Determine the greater of zero
 17 (0) or the result of:
 18 (1) the department of local government finance's estimate of
 19 the family and children property tax levy that will be imposed
 20 by the county under IC 12-19-7-4 for the ensuing calendar year
 21 (before any adjustment under IC 12-19-7-4(b) for the ensuing
 22 calendar year); minus
 23 (2) the county's family and children property tax levy imposed
 24 by the county under IC 12-19-7-4 for the current calendar year.
- 25 STEP THREE: This STEP applies only to property taxes first due
 26 and payable before January 1, 2009. Determine the greater of zero
 27 (0) or the result of:
 28 (1) the department of local government finance's estimate of
 29 the children's psychiatric residential treatment services
 30 property tax levy that will be imposed by the county under
 31 IC 12-19-7.5-6 for the ensuing calendar year (before any
 32 adjustment under IC 12-19-7.5-6(b) for the ensuing calendar
 33 year); minus
 34 (2) the children's psychiatric residential treatment services
 35 property tax imposed by the county under IC 12-19-7.5-6 for
 36 the current calendar year.
- 37 STEP FOUR: Determine the greater of zero (0) or the result of:
 38 (1) the department of local government finance's estimate of
 39 the county's maximum community mental health centers
 40 property tax levy under IC 12-29-2-2 for the ensuing calendar
 41 year (before any adjustment under IC 12-29-2-2(c) for the
 42 ensuing calendar year); minus
 43 (2) the county's maximum community mental health centers
 44 property tax levy under IC 12-29-2-2 for the current calendar
 45 year.
- 46 (b) In the case of a county that wishes to impose a tax rate under

1 IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time, the
 2 department of local government finance and the department of state
 3 revenue (before January 1, 2010) or the budget agency (after December
 4 31, 2009) shall jointly estimate the amount that will be calculated
 5 under subsection (a) in the second year after the tax rate is first
 6 imposed. The department of local government finance and the
 7 department of state revenue (before January 1, 2010) or the budget
 8 agency (after December 31, 2009) shall calculate the tax rate under
 9 IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) that must be imposed
 10 in the county in the second year after the tax rate is first imposed to
 11 raise income tax revenue equal to the estimate under this subsection.

12 (c) The department (before January 1, 2010) or the budget agency
 13 (after December 31, 2009) and the department of local government
 14 finance shall make the calculations under subsections (a) and (b) based
 15 on the best information available at the time the calculation is made.

16 (d) Notwithstanding IC 6-3.5-1.1-24(h) and IC 6-3.5-6-30(h), if a
 17 county has adopted an income tax rate under IC 6-3.5-1.1-24 or
 18 IC 6-3.5-6-30 to replace property tax levy growth, the part of the tax
 19 rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 that was used before
 20 January 1, 2009, to reduce levy growth in the county family and
 21 children's fund property tax levy and the children's psychiatric
 22 residential treatment services property tax levy shall instead be used for
 23 property tax relief in the same manner that a tax rate under
 24 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**
 25 is used for property tax relief.

26 SECTION 36. IC 6-3.5-1.5-1.5 IS ADDED TO THE INDIANA
 27 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 28 [EFFECTIVE UPON PASSAGE]: **Sec. 1.5.** (a) **This section applies to**
 29 **a tax rate imposed under IC 6-3.5-1.1-24.5 or IC 6-3.5-6-30.5. The**
 30 **department of local government finance and the budget agency**
 31 **shall, before July 1 of each year, jointly calculate the county**
 32 **adjusted income tax rate or county option income tax rate (as**
 33 **applicable) that must be imposed in a county to raise income tax**
 34 **revenue in the following year equal to the sum of the following**
 35 **STEPS:**

36 **STEP ONE: Determine the greater of zero (0) or the result of:**
 37 **(1) the department of local government finance's estimate**
 38 **of the sum of the maximum permissible ad valorem**
 39 **property tax levy calculated under IC 6-1.1-18.5 for the**
 40 **county's portion of the tax levy for the ensuing calendar**
 41 **year (before any adjustment under IC 6-1.1-18.5-3(g);**
 42 **minus**
 43 **(2) the sum of the maximum permissible ad valorem**
 44 **property tax levy calculated under IC 6-1.1-18.5 for the**
 45 **county's portion of the tax levy for the current calendar**
 46 **year.**

1 **STEP TWO: Determine the greater of zero (0) or the result**
 2 **of:**

3 (1) the department of local government finance's estimate
 4 of the county's maximum community mental health centers
 5 property tax levy under IC 12-29-2-2 for the ensuing
 6 calendar year (before any adjustment under
 7 IC 12-29-2-2(c) for the ensuing calendar year); minus

8 (2) the county's maximum community mental health
 9 centers property tax levy under IC 12-29-2-2 for the
 10 current calendar year.

11 **(b) In the case of a county that wishes to impose a tax rate under**
 12 **IC 6-3.5-1.1-24.5 or IC 6-3.5-6-30.5 (as applicable) for the first**
 13 **time, the department of local government finance and the budget**
 14 **agency shall jointly estimate the amount that will be calculated**
 15 **under subsection (a) in the second year after the tax rate is first**
 16 **imposed. The department of local government finance and the**
 17 **budget agency shall calculate the tax rate under IC 6-3.5-1.1-24.5**
 18 **or IC 6-3.5-6-30.5 (as applicable) that must be imposed in the**
 19 **county in the second year after the tax rate is first imposed to raise**
 20 **income tax revenue equal to the estimate under this subsection.**

21 **(c) The budget agency and the department of local government**
 22 **finance shall make the calculations under subsections (a) and (b)**
 23 **based on the best information available at the time the calculation**
 24 **is made.**

25 SECTION 37. IC 6-3.5-6-8, AS AMENDED BY P.L.224-2007,
 26 SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 UPON PASSAGE]: Sec. 8. (a) The county income tax council of any
 28 county in which the county adjusted gross income tax will not be in
 29 effect on October 1 of a year under an ordinance adopted during a
 30 previous calendar year may impose the county option income tax on the
 31 adjusted gross income of county taxpayers of its county effective
 32 October 1 of that same year.

33 (b) Except as provided in sections 30, **30.5**, 31, ~~and~~ 32, **and 32.5** of
 34 this chapter, the county option income tax may initially be imposed at
 35 a rate of two-tenths of one percent (0.2%) on the resident county
 36 taxpayers of the county and at a rate of five hundredths of one percent
 37 (0.05%) for all other county taxpayers.

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

41 "The _____ County Income Tax Council imposes the
 42 county option income tax on the county taxpayers of
 43 _____ County. The county option income tax is
 44 imposed at a rate of two-tenths of one percent (0.2%) on the
 45 resident county taxpayers of the county and at a rate of five
 46 hundredths of one percent (0.05%) on all other county taxpayers.
 47 This tax takes effect October 1 of this year."

1 (d) Except as provided in sections 30, **30.5**, 31, ~~and 32~~, **and 32.5** of
 2 this chapter, if the county option income tax is imposed on the county
 3 taxpayers of a county, then the county option income tax rate that is in
 4 effect for resident county taxpayers of that county increases by
 5 one-tenth of one percent (0.1%) on each succeeding October 1 until the
 6 rate equals six-tenths of one percent (0.6%).

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

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

14 SECTION 38. IC 6-3.5-6-9, AS AMENDED BY P.L.224-2007,
 15 SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 UPON PASSAGE]: Sec. 9. (a) If on March 31 of a calendar year the
 17 county option income tax rate in effect for resident county taxpayers
 18 equals six tenths of one percent (0.6%), excluding a tax rate imposed
 19 under section 30, **30.5**, 31, ~~or 32~~, **or 32.5** of this chapter, the county
 20 income tax council of that county may after March 31 and before
 21 August 1 of that year pass an ordinance to increase its tax rate for
 22 resident county taxpayers. If a county income tax council passes an
 23 ordinance under this section, its county option income tax rate for
 24 resident county taxpayers increases by one tenth of one percent (0.1%)
 25 each succeeding October 1 until its rate reaches a maximum of one
 26 percent (1%), excluding a tax rate imposed under section 30, **30.5**, 31,
 27 ~~or 32~~, **or 32.5** of this chapter.

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

31 SECTION 39. IC 6-3.5-6-17, AS AMENDED BY P.L.182-2009(ss),
 32 SECTION 219, IS AMENDED TO READ AS FOLLOWS
 33 [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) Revenue derived from
 34 the imposition of the county option income tax shall, in the manner
 35 prescribed by this section, be distributed to the county that imposed it.
 36 The amount that is to be distributed to a county during an ensuing
 37 calendar year equals the amount of county option income tax revenue
 38 that the budget agency determines has been:

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

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

45 as adjusted (as determined after review of the recommendation of the
 46 budget agency) for refunds of county option income tax made in the

1 state fiscal year.

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

- 13 (1) the amount reported on individual income tax returns
- 14 processed by the department during the previous fiscal year;
- 15 (2) adjustments for over distributions in prior years;
- 16 (3) adjustments for clerical or mathematical errors in prior years;
- 17 (4) adjustments for tax rate changes; and
- 18 (5) the amount of excess account balances to be distributed under
- 19 IC 6-3.5-6-17.3.

20 The budget agency shall also certify information concerning the part of
 21 the certified distribution that is attributable to a tax rate under section
 22 30, **30.5**, 31, ~~or 32~~, **or 32.5** of this chapter. This information must be
 23 certified to the county auditor and to the department of local
 24 government finance not later than September 1 of each calendar year.
 25 The part of the certified distribution that is attributable to a tax rate
 26 under section 30, **30.5**, 31, ~~or 32~~, **or 32.5** of this chapter may be used
 27 only as specified in those provisions.

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

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

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

- 42 (1) initially imposed the county option income tax; or
- 43 (2) increases the county option 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 (f) This subsection applies in the year a county initially imposes a
 6 tax rate under section 30 of this chapter. Notwithstanding any other
 7 provision, the budget agency shall adjust the part of the county's
 8 certified distribution that is attributable to the tax rate under section 30
 9 of this chapter to provide for a distribution in the immediately
 10 following calendar year equal to the result of:

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

15 (2) the following:

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

18 (B) In a county other than a county containing a consolidated
 19 city, two (2).

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

24 (h) Upon receipt, each monthly payment of a county's certified
 25 distribution shall be allocated among, distributed to, and used by the
 26 civil taxing units of the county as provided in sections 18 and 19 of this
 27 chapter.

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

31 SECTION 40. IC 6-3.5-6-18, AS AMENDED BY P.L.182-2009(ss),
 32 SECTION 222, IS AMENDED TO READ AS FOLLOWS
 33 [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county
 34 auditor receives under this chapter shall be used to:

35 (1) replace the amount, if any, of property tax revenue lost due to
 36 the allowance of an increased homestead credit within the county;

37 (2) fund the operation of a public communications system and
 38 computer facilities district as provided in an election, if any, made
 39 by the county fiscal body under IC 36-8-15-19(b);

40 (3) fund the operation of a public transportation corporation as
 41 provided in an election, if any, made by the county fiscal body
 42 under IC 36-9-4-42;

43 (4) make payments permitted under IC 36-7-14-25.5 or
 44 IC 36-7-15.1-17.5;

45 (5) make payments permitted under subsection (i);

46 (6) make distributions of distributive shares to the civil taxing

- 1 units of a county; and
 2 (7) make the distributions permitted under sections 27, 28, 29, 30,
 3 **30.5**, 31, 32, **32.5**, and 33 of this chapter.
- 4 (b) The county auditor shall retain from the payments of the county's
 5 certified distribution, an amount equal to the revenue lost, if any, due
 6 to the increase of the homestead credit within the county. This money
 7 shall be distributed to the civil taxing units and school corporations of
 8 the county as though they were property tax collections and in such a
 9 manner that no civil taxing unit or school corporation shall suffer a net
 10 revenue loss due to the allowance of an increased homestead credit.
- 11 (c) The county auditor shall retain:
 12 (1) the amount, if any, specified by the county fiscal body for a
 13 particular calendar year under subsection (i), IC 36-7-14-25.5,
 14 IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the
 15 county's certified distribution for that same calendar year; and
 16 (2) the amount of an additional tax rate imposed under section 27,
 17 28, 29, 30, **30.5**, 31, 32, **32.5**, or 33 of this chapter.
- 18 The county auditor shall distribute amounts retained under this
 19 subsection to the county.
- 20 (d) All certified distribution revenues that are not retained and
 21 distributed under subsections (b) and (c) shall be distributed to the civil
 22 taxing units of the county as distributive shares.
- 23 (e) The amount of distributive shares that each civil taxing unit in
 24 a county is entitled to receive during a month equals the product of the
 25 following:
 26 (1) The amount of revenue that is to be distributed as distributive
 27 shares during that month; multiplied by
 28 (2) A fraction. The numerator of the fraction equals the allocation
 29 amount for the civil taxing unit for the calendar year in which the
 30 month falls. The denominator of the fraction equals the sum of the
 31 allocation amounts of all the civil taxing units of the county for
 32 the calendar year in which the month falls.
- 33 (f) The department of local government finance shall provide each
 34 county auditor with the fractional amount of distributive shares that
 35 each civil taxing unit in the auditor's county is entitled to receive
 36 monthly under this section.
- 37 (g) Notwithstanding subsection (e), if a civil taxing unit of an
 38 adopting county does not impose a property tax levy that is first due
 39 and payable in a calendar year in which distributive shares are being
 40 distributed under this section, that civil taxing unit is entitled to receive
 41 a part of the revenue to be distributed as distributive shares under this
 42 section within the county. The fractional amount such a civil taxing
 43 unit is entitled to receive each month during that calendar year equals
 44 the product of the following:
 45 (1) The amount to be distributed as distributive shares during that
 46 month; multiplied by

1 (2) A fraction. The numerator of the fraction equals the budget of
 2 that civil taxing unit for that calendar year. The denominator of
 3 the fraction equals the aggregate budgets of all civil taxing units
 4 of that county for that calendar year.

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

14 (i) Notwithstanding any other law, a county fiscal body may pledge
 15 revenues received under this chapter (other than revenues attributable
 16 to a tax rate imposed under section 30, **30.5**, 31, ~~or 32~~, **or 32.5** of this
 17 chapter) to the payment of bonds or lease rentals to finance a qualified
 18 economic development tax project under IC 36-7-27 in that county or
 19 in any other county if the county fiscal body determines that the project
 20 will promote significant opportunities for the gainful employment or
 21 retention of employment of the county's residents.

22 SECTION 41. IC 6-3.5-6-26, AS AMENDED BY P.L.224-2007,
 23 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 UPON PASSAGE]: Sec. 26. (a) A pledge of county option income tax
 25 revenues under this chapter (other than revenues attributable to a tax
 26 rate imposed under section 30, **30.5**, 31, ~~or 32~~, **or 32.5** of this chapter)
 27 is enforceable in accordance with IC 5-1-14.

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

34 SECTION 42. IC 6-3.5-6-30, AS AMENDED BY P.L.146-2008,
 35 SECTION 341, IS AMENDED TO READ AS FOLLOWS
 36 [EFFECTIVE UPON PASSAGE]: Sec. 30. (a) **Except as provided in**
 37 **subsection (t)**, in a county in which the county option income tax is in
 38 effect, the county income tax council may, before August 1 of a year,
 39 adopt an ordinance to impose or increase (as applicable) a tax rate
 40 under this section.

41 (b) **Except as provided in subsection (t)**, in a county in which
 42 neither the county option adjusted gross income tax nor the county
 43 option income tax is in effect, the county income tax council may,
 44 before August 1 of a year, adopt an ordinance to impose a tax rate
 45 under this section.

46 (c) An ordinance adopted under this section takes effect October 1

1 of the year in which the ordinance is adopted. If a county income tax
 2 council adopts an ordinance to impose or increase a tax rate under this
 3 section, the county auditor shall send a certified copy of the ordinance
 4 to the department and the department of local government finance by
 5 certified mail.

6 (d) A tax rate under this section is in addition to any other tax rates
 7 imposed under this chapter and does not affect the purposes for which
 8 other tax revenue under this chapter may be used.

9 (e) The following apply only in the year in which a county income
 10 tax council first imposes a tax rate under this section:

11 (1) The county income tax council shall, in the ordinance
 12 imposing the tax rate, specify the tax rate for each of the
 13 following two (2) years.

14 (2) The tax rate that must be imposed in the county from October
 15 1 of the year in which the tax rate is imposed through September
 16 30 of the following year is equal to the result of:

17 (A) the tax rate determined for the county under
 18 IC 6-3.5-1.5-1(a) in that year; multiplied by

19 (B) the following:

20 (i) In a county containing a consolidated city, one and
 21 five-tenths (1.5).

22 (ii) In a county other than a county containing a consolidated
 23 city, two (2).

24 (3) The tax rate that must be imposed in the county from October
 25 1 of the following year through September 30 of the year after the
 26 following year is the tax rate determined for the county under
 27 IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues
 28 in effect in later years unless the tax rate is increased under this
 29 section.

30 (4) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h),
 31 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
 32 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
 33 payable in the ensuing calendar year and to property taxes first
 34 due and payable in the calendar year after the ensuing calendar
 35 year.

36 (f) The following apply only in a year in which a county income tax
 37 council increases a tax rate under this section:

38 (1) The county income tax council shall, in the ordinance
 39 increasing the tax rate, specify the tax rate for the following year.

40 (2) The tax rate that must be imposed in the county from October
 41 1 of the year in which the tax rate is increased through September
 42 30 of the following year is equal to the result of:

43 (A) the tax rate determined for the county under
 44 IC 6-3.5-1.5-1(a) in the year the tax rate is increased; plus

45 (B) the tax rate currently in effect in the county under this
 46 section.

- 1 The tax rate under this subdivision continues in effect in later
2 years unless the tax rate is increased under this section.
- 3 (3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h),
4 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
5 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
6 payable in the ensuing calendar year.
- 7 (g) The department of local government finance shall determine the
8 following property tax replacement distribution amounts:
- 9 STEP ONE: Determine the sum of the amounts determined under
10 STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the
11 county in the preceding year.
- 12 STEP TWO: For distribution to each civil taxing unit that in the
13 year had a maximum permissible property tax levy limited under
14 IC 6-1.1-18.5-3(g), determine the result of:
- 15 (1) the quotient of:
- 16 (A) the part of the amount determined under STEP ONE of
17 IC 6-3.5-1.5-1(a) in the preceding year that was attributable
18 to the civil taxing unit; divided by
19 (B) the STEP ONE amount; multiplied by
- 20 (2) the tax revenue received by the county treasurer under this
21 section.
- 22 STEP THREE: For distributions in 2009 and thereafter, the result
23 of this STEP is zero (0). For distribution to the county for deposit
24 in the county family and children's fund before 2009, determine
25 the result of:
- 26 (1) the quotient of:
- 27 (A) the amount determined under STEP TWO of
28 IC 6-3.5-1.5-1(a) in the preceding year; divided by
29 (B) the STEP ONE amount; multiplied by
- 30 (2) the tax revenue received by the county treasurer under this
31 section.
- 32 STEP FOUR: For distributions in 2009 and thereafter, the result
33 of this STEP is zero (0). For distribution to the county for deposit
34 in the county children's psychiatric residential treatment services
35 fund before 2009, determine the result of:
- 36 (1) the quotient of:
- 37 (A) the amount determined under STEP THREE of
38 IC 6-3.5-1.5-1(a) in the preceding year; divided by
39 (B) the STEP ONE amount; multiplied by
- 40 (2) the tax revenue received by the county treasurer under this
41 section.
- 42 STEP FIVE: For distribution to the county for community mental
43 health center purposes, determine the result of:
- 44 (1) the quotient of:
- 45 (A) the amount determined under STEP FOUR of
46 IC 6-3.5-1.5-1(a) in the preceding year; divided by

1 (B) the STEP ONE amount; multiplied by
 2 (2) the tax revenue received by the county treasurer under this
 3 section.

4 Except as provided in subsection (m), the county treasurer shall
 5 distribute the portion of the certified distribution that is attributable to
 6 a tax rate under this section as specified in this section. The county
 7 treasurer shall make the distributions under this subsection at the same
 8 time that distributions are made to civil taxing units under section 18
 9 of this chapter.

10 (h) Notwithstanding sections 12 and 12.5 of this chapter, a county
 11 income tax council may not decrease or rescind a tax rate imposed
 12 under this chapter.

13 (i) The tax rate under this section shall not be considered for
 14 purposes of computing:

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

18 (2) the maximum permissible property tax levy under STEP
 19 EIGHT of IC 6-1.1-18.5-3(b).

20 (j) The tax levy under this section shall not be considered for
 21 purposes of computing the total county tax levy under
 22 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) (before
 23 the repeal of those provisions) or for purposes of the credit under
 24 IC 6-1.1-20.6.

25 (k) A distribution under this section shall be treated as a part of the
 26 receiving civil taxing unit's property tax levy for that year for purposes
 27 of fixing its budget and for determining the distribution of taxes that
 28 are distributed on the basis of property tax levies.

29 (l) If a county income tax council imposes a tax rate under this
 30 section, the county option income tax rate dedicated to locally funded
 31 homestead credits in the county may not be decreased.

32 (m) In the year following the year in which a county first imposes
 33 a tax rate under this section:

34 (1) one-third (1/3) of the tax revenue that is attributable to the tax
 35 rate under this section must be deposited in the county
 36 stabilization fund established under subsection (o), in the case of
 37 a county containing a consolidated city; and

38 (2) one-half (1/2) of the tax revenue that is attributable to the tax
 39 rate under this section must be deposited in the county
 40 stabilization fund established under subsection (o), in the case of
 41 a county not containing a consolidated city.

42 (n) A pledge of county option income taxes does not apply to
 43 revenue attributable to a tax rate under this section.

44 (o) A county stabilization fund is established in each county that
 45 imposes a tax rate under this section. The county stabilization fund
 46 shall be administered by the county auditor. If for a year the certified

1 distributions attributable to a tax rate under this section exceed the
 2 amount calculated under STEP ONE through STEP FOUR of
 3 IC 6-3.5-1.5-1(a) that is used by the department of local government
 4 finance and the department of state revenue to determine the tax rate
 5 under this section, the excess shall be deposited in the county
 6 stabilization fund. Money shall be distributed from the county
 7 stabilization fund in a year by the county auditor to political
 8 subdivisions entitled to a distribution of tax revenue attributable to the
 9 tax rate under this section if:

10 (1) the certified distributions attributable to a tax rate under this
 11 section are less than the amount calculated under STEP ONE
 12 through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the
 13 department of local government finance and the department of
 14 state revenue to determine the tax rate under this section for a
 15 year; or

16 (2) the certified distributions attributable to a tax rate under this
 17 section in a year are less than the certified distributions
 18 attributable to a tax rate under this section in the preceding year.

19 However, subdivision (2) does not apply to the year following the first
 20 year in which certified distributions of revenue attributable to the tax
 21 rate under this section are distributed to the county.

22 (p) Notwithstanding any other provision, a tax rate imposed under
 23 this section may not exceed one percent (1%).

24 (q) A county income tax council must each year hold at least one (1)
 25 public meeting at which the county council discusses whether the tax
 26 rate under this section should be imposed or increased.

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

30 (s) Notwithstanding any other provision, in Lake County the county
 31 council (and not the county income tax council) is the entity authorized
 32 to take actions concerning the additional tax rate under this section.

33 **(t) A tax may not be imposed under this section if a tax rate is**
 34 **imposed under section 30.5 of this chapter.**

35 SECTION 43. IC 6-3.5-6-30.5 IS ADDED TO THE INDIANA
 36 CODE AS A NEW SECTION TO READ AS FOLLOWS
 37 [EFFECTIVE UPON PASSAGE]: **Sec. 30.5. (a) This section does not**
 38 **apply to:**

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

40 **(2) Lake County.**

41 **(b) Except as provided in subsection (d), in a county in which the**
 42 **county option income tax is in effect, the county income tax council**
 43 **may, before August 1 of a year, adopt an ordinance to impose or**
 44 **increase (as applicable) a tax rate under this section.**

45 **(c) Except as provided in subsection (d), in a county in which**
 46 **neither the county option adjusted gross income tax nor the county**

1 option income tax is in effect, the county income tax council may,
2 before August 1 of a year, adopt an ordinance to impose a tax rate
3 under this section.

4 (d) A tax rate may not be imposed under this section if a tax rate
5 is imposed under section 30 of this chapter.

6 (e) An ordinance adopted under this section takes effect October
7 1 of the year in which the ordinance is adopted. If a county income
8 tax council adopts an ordinance to impose or increase a tax rate
9 under this section, the county auditor shall send a certified copy of
10 the ordinance to the department and the department of local
11 government finance by certified mail.

12 (f) A tax rate under this section is in addition to any other tax
13 rates imposed under this chapter and does not affect the purposes
14 for which other tax revenue under this chapter may be used.

15 (g) The following apply only in the year in which a county
16 income tax council first imposes a tax rate under this section:

17 (1) The county income tax council shall, in the ordinance
18 imposing the tax rate, specify the tax rate for each of the
19 following two (2) years.

20 (2) The tax rate that must be imposed in the county from
21 October 1 of the year in which the tax rate is imposed through
22 September 30 of the following year is equal to the result of:

23 (A) the tax rate determined for the county under
24 IC 6-3.5-1.5-1.5(a) in that year; multiplied by

25 (B) two (2).

26 (3) The tax rate that must be imposed in the county from
27 October 1 of the following year through September 30 of the
28 year after the following year is the tax rate determined for the
29 county under IC 6-3.5-1.5-1.5(b). The tax rate under this
30 subdivision continues in effect in later years unless the tax
31 rate is increased under this section.

32 (4) The levy limitations in IC 6-1.1-18.5-3(i), and
33 IC 12-29-2-2(c) apply to property taxes first due and payable
34 in the ensuing calendar year and to property taxes first due
35 and payable in the calendar year after the ensuing calendar
36 year.

37 (h) The following apply only in a year in which a county income
38 tax council increases a tax rate under this section:

39 (1) The county income tax council shall, in the ordinance
40 increasing the tax rate, specify the tax rate for the following
41 year.

42 (2) The tax rate that must be imposed in the county from
43 October 1 of the year in which the tax rate is increased
44 through September 30 of the following year is equal to the
45 result of:

46 (A) the tax rate determined for the county under
47 IC 6-3.5-1.5-1.5(a) in the year the tax rate is increased;

- 1 **plus**
 2 **(B) the tax rate currently in effect in the county under this**
 3 **section.**
 4 **The tax rate under this subdivision continues in effect in later**
 5 **years unless the tax rate is increased under this section.**
 6 **(3) The levy limitations in IC 6-1.1-18.5-3(i), and**
 7 **IC 12-29-2-2(c) apply to property taxes first due and payable**
 8 **in the ensuing calendar year.**
 9 **(i) The department of local government finance shall determine**
 10 **the following property tax replacement distribution amounts:**
 11 **STEP ONE: Determine the sum of the amounts determined**
 12 **under STEP ONE through STEP TWO of IC 6-3.5-1.5-1.5(a)**
 13 **for the county's portion of the tax levy in the preceding year.**
 14 **STEP TWO: For distribution to the county for community**
 15 **mental health center purposes, determine the result of:**
 16 **(1) the quotient of:**
 17 **(A) the amount determined under STEP TWO of**
 18 **IC 6-3.5-1.5-1.5(a) in the preceding year; divided by**
 19 **(B) the STEP ONE amount; multiplied by**
 20 **(2) the tax revenue received by the county treasurer under**
 21 **this section.**
 22 **Except as provided in subsection (m), the county treasurer shall**
 23 **distribute the portion of the certified distribution that is**
 24 **attributable to a tax rate under this section as specified in this**
 25 **section. The county treasurer shall make the distributions under**
 26 **this subsection at the same time that distributions are made to the**
 27 **county under section 18 of this chapter.**
 28 **(j) Notwithstanding sections 12 and 12.5 of this chapter, a**
 29 **county income tax council may not decrease or rescind a tax rate**
 30 **imposed under this chapter.**
 31 **(k) The tax rate under this section shall not be considered for**
 32 **purposes of computing:**
 33 **(1) the maximum income tax rate that may be imposed in a**
 34 **county under section 8 or 9 of this chapter or any other**
 35 **provision of this chapter; or**
 36 **(2) the maximum permissible property tax levy under STEP**
 37 **EIGHT of IC 6-1.1-18.5-3(b).**
 38 **(l) The tax levy under this section shall not be considered for**
 39 **purposes of computing the total county tax levy under**
 40 **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)**
 41 **(before the repeal of those provisions) or for purposes of the credit**
 42 **under IC 6-1.1-20.6.**
 43 **(m) A distribution under this section shall be treated as a part**
 44 **of the receiving civil taxing unit's property tax levy for that year**
 45 **for purposes of fixing its budget and for determining the**
 46 **distribution of taxes that are distributed on the basis of property**
 47 **tax levies.**

1 **(n) If a county income tax council imposes a tax rate under this**
 2 **section, the county option income tax rate dedicated to locally**
 3 **funded homestead credits in the county may not be decreased.**

4 **(o) In the year following the year in which a county first imposes**
 5 **a tax rate under this section:**

6 **(1) one-third (1/3) of the tax revenue that is attributable to the**
 7 **tax rate under this section must be deposited in the county**
 8 **stabilization fund established under subsection (o), in the case**
 9 **of a county containing a consolidated city; and**

10 **(2) one-half (1/2) of the tax revenue that is attributable to the**
 11 **tax rate under this section must be deposited in the county**
 12 **stabilization fund established under subsection (q), in the case**
 13 **of a county not containing a consolidated city.**

14 **(p) A pledge of county option income taxes does not apply to**
 15 **revenue attributable to a tax rate under this section.**

16 **(q) A county stabilization fund is established in each county that**
 17 **imposes a tax rate under this section. The county stabilization fund**
 18 **shall be administered by the county auditor. If for a year the**
 19 **certified distributions attributable to a tax rate under this section**
 20 **exceed the amount calculated under STEP ONE through STEP**
 21 **TWO of IC 6-3.5-1.5-1.5(a) that is used by the department of local**
 22 **government finance and the department of state revenue to**
 23 **determine the tax rate under this section, the excess shall be**
 24 **deposited in the county stabilization fund. Money shall be**
 25 **distributed from the county stabilization fund in a year by the**
 26 **county auditor to the county from revenue attributable to the tax**
 27 **rate imposed under this section if:**

28 **(1) the certified distributions attributable to a tax rate under**
 29 **this section are less than the amount calculated under STEP**
 30 **ONE through STEP TWO of IC 6-3.5-1.5-1.5(a) that is used**
 31 **by the department of local government finance and the**
 32 **department of state revenue to determine the tax rate under**
 33 **this section for a year; or**

34 **(2) the certified distributions attributable to a tax rate under**
 35 **this section in a year are less than the certified distributions**
 36 **attributable to a tax rate under this section in the preceding**
 37 **year.**

38 **However, subdivision (2) does not apply to the year following the**
 39 **first year in which certified distributions of revenue attributable to**
 40 **the tax rate under this section are distributed to the county.**

41 **(r) Notwithstanding any other provision, a tax rate imposed**
 42 **under this section may not exceed one percent (1%).**

43 **(s) A county income tax council must each year hold at least one**
 44 **(1) public meeting at which the county council discusses whether**
 45 **the tax rate under this section should be imposed or increased.**

46 **(t) The department of local government finance and the**
 47 **department of state revenue may take any actions necessary to**

1 **carry out the purposes of this section.**

2 SECTION 44. IC 6-3.5-6-31, AS AMENDED BY P.L.146-2008,
3 SECTION 342, IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE UPON PASSAGE]: Sec. 31. (a) As used in this section,
5 "public safety" refers to the following:

- 6 (1) A police and law enforcement system to preserve public peace
7 and order.
8 (2) A firefighting and fire prevention system.
9 (3) Emergency ambulance services (as defined in
10 IC 16-18-2-107).
11 (4) Emergency medical services (as defined in IC 16-18-2-110).
12 (5) Emergency action (as defined in IC 13-11-2-65).
13 (6) A probation department of a court.
14 (7) Confinement, supervision, services under a community
15 corrections program (as defined in IC 35-38-2.6-2), or other
16 correctional services for a person who has been:
17 (A) diverted before a final hearing or trial under an agreement
18 that is between the county prosecuting attorney and the person
19 or the person's custodian, guardian, or parent and that provides
20 for confinement, supervision, community corrections services,
21 or other correctional services instead of a final action
22 described in clause (B) or (C);
23 (B) convicted of a crime; or
24 (C) adjudicated as a delinquent child or a child in need of
25 services.
26 (8) A juvenile detention facility under IC 31-31-8.
27 (9) A juvenile detention center under IC 31-31-9.
28 (10) A county jail.
29 (11) A communications system (as defined in IC 36-8-15-3) or an
30 enhanced emergency telephone system (as defined in
31 IC 36-8-16-2).
32 (12) Medical and health expenses for jail inmates and other
33 confined persons.
34 (13) Pension payments for any of the following:
35 (A) A member of the fire department (as defined in
36 IC 36-8-1-8) or any other employee of a fire department.
37 (B) A member of the police department (as defined in
38 IC 36-8-1-9), a police chief hired under a waiver under
39 IC 36-8-4-6.5, or any other employee hired by a police
40 department.
41 (C) A county sheriff or any other member of the office of the
42 county sheriff.
43 (D) Other personnel employed to provide a service described
44 in this section.
45 (b) The county income tax council may adopt an ordinance to
46 impose an additional tax rate under this section to provide funding for

- 1 public safety if:
- 2 (1) the county income tax council has imposed a tax rate under
- 3 section 30 **or 30.5** of this chapter, in the case of a county
- 4 containing a consolidated city; or
- 5 (2) the county income tax council has imposed a tax rate of at
- 6 least twenty-five hundredths of one percent (0.25%) under section
- 7 30 **or 30.5** of this chapter, a tax rate of at least twenty-five
- 8 hundredths of one percent (0.25%) under section 32 **or 32.5** of
- 9 this chapter, or a total combined tax rate of at least twenty-five
- 10 hundredths of one percent (0.25%) under **either** sections 30 **or**
- 11 **30.5** and **either section 32 or 32.5** of this chapter, in the case of
- 12 a county other than a county containing a consolidated city.
- 13 (c) A tax rate under this section may not exceed the following:
- 14 (1) Five-tenths of one percent (0.5%), in the case of a county
- 15 containing a consolidated city.
- 16 (2) Twenty-five hundredths of one percent (0.25%), in the case of
- 17 a county other than a county containing a consolidated city.
- 18 (d) If a county income tax council adopts an ordinance to impose a
- 19 tax rate under this section, the county auditor shall send a certified
- 20 copy of the ordinance to the department and the department of local
- 21 government finance by certified mail.
- 22 (e) A tax rate under this section is in addition to any other tax rates
- 23 imposed under this chapter and does not affect the purposes for which
- 24 other tax revenue under this chapter may be used.
- 25 (f) Except as provided in subsection (1), the county auditor shall
- 26 distribute the portion of the certified distribution that is attributable to
- 27 a tax rate under this section to the county and to each municipality in
- 28 the county. The amount that shall be distributed to the county or
- 29 municipality is equal to the result of:
- 30 (1) the portion of the certified distribution that is attributable to a
- 31 tax rate under this section; multiplied by
- 32 (2) a fraction equal to:
- 33 (A) the total property taxes being collected in the county by
- 34 the county or municipality for the calendar year; divided by
- 35 (B) the sum of the total property taxes being collected in the
- 36 county by the county and each municipality in the county for
- 37 the calendar year.
- 38 The county auditor shall make the distributions required by this
- 39 subsection not more than thirty (30) days after receiving the portion of
- 40 the certified distribution that is attributable to a tax rate under this
- 41 section. Tax revenue distributed to a county or municipality under this
- 42 subsection must be deposited into a separate account or fund and may
- 43 be appropriated by the county or municipality only for public safety
- 44 purposes.
- 45 (g) The department of local government finance may not require a
- 46 county or municipality receiving tax revenue under this section to

1 reduce the county's or municipality's property tax levy for a particular
2 year on account of the county's or municipality's receipt of the tax
3 revenue.

4 (h) The tax rate under this section and the tax revenue attributable
5 to the tax rate under this section shall not be considered for purposes
6 of computing:

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

10 (2) the maximum permissible property tax levy under STEP
11 EIGHT of IC 6-1.1-18.5-3(b);

12 (3) the total county tax levy under IC 6-1.1-21-2(g)(3),
13 IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5) (before the repeal of
14 IC 6-1.1-21); or

15 (4) the credit under IC 6-1.1-20.6.

16 (i) The tax rate under this section may be imposed or rescinded at
17 the same time and in the same manner that the county may impose or
18 increase a tax rate under section 30 of this chapter.

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

22 (k) Notwithstanding any other provision, in Lake County the county
23 council (and not the county income tax council) is the entity authorized
24 to take actions concerning the additional tax rate under this section.

25 (l) Two (2) or more political subdivisions that are entitled to receive
26 a distribution under this section may adopt resolutions providing that
27 some part or all of those distributions shall instead be paid to one (1)
28 political subdivision in the county to carry out specific public safety
29 purposes specified in the resolutions.

30 SECTION 45. IC 6-3.5-6-32, AS AMENDED BY P.L.146-2008,
31 SECTION 343, IS AMENDED TO READ AS FOLLOWS
32 [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) A county income tax
33 council may impose a tax rate under this section to provide property tax
34 relief to political subdivisions in the county. A county income tax
35 council is not required to impose any other tax before imposing a tax
36 rate under this section.

37 (b) A tax rate under this section may be imposed in increments of
38 five hundredths of one percent (0.05%) determined by the county
39 income tax council. A tax rate under this section may not exceed one
40 percent (1%).

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

46 (d) If a county income tax council adopts an ordinance to impose or

1 increase a tax rate under this section, the county auditor shall send a
 2 certified copy of the ordinance to the department and the department
 3 of local government finance by certified mail.

4 (e) A tax rate under this section may be imposed, increased,
 5 decreased, ~~or rescinded,~~ **or replaced with a tax rate under section**
 6 **32.5** at the same time and in the same manner that the county income
 7 tax council may impose or increase a tax rate under section 30 of this
 8 chapter.

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

12 (1) The tax revenue may be used to provide local property tax
 13 replacement credits at a uniform rate to all taxpayers in the
 14 county. The local property tax replacement credits shall be treated
 15 for all purposes as property tax levies. The county auditor shall
 16 determine the local property tax replacement credit percentage for
 17 a particular year based on the amount of tax revenue that will be
 18 used under this subdivision to provide local property tax
 19 replacement credits in that year. A county income tax council may
 20 not adopt an ordinance determining that tax revenue shall be used
 21 under this subdivision to provide local property tax replacement
 22 credits at a uniform rate to all taxpayers in the county unless the
 23 county council has done the following:

24 (A) Made available to the public the county council's best
 25 estimate of the amount of property tax replacement credits to
 26 be provided under this subdivision to homesteads, other
 27 residential property, commercial property, industrial property,
 28 and agricultural property.

29 (B) Adopted a resolution or other statement acknowledging
 30 that some taxpayers in the county that do not pay the tax rate
 31 under this section will receive a property tax replacement
 32 credit that is funded with tax revenue from the tax rate under
 33 this section.

34 (2) The tax revenue may be used to uniformly increase (before
 35 January 1, 2009) or uniformly provide (after December 31, 2008)
 36 the homestead credit percentage in the county. The homestead
 37 credits shall be treated for all purposes as property tax levies. The
 38 homestead credits do not reduce the basis for determining the
 39 state homestead credit under IC 6-1.1-20.9 (before its repeal). The
 40 homestead credits shall be applied to the net property taxes due
 41 on the homestead after the application of all other assessed value
 42 deductions or property tax deductions and credits that apply to the
 43 amount owed under IC 6-1.1. The department of local government
 44 finance shall determine the homestead credit percentage for a
 45 particular year based on the amount of tax revenue that will be
 46 used under this subdivision to provide homestead credits in that

- 1 year.
- 2 (3) The tax revenue may be used to provide local property tax
3 replacement credits at a uniform rate for all qualified residential
4 property (as defined in IC 6-1.1-20.6-4 before January 1, 2009,
5 and as defined in section 1 of this chapter after December 31,
6 2008) in the county. The local property tax replacement credits
7 shall be treated for all purposes as property tax levies. The county
8 auditor shall determine the local property tax replacement credit
9 percentage for a particular year based on the amount of tax
10 revenue that will be used under this subdivision to provide local
11 property tax replacement credits in that year.
- 12 (4) This subdivision applies only to Lake County. The Lake
13 County council may adopt an ordinance providing that the tax
14 revenue from the tax rate under this section is used for any of the
15 following:
- 16 (A) To reduce all property tax levies imposed by the county by
17 the granting of property tax replacement credits against those
18 property tax levies.
- 19 (B) To provide local property tax replacement credits in Lake
20 County in the following manner:
- 21 (i) The tax revenue under this section that is collected from
22 taxpayers within a particular municipality in Lake County
23 (as determined by the department based on the department's
24 best estimate) shall be used only to provide a local property
25 tax credit against property taxes imposed by that
26 municipality.
- 27 (ii) The tax revenue under this section that is collected from
28 taxpayers within the unincorporated area of Lake County (as
29 determined by the department) shall be used only to provide
30 a local property tax credit against property taxes imposed by
31 the county. The local property tax credit for the
32 unincorporated area of Lake County shall be available only
33 to those taxpayers within the unincorporated area of the
34 county.
- 35 (C) To provide property tax credits in the following manner:
- 36 (i) Sixty percent (60%) of the tax revenue under this section
37 shall be used as provided in clause (B).
- 38 (ii) Forty percent (40%) of the tax revenue under this section
39 shall be used to provide property tax replacement credits
40 against property tax levies of the county and each township
41 and municipality in the county. The percentage of the tax
42 revenue distributed under this item that shall be used as
43 credits against the county's levies or against a particular
44 township's or municipality's levies is equal to the percentage
45 determined by dividing the population of the county,
46 township, or municipality by the sum of the total population

1 of the county, each township in the county, and each
2 municipality in the county.

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

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

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

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

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

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

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

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

35 SECTION 46. IC 6-3.5-6-32.5 IS ADDED TO THE INDIANA
36 CODE AS A NEW SECTION TO READ AS FOLLOWS
37 [EFFECTIVE UPON PASSAGE]: **Sec. 32.5. (a) This section does not**
38 **apply to:**

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

40 (2) **Lake County.**

41 (b) **A county income tax council may impose a tax rate under**
42 **this section to provide property tax relief to county taxpayers. A**
43 **county income tax council is not required to impose any other tax**
44 **before imposing a tax rate under this section.**

45 (c) **A tax rate under this section may be imposed in increments**
46 **of five hundredths of one percent (0.05%), as determined by the**

1 county income tax council. A tax rate under this section may not
2 exceed one percent (1%).

3 (d) Except as provided in this subsection, a tax rate under this
4 section is in addition to any other tax rates imposed under this
5 chapter and does not affect the purposes for which other tax
6 revenue under this chapter may be used. A tax rate may not be
7 imposed under this section if a tax rate is imposed under section 32
8 of this chapter.

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

13 (f) A tax rate under this section may be imposed, increased,
14 decreased, rescinded, or replaced with a tax rate imposed under
15 section 32 of this chapter at the same time and in the same manner
16 that the county income tax council may impose or increase a tax
17 rate under section 30 of this chapter.

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

21 (1) The tax revenue may be used to provide county property
22 tax replacement credits at a uniform rate to all taxpayers in
23 the county and applied to all property tax levies imposed by
24 the county. The county property tax replacement credits must
25 be treated for all purposes as property tax levies. The county
26 auditor shall determine the county property tax replacement
27 credit percentage for a particular year based on the amount
28 of tax revenue that will be used under this subdivision to
29 provide county property tax replacement credits in that year.
30 A county income tax council may not adopt an ordinance
31 determining that tax revenue must be used under this
32 subdivision to provide county property tax replacement
33 credits at a uniform rate to all taxpayers in the county unless
34 the county income tax council has done the following:

35 (A) Made available to the public the county income tax
36 council's best estimate of the amount of property tax
37 replacement credits to be provided under this subdivision
38 to homesteads, other residential property, commercial
39 property, industrial property, and agricultural property.

40 (B) Adopted a resolution or other statement
41 acknowledging that some taxpayers in the county that do
42 not pay the tax rate under this section will receive a
43 property tax replacement credit that is funded with tax
44 revenue from the tax rate under this section.

45 (2) The tax revenue may be used to uniformly provide the
46 homestead credit percentage to be applied against all
47 property tax levies imposed by the county. The homestead

1 **credits must be treated for all purposes as property tax levies.**
 2 **The homestead credits must be applied to the county's part of**
 3 **property taxes due on the homestead after the application of**
 4 **all other assessed value deductions or property tax deductions**
 5 **and credits that apply to the amount owed under IC 6-1.1.**
 6 **The department of local government finance shall determine**
 7 **the homestead credit percentage for a particular year based**
 8 **on the amount of tax revenue that will be used under this**
 9 **subdivision to provide homestead credits in that year.**

10 **(3) The tax revenue may be used to provide county property**
 11 **tax replacement credits at a uniform rate for all qualified**
 12 **residential property, as defined in section 1 of this chapter, in**
 13 **the county for all property tax levies imposed by the county.**
 14 **The county property tax replacement credits must be treated**
 15 **for all purposes as property tax levies. The county auditor**
 16 **shall determine the county property tax replacement credit**
 17 **percentage for a particular year based on the amount of tax**
 18 **revenue that will be used under this subdivision to provide**
 19 **county property tax replacement credits in that year.**

20 **(h) The tax rate under this section may not be considered for**
 21 **purposes of computing:**

22 **(1) the maximum income tax rate that may be imposed in a**
 23 **county under section 8 or 9 of this chapter or any other**
 24 **provision of this chapter;**

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

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

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

31 SECTION 47. IC 6-3.5-7-5, AS AMENDED BY P.L.146-2008,
 32 SECTION 344, IS AMENDED TO READ AS FOLLOWS
 33 [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in
 34 subsection (c), the county economic development income tax may be
 35 imposed on the adjusted gross income of county taxpayers. The entity
 36 that may impose the tax is:

37 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
 38 the county option income tax is in effect on March 31 of the year
 39 the county economic development income tax is imposed;

40 (2) the county council if the county adjusted gross income tax is
 41 in effect on March 31 of the year the county economic
 42 development tax is imposed; or

43 (3) the county income tax council or the county council,
 44 whichever acts first, for a county not covered by subdivision (1)
 45 or (2).

46 To impose the county economic development income tax, a county
 47 income tax council shall use the procedures set forth in IC 6-3.5-6

- 1 concerning the imposition of the county option income tax.
- 2 (b) Except as provided in subsections (c), (g), (k), (p), and (r) and
 3 section 28 of this chapter, the county economic development income
 4 tax may be imposed at a rate of:
- 5 (1) one-tenth percent (0.1%);
 - 6 (2) two-tenths percent (0.2%);
 - 7 (3) twenty-five hundredths percent (0.25%);
 - 8 (4) three-tenths percent (0.3%);
 - 9 (5) thirty-five hundredths percent (0.35%);
 - 10 (6) four-tenths percent (0.4%);
 - 11 (7) forty-five hundredths percent (0.45%); or
 - 12 (8) five-tenths percent (0.5%);
- 13 on the adjusted gross income of county taxpayers.
- 14 (c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o),
 15 (p), (s), (v), (w), (x), or (y), the county economic development income
 16 tax rate plus the county adjusted gross income tax rate, if any, that are
 17 in effect on January 1 of a year may not exceed one and twenty-five
 18 hundredths percent (1.25%). Except as provided in subsection (g), (p),
 19 (r), (t), (u), (w), (x), or (y), the county economic development tax rate
 20 plus the county option income tax rate, if any, that are in effect on
 21 January 1 of a year may not exceed one percent (1%).
- 22 (d) To impose, increase, decrease, or rescind the county economic
 23 development income tax, the appropriate body must, after March 31
 24 but before August 1 of a year, adopt an ordinance. The ordinance to
 25 impose the tax must substantially state the following:
- 26 "The _____ County _____ imposes the county economic
 27 development income tax on the county taxpayers of _____
 28 County. The county economic development income tax is imposed at
 29 a rate of _____ percent (____%) on the county taxpayers of the
 30 county. This tax takes effect October 1 of this year."
- 31 (e) Any ordinance adopted under this chapter takes effect October
 32 1 of the year the ordinance is adopted.
- 33 (f) The auditor of a county shall record all votes taken on ordinances
 34 presented for a vote under the authority of this chapter and shall, not
 35 more than ten (10) days after the vote, send a certified copy of the
 36 results to the commissioner of the department by certified mail.
- 37 (g) This subsection applies to a county having a population of more
 38 than one hundred forty-eight thousand (148,000) but less than one
 39 hundred seventy thousand (170,000). Except as provided in subsection
 40 (p), in addition to the rates permitted by subsection (b), the:
- 41 (1) county economic development income tax may be imposed at
 42 a rate of:
 - 43 (A) fifteen-hundredths percent (0.15%);
 - 44 (B) two-tenths percent (0.2%); or
 - 45 (C) twenty-five hundredths percent (0.25%); and
 - 46 (2) county economic development income tax rate plus the county

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

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

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

19 (j) For a county having a population of more than seventy-one
 20 thousand (71,000) but less than seventy-one thousand four hundred
 21 (71,400), except as provided in subsection (p), the county economic
 22 development income tax rate plus the county adjusted gross income tax
 23 rate that are in effect on January 1 of a year may not exceed one and
 24 five-tenths percent (1.5%).

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

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

31 (2) the sum of the county economic development income tax rate
 32 and the county adjusted gross income tax rate that are in effect on
 33 January 1 of a year may not exceed one and five-tenths percent
 34 (1.5%);

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

37 (l) For a county having a population of more than twenty-nine
 38 thousand (29,000) but less than thirty thousand (30,000), except as
 39 provided in subsection (p), the county economic development income
 40 tax rate plus the county adjusted gross income tax rate that are in effect
 41 on January 1 of a year may not exceed one and five-tenths percent
 42 (1.5%).

43 (m) For:

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

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

7 (n) For a county having a population of more than six thousand
 8 (6,000) but less than eight thousand (8,000), except as provided in
 9 subsection (p), the county economic development income tax rate plus
 10 the county adjusted gross income tax rate that are in effect on January
 11 1 of a year may not exceed one and five-tenths percent (1.5%).

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

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

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

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

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

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

28 (p) In addition:

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

33 (2) the:

34 (A) county economic development income tax; and

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

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

40 However, the additional rate imposed under this subsection may not
 41 exceed the amount necessary to mitigate the increased ad valorem
 42 property taxes on homesteads (as defined in IC 6-1.1-20.9-1 before
 43 January 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or
 44 residential property (as defined in section 26 of this chapter), as
 45 appropriate under the ordinance adopted by the adopting body in the
 46 county, resulting from the deduction of the assessed value of inventory

1 in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the
2 exclusion in 2008 of inventory from the definition of personal property
3 in IC 6-1.1-1-11.

4 (q) If the county economic development income tax is imposed as
5 authorized under subsection (p) at a rate that exceeds the maximum
6 rate that would otherwise apply under this section, the certified
7 distribution must be used for the purpose provided in section 25(e) or
8 26 of this chapter to the extent that the certified distribution results
9 from the difference between:

- 10 (1) the actual county economic development tax rate; and
11 (2) the maximum rate that would otherwise apply under this
12 section.

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

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

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

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

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

38 (v) This subsection applies to Jasper County. Except as provided in
39 subsection (p), the sum of the county economic development income
40 tax rate and the county adjusted gross income tax rate that are in effect
41 on January 1 of a year may not exceed one and five-tenths percent
42 (1.5%).

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

- 46 (1) the county economic development income tax rate plus the

- 1 county adjusted gross income tax rate; or
 2 (2) the county economic development tax rate plus the county
 3 option income tax rate.
 4 (x) The income tax rate limits imposed by subsection (c) or (y) or
 5 any other provision of this chapter do not apply to:
 6 (1) a county adjusted gross income tax rate imposed under
 7 IC 6-3.5-1.1-24, **IC 6-3.5-1.1-24.5**, IC 6-3.5-1.1-25, **or**
 8 IC 6-3.5-1.1-26, **or IC 6-3.5-1.1-27**; or
 9 (2) a county option income tax rate imposed under IC 6-3.5-6-30,
 10 **IC 6-3.5-6-30.5**, IC 6-3.5-6-31, **or** IC 6-3.5-6-32, **or**
 11 **IC 6-3.5-6-32.5**.

12 For purposes of computing the maximum combined income tax rate
 13 under subsection (c) or (y) or any other provision of this chapter that
 14 may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this
 15 chapter, a county's county adjusted gross income tax rate or county
 16 option income tax rate for a particular year does not include the county
 17 adjusted gross income tax rate imposed under IC 6-3.5-1.1-24,
 18 **IC 6-3.5-1.1-24.5**, IC 6-3.5-1.1-25, **or** IC 6-3.5-1.1-26, or
 19 **IC 6-3.5-1.1-27** or the county option income tax rate imposed under
 20 IC 6-3.5-6-30, **IC 6-3.5-6-30.5**, IC 6-3.5-6-31, **or** IC 6-3.5-6-32, **or**
 21 **IC 6-3.5-6-32.5**.

22 (y) This subsection applies to Monroe County. Except as provided
 23 in subsection (p), if an ordinance is adopted under IC 6-3.5-6-33, the
 24 sum of the county economic development income tax rate and the
 25 county option income tax rate that are in effect on January 1 of a year
 26 may not exceed one and twenty-five hundredths percent (1.25%)."

27 Page 52, between lines 23 and 24, begin a new paragraph and insert:
 28 "SECTION 49. IC 12-29-2-2, AS AMENDED BY P.L.123-2008,
 29 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 UPON PASSAGE]: Sec. 2. (a) A county shall fund the operation of
 31 community mental health centers in the amount determined under
 32 subsection (b), unless a lower tax levy amount will be adequate to
 33 fulfill the county's financial obligations under this chapter in any of the
 34 following situations:

- 35 (1) If the total population of the county is served by one (1)
 36 center.
 37 (2) If the total population of the county is served by more than one
 38 (1) center.
 39 (3) If the partial population of the county is served by one (1)
 40 center.
 41 (4) If the partial population of the county is served by more than
 42 one (1) center.

43 (b) The amount of funding under subsection (a) for taxes first due
 44 and payable in a calendar year is the following:

- 45 (1) For 2004, the amount is the amount determined under STEP
 46 THREE of the following formula:

- 1 STEP ONE: Determine the amount that was levied within the
2 county to comply with this section from property taxes first
3 due and payable in 2002.
- 4 STEP TWO: Multiply the STEP ONE result by the county's
5 assessed value growth quotient for the ensuing year 2003, as
6 determined under IC 6-1.1-18.5-2.
- 7 STEP THREE: Multiply the STEP TWO result by the county's
8 assessed value growth quotient for the ensuing year 2004, as
9 determined under IC 6-1.1-18.5-2.
- 10 (2) Except as provided in subsection (c), for 2005 and each year
11 thereafter, the result equal to:
- 12 (A) the amount that was levied in the county to comply with
13 this section from property taxes first due and payable in the
14 calendar year immediately preceding the ensuing calendar
15 year; multiplied by
- 16 (B) the county's assessed value growth quotient for the ensuing
17 calendar year, as determined under IC 6-1.1-18.5-2.
- 18 (c) This subsection applies only to property taxes first due and
19 payable after December 31, 2007. This subsection applies only to a
20 county for which a county adjusted gross income tax rate is first
21 imposed or is increased in a particular year under IC 6-3.5-1.1-24 **or**
22 **IC 6-3.5-1.1-24.5** or a county option income tax rate is first imposed
23 or is increased in a particular year under IC 6-3.5-6-30 **or**
24 **IC 6-3.5-6-30.5**. Notwithstanding any provision in this section or any
25 other section of this chapter, for a county subject to this subsection, the
26 county's maximum property tax levy under this section to fund the
27 operation of community mental health centers for the ensuing calendar
28 year is equal to the county's maximum property tax levy to fund the
29 operation of community mental health centers for the current calendar
30 year.
- 31 (d) Except as provided in subsection (h), the county shall pay to the
32 division of mental health and addiction the part of the funding
33 determined under subsection (b) that is appropriated solely for funding
34 the operations of a community health center. The funding required
35 under this section for operations of a community health center shall be
36 paid by the county to the division of mental health and addiction. These
37 funds shall be used solely for satisfying the non-federal share of
38 medical assistance payments to community mental health centers
39 serving the county for:
- 40 (1) allowable administrative services; and
- 41 (2) community mental health rehabilitation services.
- 42 All other funding appropriated for the purposes allowed under section
43 1.2(b)(1) of this chapter shall be paid by the county directly to the
44 community mental health center semiannually at the times that the
45 payments are made under subsection (e).
- 46 (e) The county shall appropriate and disburse the funds for

1 operations semiannually not later than December 1 and June 1 in an
 2 amount equal to the amount determined under subsection (b) and
 3 requested in writing by the division of mental health and addiction. The
 4 total funding amount paid to the division of mental health and
 5 addiction for a county for each calendar year may not exceed the
 6 amount that is calculated in subsection (b) and set forth in writing by
 7 the division of mental health and addiction for the county. Funds paid
 8 to the division of mental health and addiction by the county shall be
 9 submitted by the county in a timely manner after receiving the written
 10 request from the division of mental health and addiction, to ensure
 11 current year compliance with the community mental health
 12 rehabilitation program and any administrative requirements of the
 13 program.

14 (f) The division of mental health and addiction shall ensure that the
 15 non-federal share of funding received from a county under this program
 16 is applied only for matching federal funds for the designated
 17 community mental health centers to the extent a center is eligible to
 18 receive county funding under IC 12-21-2-3(a)(5)(E).

19 (g) The division of mental health and addiction:

- 20 (1) shall first apply state funding to a community mental health
 21 center's non-federal share of funding under this program; and
 22 (2) may next apply county funding received under IC 12-29-2-2
 23 to any remaining non-federal share of funding for the community
 24 mental health center.

25 The division shall distribute any excess state funds that exceed the
 26 community mental health rehabilitation services non-federal share
 27 applied to a community mental health center that is entitled to the
 28 excess state funds.

29 (h) The health and hospital corporation of Marion County created
 30 by IC 16-22-8-6 may make payments to the division for the operation
 31 of a community mental health center as described in this chapter.".

32 Renumber all SECTIONS consecutively.

(Reference is to ESB 239 as printed February 22, 2010.)

Representative Thompson