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# HOUSE BILL No. 1149

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-20.3; IC 6-1.1-22-8.1; IC 6-8.1-1-1; IC 6-10; IC 36-1-2-7.

**Synopsis:** Variable local option income taxes. Authorizes a taxing unit to impose variable local option income taxes to replace revenue lost to the local unit as a result of: (1) the application of the circuit breaker credit; or (2) the elimination of property taxes on real property wholly owned by individuals residing in the local unit where the individuals pay a variable local option income tax. Repeals the distressed unit appeal board statute.

**Effective:** July 1, 2010.

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## Thompson, Cherry

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January 7, 2010, read first time and referred to Committee on Ways and Means.

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Second Regular Session 116th General Assembly (2010)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2009 Regular and Special Sessions of the General Assembly.

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**HOUSE BILL No. 1149**



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-1.1-22-8.1, AS AMENDED BY P.L.87-2009,  
2 SECTION 7, AND AS AMENDED BY P.L.136-2009, SECTION 7, IS  
3 CORRECTED AND AMENDED TO READ AS FOLLOWS  
4 [EFFECTIVE JULY 1, 2010]: Sec. 8.1. ~~(a)~~ *This section applies only to*  
5 *property taxes and special assessments first due and payable after*  
6 *December 31, 2007.*  
7 ~~(b)~~ **(a)** The county treasurer shall:  
8 (1) *except as provided in subsection (h)*, mail to the last known  
9 address of each person liable for any property taxes or special  
10 assessment, as shown on the tax duplicate or special assessment  
11 records, or to the last known address of the most recent owner  
12 shown in the transfer book; and  
13 (2) transmit by written, electronic, or other means to a mortgagee  
14 maintaining an escrow account for a person who is liable for any  
15 property taxes or special assessments, as shown on the tax  
16 duplicate or special assessment records;  
17 a statement in the form required under subsection ~~(c)~~ *(b)*. However, for



1 property taxes first due and payable in 2008, the county treasurer may  
 2 choose to use a tax statement that is different from the tax statement  
 3 prescribed by the department under subsection ~~(e)~~ (b). If a county  
 4 chooses to use a different tax statement, the county must still transmit  
 5 (with the tax bill) the statement in either color type or black-and-white  
 6 type.

7 ~~(e)~~ (b) The department of local government finance shall prescribe  
 8 a form, subject to the approval of the state board of accounts, for the  
 9 statement under subsection ~~(b)~~ (a) that includes at least the following:

10 (1) A statement of the taxpayer's current **property taxes and**  
 11 **special assessments** and delinquent:

12 (A) **property taxes;**

13 (B) **taxes under IC 6-10 for the taxing district where the**  
 14 **property is located; and**

15 (C) special assessments.

16 (2) A breakdown showing:

17 (A) the total property tax and special assessment liability and  
 18 the amount of the taxpayer's **property tax and special**  
 19 **assessment** liability that will be distributed to each taxing unit  
 20 in the county; **and**

21 (B) **the estimated total tax liability under IC 6-10 in the**  
 22 **current calendar year of taxpayers in the taxing district**  
 23 **where the property is located and the amount of the**  
 24 **estimated liability that will be distributed to each taxing**  
 25 **unit in the county.**

26 (3) An itemized listing for each property tax levy **and tax under**  
 27 **IC 6-10**, including:

28 (A) the amount of the tax rate;

29 (B) the entity levying the tax owed; and

30 (C) **in the case of:**

31 (i) **property taxes and special assessments**, the dollar  
 32 amount of the tax owed; **and**

33 (ii) **taxes under IC 6-10, the amount raised by each**  
 34 **one-tenth of one percent (0.1%) in tax rate for the taxing**  
 35 **district where the property is located.**

36 (4) Information designed to show the manner in which the:

37 (A) **property taxes billed in the tax statement;**

38 (B) **taxes imposed under IC 6-10 for the taxing district**  
 39 **where the property is located; and**

40 (C) special assessments billed in the tax statement;

41 are to be used.

42 (5) A comparison showing any change in the assessed valuation

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for the property as compared to the previous year.  
(6) A comparison showing any change in the property tax and special assessment liability for the property as compared to the previous year. The information required under this subdivision must identify:

(A) the amount of the taxpayer's liability distributable to each taxing unit in which the property is located in the current year and in the previous year; and

(B) the percentage change, if any, in the amount of the taxpayer's liability distributable to each taxing unit in which the property is located from the previous year to the current year.

(7) An explanation of the following:

(A) ~~The~~ Homestead ~~credit and~~ credits under IC 6-1.1-20.4, IC 6-3.5-6-13, or another law that are available in the taxing district where the property is located.

(B) All property tax deductions that are available in the taxing district where the property is located.

~~(B)~~ (C) The procedure and deadline for filing for ~~the~~ any available homestead ~~credit~~ credits under IC 6-1.1-20.4, IC 6-3.5-6-13, or another law and each deduction.

~~(C)~~ (D) The procedure that a taxpayer must follow to:  
(i) appeal a current assessment; or  
(ii) petition for the correction of an error related to the taxpayer's property tax and special assessment liability.

~~(D)~~ (E) The forms that must be filed for an appeal or a petition described in clause ~~(C)~~ (D).

(F) The procedure and deadline that a taxpayer must follow and the forms that must be used if a credit or deduction has been granted for the property and the taxpayer is no longer eligible for the credit or deduction.

~~(E)~~ (G) Notice that an appeal described in clause ~~(C)~~ (D) requires evidence relevant to the true tax value of the taxpayer's property as of the assessment date that is the basis for the taxes payable on that property.

The department of local government finance shall provide the explanation required by this subdivision to each county treasurer.

(8) A checklist that shows:

(A) ~~the~~ homestead ~~credit~~ credits under IC 6-1.1-20.4, IC 6-3.5-6-13, or another law and all property tax deductions; and

(B) whether ~~the~~ each homestead credit and ~~each~~ property tax

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deduction applies in the current statement for the property transmitted under subsection ~~(b)~~. (a).

(9) This subdivision applies to any property for which a deduction or credit is listed under subdivision (8) if the notice required under this subdivision was not provided to a taxpayer on a reconciling statement under IC 6-1.1-22.5-12. The statement must include in 2010, 2011, and 2012 a notice that must be returned by the taxpayer to the county auditor with the taxpayer's verification of the items required by this subdivision. The notice must explain the tax consequences and applicable penalties if a taxpayer unlawfully claims a standard deduction under IC 6-1.1-12-37 on:

- (A) more than one (1) parcel of property; or
- (B) property that is not the taxpayer's principal place of residence or is otherwise not eligible for the standard deduction.

The notice must include a place for the taxpayer to indicate, under penalties of perjury, for each deduction and credit listed under subdivision (8), whether the property is eligible for the deduction or credit listed under subdivision (8). The notice must also include a place for each individual who qualifies the property for a deduction or credit listed in subdivision (8) to indicate the name of the individual and the name of the individual's spouse (if any), as the names appear in the records of the United States Social Security Administration for the purposes of the issuance of a Social Security card and Social Security number (or that they use as their legal names when they sign their names on legal documents), and either the last five (5) digits of each individual's Social Security number or, if an individual does not have a Social Security number, the numbers required from the individual under IC 6-1.1-12-37(e)(4)(B). The notice must explain that the taxpayer must complete and return the notice with the required information and that failure to complete and return the notice may result in disqualification of property for deductions and credits listed in subdivision (8), must explain how to return the notice, and must be on a separate form printed on paper that is a different color than the tax statement. The notice must be prepared in the form prescribed by the department of local government finance and include any additional information required by the department of local government finance. This subdivision expires January 1, 2015.

**(10) A comparison showing:**

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- (A) the aggregate tax rate under IC 6-10 for the previous calendar year and the aggregate tax rate under IC 6-10 in the current calendar year for the taxing district where the property is located;**
- (B) the total estimated tax revenue in the taxing district where the property is located for the previous calendar year and the total estimated tax revenue in the taxing district where the property is located for the current calendar year; and**
- (C) the percentage change in the tax rates and revenues for the taxing district where the property is located between the previous calendar year and the current calendar year.**

~~(c)~~ (c) The county treasurer may mail or transmit the statement one (1) time each year at least fifteen (15) days before the date on which the first or only installment is due. Whenever a person's tax liability for a year is due in one (1) installment under IC 6-1.1-7-7 or section 9 of this chapter, a statement that is mailed must include the date on which the installment is due and denote the amount of money to be paid for the installment. Whenever a person's tax liability is due in two (2) installments, a statement that is mailed must contain the dates on which the first and second installments are due and denote the amount of money to be paid for each installment. *If a statement is returned to the county treasurer as undeliverable and the forwarding order is expired, the county treasurer shall notify the county auditor of this fact. Upon receipt of the county treasurer's notice, the county auditor may, at the county auditor's discretion, treat the property as not being eligible for any deductions under IC 6-1.1-12 or any homestead credits under IC 6-1.1-20.4 and IC 6-3.5-6-13.*

~~(d)~~ (d) All payments of property taxes and special assessments shall be made to the county treasurer. The county treasurer, when authorized by the board of county commissioners, may open temporary offices for the collection of taxes in cities and towns in the county other than the county seat.

~~(e)~~ (e) The county treasurer, county auditor, and county assessor shall cooperate to generate the information to be included in the statement under subsection ~~(c)~~ (b).

~~(f)~~ (f) The information to be included in the statement under subsection ~~(c)~~ (b) must be simply and clearly presented and understandable to the average individual.

~~(g)~~ (g) After December 31, 2007, a reference in a law or rule to IC 6-1.1-22-8 (expired January 1, 2008, and repealed) shall be treated as a reference to this section.

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1           (h) *Transmission of statements and other information under this*  
2 *subsection applies in a county only if the county legislative body*  
3 *adopts an authorizing ordinance. Subject to subsection (i), in a county*  
4 *in which an ordinance is adopted under this subsection for property*  
5 *taxes and special assessments first due and payable after 2009, a*  
6 *person may direct the county treasurer and county auditor to transmit*  
7 *the following to the person by electronic mail:*

8           (1) *A statement that would otherwise be sent by the county*  
9 *treasurer to the person by regular mail under subsection (a)(1),*  
10 *including a statement that reflects installment payment due dates*  
11 *under section 9.5 or 9.7 of this chapter.*

12           (2) *A provisional tax statement that would otherwise be sent by*  
13 *the county treasurer to the person by regular mail under*  
14 *IC 6-1.1-22.5-6.*

15           (3) *A reconciling tax statement that would otherwise be sent by*  
16 *the county treasurer to the person by regular mail under any of*  
17 *the following:*

18                   (A) *Section 9 of this chapter.*

19                   (B) *Section 9.7 of this chapter.*

20                   (C) *IC 6-1.1-22.5-12, including a statement that reflects*  
21 *installment payment due dates under IC 6-1.1-22.5-18.5.*

22           (4) *A statement that would otherwise be sent by the county*  
23 *auditor to the person by regular mail under IC 6-1.1-17-3(b).*

24           (5) *Any other information that:*

25                   (A) *concerns the property taxes or special assessments; and*

26                   (B) *would otherwise be sent:*

27                           (i) *by the county treasurer or the county auditor to the*  
28 *person by regular mail; and*

29                           (ii) *before the last date the property taxes or special*  
30 *assessments may be paid without becoming delinquent.*

31           (i) *For property with respect to which more than one (1) person is*  
32 *liable for property taxes and special assessments, subsection (h)*  
33 *applies only if all the persons liable for property taxes and special*  
34 *assessments designate the electronic mail address for only one (1)*  
35 *individual authorized to receive the statements and other information*  
36 *referred to in subsection (h).*

37           (j) *Before 2010, the department of local government finance shall*  
38 *create a form to be used to implement subsection (h). The county*  
39 *treasurer and county auditor shall:*

40                   (1) *make the form created under this subsection available to the*  
41 *public;*

42                   (2) *transmit a statement or other information by electronic mail*

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1 under subsection (h) to a person who, at least thirty (30) days  
 2 before the anticipated general mailing date of the statement or  
 3 other information, files the form created under this subsection:  
 4 (A) with the county treasurer; or  
 5 (B) with the county auditor; and  
 6 (3) publicize the availability of the electronic mail option under  
 7 this subsection through appropriate media in a manner  
 8 reasonably designed to reach members of the public.  
 9 (k) The form referred to in subsection (j) must:  
 10 (1) explain that a form filed as described in subsection (j)(2)  
 11 remains in effect until the person files a replacement form to:  
 12 (A) change the person's electronic mail address; or  
 13 (B) terminate the electronic mail option under subsection (h);  
 14 and  
 15 (2) allow a person to do at least the following with respect to the  
 16 electronic mail option under subsection (h):  
 17 (A) Exercise the option.  
 18 (B) Change the person's electronic mail address.  
 19 (C) Terminate the option.  
 20 (D) For a person other than an individual, designate the  
 21 electronic mail address for only one (1) individual authorized  
 22 to receive the statements and other information referred to in  
 23 subsection (h).  
 24 (E) For property with respect to which more than one (1)  
 25 person is liable for property taxes and special assessments,  
 26 designate the electronic mail address for only one (1)  
 27 individual authorized to receive the statements and other  
 28 information referred to in subsection (h).  
 29 (l) The form created under subsection (j) is considered filed with the  
 30 county treasurer or the county auditor on the postmark date. If the  
 31 postmark is missing or illegible, the postmark is considered to be one  
 32 (1) day before the date of receipt of the form by the county treasurer  
 33 or the county auditor.  
 34 (m) The county treasurer shall maintain a record that shows at least  
 35 the following:  
 36 (1) Each person to whom a statement or other information is  
 37 transmitted by electronic mail under this section.  
 38 (2) The information included in the statement.  
 39 (3) Whether the person received the statement.  
 40 SECTION 2. IC 6-8.1-1-1, AS AMENDED BY P.L.182-2009(ss),  
 41 SECTION 247, IS AMENDED TO READ AS FOLLOWS  
 42 [EFFECTIVE JULY 1, 2010]: Sec. 1. "Listed taxes" or "taxes" includes

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1 only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the  
 2 riverboat admissions tax (IC 4-33-12); the riverboat wagering tax  
 3 (IC 4-33-13); the slot machine wagering tax (IC 4-35-8); the type II  
 4 gambling game excise tax (IC 4-36-9); the gross income tax (IC 6-2.1)  
 5 (repealed); the utility receipts and utility services use taxes (IC 6-2.3);  
 6 the state gross retail and use taxes (IC 6-2.5); the adjusted gross income  
 7 tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the  
 8 county adjusted gross income tax (IC 6-3.5-1.1); the county option  
 9 income tax (IC 6-3.5-6); the county economic development income tax  
 10 (IC 6-3.5-7); the auto rental excise tax (IC 6-6-9); the financial  
 11 institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative  
 12 fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor  
 13 carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a  
 14 reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax  
 15 (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the excise  
 16 tax imposed on recreational vehicles and truck campers (IC 6-6-5.1);  
 17 the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax  
 18 (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax  
 19 (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax  
 20 (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum  
 21 severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the  
 22 various food and beverage taxes (IC 6-9); the county admissions tax  
 23 (IC 6-9-13 and IC 6-9-28); the regional transportation improvement  
 24 income tax (IC 8-24-17); **a variable local income tax imposed under**  
 25 **IC 6-10**; the oil inspection fee (IC 16-44-2); the emergency and  
 26 hazardous chemical inventory form fee (IC 6-6-10); the penalties  
 27 assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and  
 28 penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the  
 29 underground storage tank fee (IC 13-23); the solid waste management  
 30 fee (IC 13-20-22); and any other tax or fee that the department is  
 31 required to collect or administer.

32 SECTION 3. IC 6-10 IS ADDED TO THE INDIANA CODE AS A  
 33 NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 34 2010]:

35 **ARTICLE 10. VARIABLE LOCAL INCOME TAX**

36 **Chapter 1. Purpose; Application**

37 **Sec. 1. This article applies to all taxing units.**

38 **Sec. 2. The purpose of this article is to provide taxing units with**  
 39 **an alternative source of tax revenue to do any combination of the**  
 40 **following:**

41 **(1) To replace property tax revenue lost from the application**  
 42 **of property tax circuit breaker credits granted under**

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**IC 6-1.1-20.6-7.5.**

**(2) To replace property tax revenue lost from the elimination of property taxes on real property other than property taxes imposed on real property in which one (1) or more of the following entities have a direct or an indirect interest:**

**(A) A corporation (except a corporation that is exempt from federal adjusted gross income tax under Section 1363 of the Internal Revenue Code and that complies with the requirements in IC 6-3-4-13).**

**(B) A public utility company (as defined in IC 6-1.1-8-2).**

**(C) A trust that is not required by a trust agreement to distribute one hundred percent (100%) of its income to individuals who are beneficiaries of the trust.**

**(D) An entity that is taxed as a corporation for purposes of the federal adjusted gross income tax.**

**(E) A corporation that is exempt from income tax under Section 1363 of the Internal Revenue Code or a partnership (including a limited liability company) if the real property is not located where all of the shareholders, partners, or members are subject to tax under this article.**

**(F) One (1) or more individuals, if the real property is not located where all of the individuals are subject to tax under this article.**

**Sec. 3. This article applies only to:**

- (1) the replacement of property taxes imposed for an assessment date after January 15, 2010; and**
- (2) taxable years that begin after December 31, 2010.**

**Sec. 4. A tax imposed under this article is in addition to a tax imposed under any other law.**

**Chapter 2. Definitions**

**Sec. 1. The definitions in IC 6-3 and this chapter apply throughout this article.**

**Sec. 2. "Adjusted gross income" means adjusted gross income (as defined in IC 6-3-1-3.5(a)), except that in the case of a taxpayer who is a nonresident, the term includes only adjusted gross income derived from the taxpayer's principal place of business or employment.**

**Sec. 3. "Allocation area" has the meaning set forth in IC 6-1.1-21.2-3.**

**Sec. 4. "Budget year" means a calendar year.**

**Sec. 5. "Direct or indirect interest" includes the following:**

- (1) An interest as an owner of property.**

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1           (2) A beneficial interest in property resulting from a trust,  
 2           guardianship, or other fiduciary relationship with an owner  
 3           of property.  
 4           (3) An ownership or beneficial interest that through a chain  
 5           of individuals or entities results in direct or indirect  
 6           ownership or beneficial interest in property.  
 7       Sec. 6. "Impose" means the following:  
 8           (1) To establish a tax.  
 9           (2) To set a tax rate for a tax.  
 10          (3) To increase or decrease the tax rate for a tax.  
 11          (4) To otherwise change the terms or conditions of a tax.  
 12       Sec. 7. "Nonresident" means an individual:  
 13          (1) who is not a resident of Indiana on the residency  
 14          determination date in the individual's taxable year; and  
 15          (2) whose principal place of business or employment is located  
 16          in Indiana on the residency determination date in the  
 17          individual's taxable year.  
 18       Sec. 8. "Political subdivision" has the meaning set forth in  
 19       IC 36-1-2-13.  
 20       Sec. 9. "Rainy day fund" refers to a rainy day fund established  
 21       under IC 6-10-11-1 or IC 36-1-8-5.1.  
 22       Sec. 10. "Residency determination date" refers to the date in a  
 23       taxpayer's taxable year on which the taxpayer's obligation to pay  
 24       taxes imposed by a particular taxing unit is determined.  
 25       Sec. 11. "Resident" means an individual who is a resident of a  
 26       taxing unit on the residency determination date in the individual's  
 27       taxable year.  
 28       Sec. 12. "Tax" refers to an adjusted gross income tax imposed  
 29       under this article.  
 30       Sec. 13. "Tax limit" refers to a tax limit imposed under  
 31       IC 6-1.1-18.5-3 or any other law on the property taxes levied by a  
 32       taxing unit.  
 33       Sec. 14. "Taxing district" means a geographic area within which  
 34       property is taxed by the same taxing units and at the same total  
 35       rate.  
 36       Sec. 15. "Taxing unit" means a political subdivision that has the  
 37       power to impose an ad valorem property tax.  
 38       Sec. 16. "Taxpayer" refers to an individual who has tax liability  
 39       under this article.  
 40       Chapter 3. Imposition of Tax  
 41       Sec. 1. A tax that is imposed under this article is imposed on the  
 42       adjusted gross income of:

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- 1 (1) each individual who, on the residency determination date
- 2 for the individual's taxable year, is a resident of the taxing
- 3 unit imposing the tax; and
- 4 (2) subject to this chapter, each individual:
  - 5 (A) who is not, on the residency determination date for the
  - 6 individual's taxable year, a resident of any taxing unit in
  - 7 Indiana; but
  - 8 (B) whose principal place of business or employment, on
  - 9 the residency determination date for the individual's
  - 10 taxable year, is located in the taxing unit imposing the tax.

11 **Sec. 2. For purposes of this article, an individual shall be treated**  
 12 **as a resident of:**

- 13 (1) the taxing unit in which the individual maintains a home,
- 14 if the individual maintains only one (1) home in Indiana;
- 15 (2) if subdivision (1) does not apply, the taxing unit in which
- 16 the individual is registered to vote;
- 17 (3) if neither subdivision (1) nor (2) applies, the taxing unit in
- 18 which the individual registers the individual's personal
- 19 automobile; or
- 20 (4) if subdivisions (1), (2), and (3) do not apply, the taxing unit
- 21 in which the individual spends the majority of the individual's
- 22 time in Indiana during the taxable year in question.

23 **Sec. 3. The residence or principal place of business or**  
 24 **employment of an individual is to be determined on January 1 of**  
 25 **the calendar year in which the individual's taxable year begins. If**  
 26 **an individual changes the location of the individual's residence or**  
 27 **principal place of employment or business to another taxing unit**  
 28 **in Indiana during a year, the individual's liability for the tax is not**  
 29 **affected.**

30 **Sec. 4. A tax on a nonresident is imposed only on the part of the**  
 31 **nonresident's adjusted gross income that is derived from the**  
 32 **individual's principal place of business or employment.**

33 **Sec. 5. In the case of a resident of Perry County, the tax may not**  
 34 **be imposed on the part of the individual's adjusted gross income**  
 35 **that is:**

- 36 (1) earned in a county that is:
  - 37 (A) located in another state; and
  - 38 (B) adjacent to the county in which the taxpayer resides;
  - 39 and
  - 40 (2) subject to an income tax imposed by a county, city, town,
  - 41 or other local governmental entity in the other state.

42 **Sec. 6. A taxing unit's fiscal body may pass an ordinance (if the**

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1 taxing unit is a county, city, or town) or a resolution (if the taxing  
 2 unit is not a county, city, or town) to enter into reciprocity  
 3 agreements with the taxing authority of a city, town, municipality,  
 4 county, or other similar local governmental entity of any other  
 5 state. A reciprocity agreement must provide that the income of  
 6 Indiana residents is exempt from income taxation by the other  
 7 local governmental entity to the extent that the income of  
 8 nonresidents who reside in the other local governmental entity is  
 9 exempt from the tax in the Indiana taxing unit entering into the  
 10 agreement.

11 **Sec. 7.** A reciprocity agreement adopted under this chapter may  
 12 not become effective until it is also:

- 13 (1) adopted by the fiscal body of each of the other taxing units  
 14 raising tax revenue in the same taxing districts as the taxing  
 15 unit initiating the reciprocal agreement; and  
 16 (2) made effective in the other local governmental entity that  
 17 is a party to the agreement.

18 **Sec. 8.** The form and effective date of any reciprocity agreement  
 19 described in this chapter must be approved by the department of  
 20 state revenue. Each adopting taxing unit shall certify the  
 21 reciprocity agreement and any change in the reciprocity agreement  
 22 to the department of state revenue.

23 **Sec. 9.** If for any taxable year a taxpayer is subject to different  
 24 tax rates for the tax imposed in a taxing unit, the taxpayer's tax  
 25 rate for the taxing unit and that taxable year is the rate determined  
 26 in **STEP FOUR** of the following **STEPS**:

27 **STEP ONE:** Multiply the number of months in the taxpayer's  
 28 taxable year that precede July 1 by the rate in effect before  
 29 the rate change.

30 **STEP TWO:** Multiply the number of months in the taxpayer's  
 31 taxable year that follow June 30 by the rate in effect after the  
 32 rate change.

33 **STEP THREE:** Add the results determined under **STEP ONE**  
 34 and **STEP TWO**.

35 **STEP FOUR:** Divide the **STEP THREE** result by twelve (12).

36 **Sec. 10.** If the tax is not in effect during a taxpayer's entire  
 37 taxable year, the amount of tax that the taxpayer owes for that  
 38 taxable year equals the product of:

- 39 (1) the amount of tax the taxpayer would owe if the tax had  
 40 been imposed during the taxpayer's entire taxable year;  
 41 multiplied by  
 42 (2) a fraction. The numerator of the fraction equals the

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number of days in the taxpayer's taxable year during which the tax was in effect. The denominator of the fraction equals the total number of days in the taxpayer's taxable year.

**Sec. 11. (a)** Except as provided in subsection (b), if for a particular taxable year a resident is liable for an income tax imposed by a county, city, or town located outside Indiana, that resident is entitled to a credit against the taxpayer's total tax liability imposed under this article for that same taxable year. The amount of the credit equals the amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and subject to the tax under this chapter. However, the credit provided by this section may not reduce a resident's tax liability under this article to an amount less than would have been owed if the income subject to taxation by the other governmental entity had been ignored.

**(b)** The credit provided by this section does not apply to a resident to the extent that the other governmental entity provides for a credit to the resident for the amount of taxes owed under this article.

**(c)** To claim the credit provided by this section, a resident must provide the department of state revenue with satisfactory evidence that the taxpayer is entitled to the credit.

**Sec. 12. (a)** If for a particular taxable year a taxpayer is, or a taxpayer and the taxpayer's spouse who file a joint return are, allowed a credit for the elderly or totally disabled under Section 22 of the Internal Revenue Code, the taxpayer is, or the taxpayer and the taxpayer's spouse are, entitled to a credit against the tax liability under this article for that same taxable year. The amount of the credit equals the lesser of:

- (1)** the product of:
  - (A)** the credit for the elderly or totally disabled for that same taxable year; multiplied by
  - (B)** a fraction, the:
    - (i)** numerator of which is the tax rate imposed under this article against the taxpayer or the taxpayer and the taxpayer's spouse; and
    - (ii)** denominator of which is fifteen-hundredths (0.15); or
- (2)** the amount of tax imposed on the taxpayer or the taxpayer and the taxpayer's spouse.

**(b)** If a taxpayer and the taxpayer's spouse file a joint return and are subject to different taxing unit tax rates for the same taxable year, the taxpayer and the taxpayer's spouse shall compute

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1 the credit under this section by using the formula provided under  
2 subsection (a), except that they shall use the average of the two (2)  
3 tax rates imposed against them as the numerator referred to in  
4 subsection (a)(1)(B)(i).

5 Sec. 13. Except as otherwise provided in this chapter, all  
6 provisions of the adjusted gross income tax law (IC 6-3)  
7 concerning:

- 8 (1) definitions;
- 9 (2) declarations of estimated tax;
- 10 (3) filing of returns;
- 11 (4) deductions or exemptions from adjusted gross income;
- 12 (5) remittances;
- 13 (6) incorporation of the provisions of the Internal Revenue
- 14 Code;
- 15 (7) penalties and interest; and
- 16 (8) exclusion of military pay credits for withholding;

17 apply to the imposition, collection, and administration of the tax  
18 imposed by this article.

19 Sec. 14. IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5,  
20 IC 6-3-4-4.1(g), IC 6-3-4-8.1(f), and IC 6-3-5-1 do not apply to the  
21 tax imposed by this article.

22 Sec. 15. Each employer, including an employer making  
23 payments by electronic funds transfer, shall report to the  
24 department of state revenue for each reporting period the amount  
25 of tax withholdings attributable to each taxing area. The report  
26 must be made before the later of:

- 27 (1) the time that an employer that is not making an electronic
- 28 funds transfer is required to pay to the department of state
- 29 revenue amounts withheld during the reporting period; or
- 30 (2) the date specified by the department of state revenue.

31 Sec. 16. A taxpayer required to file estimated or annual state  
32 adjusted gross income tax returns under IC 6-3-4-4.1, including  
33 taxpayers making payments by electronic funds transfer, shall file  
34 estimated tax returns and make payments of the tax imposed by  
35 this article to the department of state revenue at the time or times  
36 and in the installments specified under IC 6-3-4-4.1 for making  
37 estimated state adjusted gross income tax returns by taxpayers not  
38 making an electronic funds transfer.

39 **Chapter 4. Adoption and Repeal of Tax**

40 **Sec. 1. The fiscal body of a taxing unit may adopt:**

- 41 (1) in the case of a county, city, or town, an ordinance; or
- 42 (2) in the case of any other political subdivision, a resolution;

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to impose a tax under this article to fund one (1) or both of the purposes described in IC 6-10-1-2.

Sec. 2. A fiscal body of a taxing unit may repeal or otherwise reverse its decision to impose a tax to fund either or both of the purposes described in IC 6-10-1-2 by the same procedures applicable to the imposition of a tax.

Sec. 3. An ordinance or a resolution adopted under this article may be adopted at any time.

Sec. 4. An ordinance or resolution adopted under this article need not identify the tax rate at which the tax will be imposed. The fiscal body of a taxing unit must state in an ordinance or resolution:

- (1) the purposes for which the tax is being imposed; and
- (2) that the rate shall be determined annually by the department of local government finance at the rate necessary to provide sufficient revenue to fund the purposes specified by the fiscal body.

Sec. 5. An ordinance or a resolution adopted under this article initially takes effect beginning with the second budget year after the date that the final vote is taken to adopt the ordinance or resolution. However, an ordinance or resolution that corrects a spelling, typographical, or clerical error in a previously adopted ordinance takes effect at the same time that the ordinance or resolution being corrected takes effect.

Sec. 6. An ordinance or resolution adopted under this article remains in effect until the date that an amendment or repeal by a subsequent ordinance or resolution takes effect under section 5 of this chapter.

Sec. 7. A copy of an ordinance or resolution adopted under this article must be certified to the department of local government finance, the department of state revenue, and the county auditor.

**Chapter 5. Establishment of Tax Rate**

Sec. 1. This chapter applies to a taxing unit if the taxing unit will have a tax in effect for a budget year. To the extent that IC 6-1.1-17 and IC 6-1.1-18 do not conflict with this article, the procedures in IC 6-1.1-17 and IC 6-1.1-18 apply to the establishment of tax rates, tax levies, and budgets and supplemental budgets related to a tax adopted under this article.

Sec. 2. Before July 2 in each year, the county fiscal officer shall send a certified statement to the fiscal officer of each taxing unit in the county containing the following information:

- (1) An estimate of taxes under this article to be distributed to

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the taxing unit during the last six (6) months of the current year.

**(2) The:**

**(A) total taxable adjusted gross income in each of the preceding five (5) calendar years of individuals residing in the taxing unit; and**

**(B) total taxable adjusted gross income in each of the preceding five (5) calendar years derived from employment or business in the taxing unit by nonresidents whose principal place of business or employment is located in the taxing unit;**

as determined in conformity with the standards established by the department of local government finance.

**(3) If the taxing unit has adopted a tax to replace revenue lost from the elimination of property taxes on real property, an estimate of:**

**(A) the net assessed value of real property in the taxing unit; and**

**(B) the net assessed value of real property that is located in the taxing unit and in which one (1) or more of the following entities have a direct or indirect interest:**

**(i) A corporation (except a corporation that is exempt from federal adjusted gross income tax under Section 1363 of the Internal Revenue Code and that complies with the requirements in IC 6-3-4-13).**

**(ii) A public utility company (as defined in IC 6-1.1-8-2).**

**(iii) A trust that is not required by a trust agreement to distribute one hundred percent (100%) of its income to individuals who are beneficiaries of the trust.**

**(iv) An entity that is taxed as a corporation for purposes of the federal adjusted gross income tax.**

**(v) A corporation that is exempt from income tax under Section 1363 of the Internal Revenue Code or a partnership (including a limited liability company) if the real property is not located where all of the shareholders, partners, or members are subject to tax under this article.**

**(vi) One (1) or more individuals, if the real property is not located where all of the individuals are subject to tax under this article.**

**(4) If the taxing unit has adopted a tax to replace revenue lost from the circuit breaker credits granted under IC 6-1.1-20.6,**

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1 an estimate of the amount of revenue that will be lost to the  
 2 taxing unit from the circuit breaker credits in the ensuing  
 3 budget year if the taxing unit adopts the maximum  
 4 permissible property tax under the tax limits applicable to the  
 5 taxing unit, as determined under the standards established by  
 6 the department of local government finance.

7 (5) Any other information at the disposal of the county fiscal  
 8 officer that might affect the budget adoption process.

9 Sec. 3. In preparing budget estimates, a taxing unit's fiscal  
 10 officer and fiscal body shall estimate the amount of the tax needed  
 11 for each fund for the budget year.

12 Sec. 4. In the notice required under IC 6-1.1-17-3, a taxing unit  
 13 shall include the following information:

14 (1) The amount of the budget for each fund that the taxing  
 15 unit proposes to fund from taxes and the estimated tax rate  
 16 necessary to raise the amount.

17 (2) The amount of the budget that will be funded from a  
 18 distribution of the taxing unit's rainy day fund.

19 Sec. 5. Not later than the date on which the notice described in  
 20 section 4 of this chapter is published, a taxing unit shall submit a  
 21 copy of the notice to the county fiscal officer.

22 Sec. 6. In the hearing conducted under:

23 (1) IC 6-1.1-17-3; and

24 (2) IC 6-1.1-17-5 or IC 6-1.1-17-5.6;

25 a taxing unit shall consider public testimony concerning the part  
 26 of the budget that the taxing unit proposes to fund from taxes.

27 Sec. 7. Ten (10) or more individuals or entities that could be  
 28 subject to a tax under this article may object to a taxing unit's  
 29 budget in the same manner as an objection may be filed under  
 30 IC 6-1.1-17-5. The taxing unit shall make findings concerning an  
 31 objection filed under this section in the same manner as the taxing  
 32 unit is required to make findings to an objection filed under  
 33 IC 6-1.1-17-5.

34 Sec. 8. The taxing unit's:

35 (1) budget; and

36 (2) tax levies;

37 must be adopted in conformity with IC 6-1.1-17-5 or  
 38 IC 6-1.1-17-5.6, as applicable. The ordinance or resolution in which  
 39 the tax levies are adopted must estimate the tax rates necessary to  
 40 raise the tax levies and must separately state the tax levies and tax  
 41 rates that are attributable to an excessive levy appeal.

42 Sec. 9. If the fiscal body does not fix a budget or specify the

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1 taxes needed to fund the budget before the date specified in  
2 IC 6-1.1-17-5 or IC 6-1.1-17-5.6 or any later date approved by the  
3 department of local government finance, the tax levy specified in  
4 the most recently adopted budget shall be treated as the tax levy  
5 adopted for the ensuing year.

6 Sec. 10. Each year, at least two (2) days before the first meeting  
7 of the county board of tax adjustment held under IC 6-1.1-29-4, a  
8 taxing unit shall file with the county auditor of each county in  
9 which the taxing unit is located:

- 10 (1) a statement of the tax levy fixed by the taxing unit for the
- 11 ensuing budget year and the estimated tax rate needed to raise
- 12 the tax levy;
- 13 (2) two (2) copies of the budget adopted by the taxing unit for
- 14 the ensuing budget year; and
- 15 (3) two (2) copies of any findings adopted under section 7 of
- 16 this chapter.

17 The county auditor shall present these items to the county board of  
18 tax adjustment at the first meeting of the county board of tax  
19 adjustment. If a taxing unit is located in more than one (1) county,  
20 the county determined under IC 6-1.1-17-7 has jurisdiction over  
21 the taxing unit's budget, tax rates, and tax levies.

22 Sec. 11. When a county board of tax adjustment or county fiscal  
23 officer reviews budgets, tax levies, and tax rates under  
24 IC 6-1.1-17-6, the county board of tax adjustment or county fiscal  
25 officer may accept, revise, or reduce the taxes, tax rates, and the  
26 part of the budget funded from taxes proposed by the taxing unit  
27 to enforce the tax limits imposed by law.

28 Sec. 12. A county board of tax adjustment or county fiscal  
29 officer shall notify the fiscal officer of each taxing unit of the action  
30 taken under section 11 of this chapter. The county board of tax  
31 adjustment or county fiscal officer shall issue its determination in  
32 the form of a written order. The written order shall be certified to  
33 the following:

- 34 (1) The affected taxing unit.
- 35 (2) The county fiscal officer for each county in which the
- 36 taxing unit is located.

37 Sec. 13. In the notice required under IC 6-1.1-17-12, the county  
38 fiscal officer shall include the following information:

- 39 (1) The tax levy and estimated tax rate for each tax imposed
- 40 under this article that will be in effect in the taxing area for
- 41 the following year.
- 42 (2) A statement briefly describing the actions that the

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department of local government finance is empowered to take with respect to the tax levies, tax rates, and budget.

Sec. 14. The county fiscal officer shall forward a copy of each taxing unit's budget, estimated tax rates, and estimated tax levies to the department of local government finance along with notice of the actions taken by the county board of tax adjustment or county fiscal officer.

Sec. 15. Based on the taxes imposed by each taxing unit located in a taxing district, the department of local government finance, with the assistance of the budget agency and the department of state revenue, shall compute the appropriate aggregate tax rate for a taxing district. The part of the tax rate imposed in a taxing district for a taxing unit must be:

- (1) uniformly applied to all taxing districts in which the taxing unit is located; and
- (2) subject to section 16 of this chapter and after the application of revenue receivable in the budget year under IC 6-3.5 or another law for the purposes of providing credits against the property tax liability for which a tax is imposed under this article, computed by dividing the tax levy for the next calendar year in the taxing district by the total adjusted gross income for the prior calendar year in the taxing district.

Sec. 16. The department of local government finance may impose, for one (1) or more budget years after a taxing unit adopts a tax under this article or changes a purpose for which a tax is imposed, a tax rate that reflects any part of a tax imposed on adjusted gross income that is earned in a budget year and will be collected after the close of the budget year. If a rate is set for a budget year under this section, the department of local government finance may include in the rate a sufficient amount to recover the estimated costs of issuing tax anticipation warrants repayable from taxes collected after the end of the budget year.

Sec. 17. Tax rates must be rounded to the nearest ten-thousandth of one percent (0.0001%).

Sec. 18. The department of local government finance shall base tax rate computations on the best information available to the department of local government finance at the time the computation is made.

Sec. 19. The department of local government finance may increase the part of a tax rate and levy imposed in a taxing district for a taxing unit above the rate and levy advertised by the taxing unit to raise sufficient revenue to meet the purposes of the tax.

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1           **Sec. 20.** The department of local government finance shall  
 2 certify the tax rates for a year to:  
 3           (1) each affected taxing unit;  
 4           (2) the county fiscal officer for the county where taxes must be  
 5 raised;  
 6           (3) the department of state revenue; and  
 7           (4) the auditor of state;  
 8 before December 2 or as soon as practicable after December 1 of  
 9 the year that immediately precedes the year in which a tax or a tax  
 10 increase will take effect.

11           **Sec. 21.** A tax rate certified under this chapter takes effect on  
 12 the later of January 1 or thirty (30) days after the tax rate is  
 13 certified by the department of local government finance.

14           **Chapter 6. Distribution of Tax Revenue**

15           **Sec. 1.** The department of state revenue shall separately account  
 16 within the state general fund for the taxes imposed by each taxing  
 17 unit in a manner sufficient to provide each affected taxing unit and  
 18 the county board of tax adjustment or county fiscal officer with  
 19 jurisdiction over the taxing unit with an accounting of the amounts  
 20 collected under this article in the taxing area.

21           **Sec. 2.** The auditor of state shall distribute the taxes collected  
 22 for a taxing unit each month to the fiscal officer of the taxing unit.

23           **Sec. 3.** The auditor of state shall make distributions under this  
 24 chapter from the state general fund.

25           **Sec. 4.** The amount necessary to make the distributions required  
 26 by this chapter is annually appropriated from the state general  
 27 fund.

28           **Sec. 5.** The county auditor shall promptly allocate a distribution  
 29 under this chapter to the taxing unit for which the tax was  
 30 imposed.

31           **Sec. 6.** The auditor of state shall distribute as required by law  
 32 for deposit in the appropriate special fund any tax revenue that is  
 33 to be distributed to an allocation area.

34           **Sec. 7. (a)** This section applies if:  
 35           (1) a taxing unit's legislative body adopts an ordinance (if the  
 36 taxing unit is a county, city, or town) or a resolution (if the  
 37 taxing unit is not a county, city, or town) authorizing the  
 38 distribution of part of the taxing unit's taxes to an assignee of  
 39 the taxing unit; and  
 40           (2) the assignment is permitted by law.  
 41           **(b)** The auditor of state shall reduce the amount of a distribution  
 42 made to a taxing unit by the amount that the taxing unit directs the

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1 auditor of state to distribute to an assignee of the taxing unit.  
 2 (c) A distribution under this section must be made to the  
 3 assignee designated in the ordinance or resolution at the assignee's  
 4 last known address, as submitted to the auditor of state by the  
 5 executive of the taxing unit before the cutoff date specified by the  
 6 auditor of state or as otherwise determined by law.  
 7 (d) A distribution under this section may be made not more than  
 8 one (1) time each month. The distribution may be made only in the  
 9 months specified in the ordinance or resolution. The distribution  
 10 for a month may not exceed the amount that the taxing unit would  
 11 otherwise be entitled to receive as a distribution in the month, after  
 12 deducting all other distribution assignments.  
 13 **Sec. 8. For purposes of making distributions of:**  
 14 (1) income taxes imposed under IC 6-3.5; and  
 15 (2) excise taxes imposed under any law;  
 16 that are distributed to a taxing unit based on the property tax levy  
 17 imposed by the taxing unit and for complying with any law that  
 18 sets appropriations, tax rates, or tax levies based on a calculation  
 19 involving property taxes, taxes imposed under this article shall be  
 20 treated as property taxes.  
 21 **Chapter 7. Credit Against Property Taxes on Real Property**  
 22 **Sec. 1. This chapter applies to property tax liability imposed on**  
 23 **real property that is located in a taxing unit that has a tax that:**  
 24 (1) is in effect for a budget year in which the property tax  
 25 liability is first due and payable; and  
 26 (2) was imposed for the purpose of replacing revenue lost  
 27 from the elimination of property taxes on real property.  
 28 **Sec. 2. This chapter does not apply to property tax liability**  
 29 **imposed on real property in which one (1) or more of the following**  
 30 **entities has a direct or indirect interest:**  
 31 (1) A corporation (except a corporation that is exempt from  
 32 federal adjusted gross income tax under Section 1363 of the  
 33 Internal Revenue Code and that complies with in IC 6-3-4-13).  
 34 (2) A public utility company (as defined in IC 6-1.1-8-2).  
 35 (3) A trust that is not required by a trust agreement to  
 36 distribute one hundred percent (100%) of its income to  
 37 individuals who are beneficiaries of the trust.  
 38 (4) An entity that is taxed as a corporation for purposes of the  
 39 federal adjusted gross income tax.  
 40 (5) A corporation that is exempt from income tax under  
 41 Section 1363 of the Internal Revenue Code or a partnership  
 42 (including a limited liability company) if the real property is

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1 not located where all of the shareholders, partners, or  
 2 members are subject to tax under this article.  
 3 (6) One (1) or more individuals, if the real property is not  
 4 located where all of the individuals are subject to tax under  
 5 this article.

6 Sec. 3. The owners of real property are entitled to a credit  
 7 against the property tax liability imposed on real property. The  
 8 credit is equal to one hundred percent (100%) of the ad valorem  
 9 property taxes that would otherwise be first due and payable for  
 10 the budget year in which a tax is in effect.

11 Chapter 8. Exchange of Information

12 Sec. 1. Forms, notices, ordinances, and resolutions required or  
 13 permitted under this article must be prepared and used in the form  
 14 and in the manner approved by the state board of accounts.

15 Sec. 2. The department of state revenue shall establish a  
 16 schedule for regularly providing information to affected taxing  
 17 units, county boards, and county auditors concerning the  
 18 following:

- 19 (1) The amount of tax collections.
- 20 (2) The status of pending tax assessments, including
- 21 information concerning proposed assessments and potential
- 22 refunds.
- 23 (3) The amount of refunds made to taxpayers.
- 24 (4) Transfers in and out of a taxing unit's account that are
- 25 made to correct errors in the apportionment of taxes among
- 26 taxing units.
- 27 (5) Other information that is necessary for the fiscal officer of
- 28 a taxing unit to verify the amount of tax revenue that will be
- 29 available to the taxing unit.

30 Sec. 3. The department of state revenue may enter into a  
 31 confidentiality agreement with a county auditor or taxing unit to  
 32 share otherwise confidential information under the terms  
 33 determined by the department of state revenue.

34 Sec. 4. The department of state revenue, after reviewing the  
 35 recommendations of the budget agency, shall establish a schedule  
 36 to regularly provide revenue forecasts to county auditors and  
 37 taxing units.

38 Sec. 5. The department of state revenue shall conduct a program  
 39 to provide employers and taxpayers with adequate information for  
 40 the employer or taxpayer to determine the:

- 41 (1) total tax rate that applies to a particular taxing district;
- 42 and

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1 (2) taxing district where taxpayers have an obligation to pay  
2 tax.

3 **Chapter 9. Anticipation Loans**

4 **Sec. 1. A fiscal body for a taxing unit (by ordinance, if the taxing**  
5 **unit is a county, city, or town, or otherwise by resolution) may**  
6 **enter into temporary loans to meet the current running expenses**  
7 **of the taxing unit in anticipation of and not exceeding taxes**  
8 **imposed for a budget year.**

9 **Sec. 2. Temporary loans under this chapter must be evidenced**  
10 **by tax anticipation warrants of the taxing unit.**

11 **Sec. 3. An ordinance or resolution authorizing the issuance of**  
12 **tax anticipation warrants must:**

- 13 (1) state the total amount of the issue;
- 14 (2) state the denomination of the warrants;
- 15 (3) state the date, time, and place payable;
- 16 (4) state the rate of interest;
- 17 (5) state the funds and revenues in anticipation of which the
- 18 warrants are issued and out of which they are payable; and
- 19 (6) appropriate and pledge a sufficient amount of those
- 20 revenues to the punctual payment of the warrants.

21 **Sec. 4. Tax anticipation warrants issued under this chapter may**  
22 **be for a term that extends to any date after the close of a particular**  
23 **budget year on which taxes imposed for the budget year are**  
24 **reasonably expected to be collected.**

25 **Sec. 5. Tax anticipation warrants and the interest earned on tax**  
26 **anticipation warrants issued under this chapter are exempt from**  
27 **taxation for all purposes.**

28 **Chapter 10. Bonds**

29 **Sec. 1. Notwithstanding any other law, if a taxing unit desires to**  
30 **issue obligations or enter into leases, payable wholly or in part**  
31 **from taxes, the obligations of the taxing unit or any lessor may be**  
32 **sold at public sale in accordance with IC 5-1-11 or at negotiated**  
33 **sale.**

34 **Sec. 2. A pledge of tax revenues under this article is enforceable**  
35 **in accordance with IC 5-1-14.**

36 **Sec. 3. With respect to obligations for which a pledge has been**  
37 **made under this article, the general assembly covenants with the**  
38 **taxing unit and the purchasers or owners of those obligations that**  
39 **this article will not be repealed or amended in any manner that will**  
40 **adversely affect the tax collected under this article as long as the**  
41 **principal of or interest on those obligations is unpaid.**

42 **Chapter 11. Rainy Day Fund**

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1        **Sec. 1. A rainy day fund is established in each taxing unit that**  
 2        **has not established a rainy day fund under IC 36-1-8-5.1. The**  
 3        **balance of a rainy day fund does not revert at the end of a budget**  
 4        **year to any other fund.**

5        **Sec. 2. An amount shall be annually budgeted from taxes equal**  
 6        **to the amount necessary to establish or maintain a balance in each**  
 7        **taxing unit's rainy day fund equal to five percent (5%) of the**  
 8        **amount distributed to the taxing unit under this article in the**  
 9        **immediately preceding budget year.**

10       **Sec. 3. A taxing unit shall deposit the amount appropriated**  
 11       **under section 2 of this chapter in the taxing unit's rainy day fund.**  
 12       **In addition, tax revenues distributed for a budget year that exceed**  
 13       **the taxing unit's budget to be funded from taxes shall be deposited**  
 14       **in the taxing unit's rainy day fund.**

15       **Sec. 4. The amount in a rainy day fund on the date in each**  
 16       **budget year specified by the department of local government**  
 17       **finance that exceeds five percent (5%) of the amount distributed to**  
 18       **the taxing unit under this article in the immediately preceding year**  
 19       **shall be used in the following budget year to maintain lower tax**  
 20       **rates in the new budget year than would otherwise apply if the**  
 21       **excess rainy day fund balance was not available.**

22       SECTION 4. IC 36-1-2-7, AS AMENDED BY P.L.227-2005,  
 23       SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24       JULY 1, 2010]: Sec. 7. "Fiscal officer" means:

- 25       (1) auditor, for a county not having a consolidated city;  
 26       (2) controller, for a:  
 27            (A) consolidated city;  
 28            (B) county having a consolidated city, except as otherwise  
 29            provided; or  
 30            (C) second class city;  
 31       (3) clerk-treasurer, for a third class city;  
 32       (4) clerk-treasurer, for a town; or  
 33       (5) trustee, for a township;  
 34       **(6) treasurer, for a school corporation; or**  
 35       **(7) individual authorized as the fiscal officer by law or the**  
 36       **political subdivision's fiscal body, for any other political**  
 37       **subdivision.**

38       SECTION 5. IC 6-1.1-20.3 IS REPEALED [EFFECTIVE JULY 1,  
 39       2010].

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