

HOUSE BILL No. 1042

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-20.6-9.9.

Synopsis: Allocation of circuit breaker credits by schools. Extends the authority for certain school corporations to allocate circuit breaker credits proportionately (without taking protected taxes into account) through 2019. (Under current law, this authority extends only through 2018.) Provides that a school corporation may not allocate circuit breaker credits proportionately if: (1) the school corporation issued new debt in 2017, 2018, or 2019; and (2) the school corporation's debt service levy in 2018 or 2019 is greater than its 2016 debt service levy, and the school corporation's debt service tax rate in 2018 or 2019 is greater than its 2016 debt service tax rate. (Under current law, an increase in a school corporation's debt service tax rate is not a factor in determining whether the school corporation may allocate circuit breaker credits proportionately.)

Effective: July 1, 2017.

Thompson

January 4, 2017, read first time and referred to Committee on Ways and Means.



First Regular Session of the 120th General Assembly (2017)

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

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

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2016 Regular Session of the General Assembly.

HOUSE BILL No. 1042

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 6-1.1-20.6-9.9, AS AMENDED BY P.L.151-2016,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2017]: Sec. 9.9. (a) If:
4 (1) a school corporation in 2017, ~~or 2018~~, **or 2019** issues new
5 bonds or enters into a new lease rental agreement for which the
6 school corporation is imposing or will impose a debt service levy
7 other than:
8 (A) to refinance or renew prior bond or lease rental obligations
9 existing before January 1, 2017; or
10 (B) indebtedness that is approved in a local public question or
11 referendum under IC 6-1.1-20 or any other law; and
12 (2) the school corporation's:
13 (A) total debt service levy in ~~2017~~ **or 2018 or 2019** is greater
14 than the school corporation's **total** debt service levy in 2016;
15 **and**
16 (B) **total debt service tax rate in 2018 or 2019 is greater**
17 **than the school corporation's total debt service tax rate in**



1 **2016;**
 2 the school corporation is not eligible to allocate credits proportionately
 3 under this section.

4 (b) Subject to subsection (a), a school corporation is eligible to
 5 allocate credits proportionately under this section for 2016, 2017, ~~or~~
 6 2018, **or 2019** if the school corporation's percentage computed under
 7 this subsection is at least ten percent (10%) for its transportation fund
 8 levy for that year, as certified by the department of local government
 9 finance. A school corporation shall compute its percentage under this
 10 subsection as follows:

11 (1) Compute the amount of credits granted under this chapter
 12 against the school corporation's levy for the school corporation's
 13 transportation fund.

14 (2) Compute the school corporation's levy for the school
 15 corporation's transportation fund.

16 (3) Divide the amount computed under subdivision (1) by the
 17 amount computed under subdivision (2) and express it as a
 18 percentage.

19 The computation must be made by taking into account the requirements
 20 of section 9.8 of this chapter regarding protected taxes and the impact
 21 of credits granted under this chapter on the revenue to be distributed to
 22 the school corporation's transportation fund for the particular year.

23 (c) A school corporation that desires to be an eligible school
 24 corporation under this section must, before May 1 of the year for which
 25 it wants a determination, submit a written request for a certification by
 26 the department of local government finance that the computation of the
 27 school corporation's percentage under subsection (b) is correct. The
 28 department of local government finance shall, not later than June 1 of
 29 that year, determine whether the percentage computed by the school
 30 corporation is accurate and certify whether the school corporation is
 31 eligible under this section.

32 (d) For a school corporation that is certified as eligible under this
 33 section, the school corporation may allocate the effect of the credits
 34 granted under this chapter proportionately among all the school
 35 corporation's property tax funds that are not exempt under section
 36 7.5(b) or 7.5(c) of this chapter, based on the levy for each fund and
 37 without taking into account the requirements of section 9.8 of this
 38 chapter regarding protected taxes.

39 **SECTION 2. [EFFECTIVE JULY 1, 2017] (a) IC 6-1.1-20.6-9.9,**
 40 **as amended by this act, applies only to the allocation of credits**
 41 **against property taxes first due and payable after December 31,**
 42 **2017.**



1 **(b) This SECTION expires July 1, 2022.**

