

HOUSE BILL No. 1281

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.5.

Synopsis: Administration of county income taxes. Provides that county income tax revenue deposited in a county's account within the state general fund is held by the state in trust for the county. Requires the department of state revenue to record and track the amount of county income tax that is received from county taxpayers (either through withholding or directly from a county taxpayer) of each county for a particular taxable year. Provides that in January of each year, the budget agency shall make a supplemental distribution of county income tax revenue to a county. Specifies that the amount of the supplemental distribution is equal to the amount of county income tax revenue that is received from county taxpayers for a taxable year but that was not included in a certified distribution previously made to the county for that taxable year.

Effective: July 1, 2014.

Culver, Kubacki, Richardson

January 14, 2014, read first time and referred to Committee on Ways and Means.



Second Regular Session 118th General Assembly (2014)

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 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

HOUSE BILL No. 1281

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 6-3.5-1.1-8 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 8. (a) A special account
3 within the state general fund shall be established for each county
4 adopting the county adjusted gross income tax. Any revenue derived
5 from the imposition of the county adjusted gross income tax by a
6 county shall be deposited in that county's account in the state general
7 fund.
8 (b) Any income earned on money held in an account under
9 subsection (a) **or earned on any revenue derived from the**
10 **imposition of the county adjusted gross income tax by the county**
11 becomes a part of that account.
12 (c) Any revenue remaining in an account established under
13 subsection (a) at the end of a fiscal year does not revert to the state
14 general fund.
15 (d) **The money in the special account shall be held by the state**
16 **in trust for the county.**



1 SECTION 2. IC 6-3.5-1.1-8.5 IS ADDED TO THE INDIANA
2 CODE AS A NEW SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2014]: **Sec. 8.5. The department shall record**
4 **and track the amount of county adjusted gross income tax revenue**
5 **that is received from county taxpayers (either through withholding**
6 **or directly from a county taxpayer) of each county for a particular**
7 **taxable year.**

8 SECTION 3. IC 6-3.5-1.1-9, AS AMENDED BY P.L.261-2013,
9 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JULY 1, 2014]: Sec. 9. (a) Revenue derived from the imposition of the
11 county adjusted gross income tax shall, in the manner prescribed by
12 this section, be distributed to the county that imposed it. The amount
13 to be distributed to a county during an ensuing calendar year equals the
14 amount of county adjusted gross income tax revenue that the budget
15 agency determines has been:

16 (1) received from **county taxpayers of that county (either**
17 **through withholding or directly from a county taxpayer)** for
18 a taxable year ending before the calendar year in which the
19 determination is made; and

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

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

25 (b) Before August 2 of each calendar year, the budget agency shall
26 provide to the county auditor of each adopting county an estimate of
27 the amount determined under subsection (a) that will be distributed to
28 the county, based on known tax rates. Not later than thirty (30) days
29 after receiving the estimate of the certified distribution, the county
30 auditor shall notify each taxing unit of the estimated amount of
31 property tax replacement credits, certified shares, and other revenue
32 that will be distributed to the taxing unit under this chapter during the
33 ensuing calendar year. Before October 1 of each calendar year, the
34 budget agency shall certify to the county auditor of each adopting
35 county the amount determined under subsection (a) plus the amount of
36 interest in the county's account that has accrued and has not been
37 included in a certification made in a preceding year. The amount
38 certified is the county's "certified distribution" for the immediately
39 succeeding calendar year. The amount certified shall be adjusted under
40 subsections (c), (d), (e), (f), and (g). Not later than thirty (30) days after
41 receiving the notice of the amount of the certified distribution, the
42 county auditor shall notify each taxing unit of the amount of property



1 tax replacement credits, certified shares, and other revenue that will be
 2 distributed to the taxing unit under this chapter during the ensuing
 3 calendar year. The budget agency shall provide the county council with
 4 an informative summary of the calculations used to determine the
 5 certified distribution. The summary of calculations must include:

6 **(1) the amount of tax revenue received from county taxpayers**
 7 **of the county for the taxable year ending before the calendar**
 8 **year in which the determination is made;**

9 ~~(+)~~ **(2)** the amount reported on individual income tax returns
 10 processed by the department during the previous fiscal year;

11 ~~(-)~~ **(3)** adjustments for over distributions in prior years;

12 ~~(+)~~ **(4)** adjustments for clerical or mathematical errors in prior
 13 years;

14 ~~(+)~~ **(5)** adjustments for tax rate changes; and

15 ~~(-)~~ **(6)** the amount of excess account balances to be distributed
 16 under IC 6-3.5-1.1-21.1.

17 The budget agency shall also certify information concerning the part of
 18 the certified distribution that is attributable to a tax rate under section
 19 24, 25, or 26 of this chapter. This information must be certified to the
 20 county auditor, the department, and the department of local government
 21 finance before October 1 of each calendar year. The part of the certified
 22 distribution that is attributable to a tax rate under section 24, 25, or 26
 23 of this chapter may be used only as specified in those provisions.

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

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

37 (e) This subsection applies to a county that initially imposes,
 38 increases, decreases, or rescinds a tax or tax rate under this chapter
 39 before November 1 in the same calendar year in which the budget
 40 agency makes a certification under this section. The budget agency
 41 shall adjust the certified distribution of a county to provide for a
 42 distribution in the immediately following calendar year and in each



1 calendar year thereafter. The budget agency shall provide for a full
2 transition to certification of distributions as provided in subsection
3 (a)(1) through (a)(2) in the manner provided in subsection (c). If the
4 county imposes, increases, decreases, or rescinds a tax or tax rate under
5 this chapter after the date for which a certification under subsection (b)
6 is based, the budget agency shall adjust the certified distribution of the
7 county after September 30 of the calendar year. The adjustment shall
8 reflect any other adjustment required under subsections (c), (d), (f), and
9 (g). The adjusted certification shall be treated as the county's "certified
10 distribution" for the immediately succeeding calendar year. The budget
11 agency shall certify the adjusted certified distribution to the county
12 auditor for the county and provide the county council with an
13 informative summary of the calculations that revises the informative
14 summary provided in subsection (b) and reflects the changes made in
15 the adjustment.

16 (f) The budget agency shall adjust the certified distribution of a
17 county to provide the county with the distribution required under
18 section 3.3 of this chapter beginning not later than the tenth month after
19 the month in which additional revenue from the tax authorized under
20 section 3.3 of this chapter is initially collected.

21 (g) This subsection applies in the year in which a county initially
22 imposes a tax rate under section 24 of this chapter. Notwithstanding
23 any other provision, the budget agency shall adjust the part of the
24 county's certified distribution that is attributable to the tax rate under
25 section 24 of this chapter to provide for a distribution in the
26 immediately following calendar year equal to the result of:

- 27 (1) the sum of the amounts determined under STEP ONE through
28 STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county
29 initially imposes a tax rate under section 24 of this chapter;
30 multiplied by
- 31 (2) two (2).

32 (h) The budget agency shall before May 1 of every odd-numbered
33 year publish an estimate of the statewide total amount of certified
34 distributions to be made under this chapter during the following two (2)
35 calendar years.

36 (i) The budget agency shall before May 1 of every even-numbered
37 year publish an estimate of the statewide total amount of certified
38 distributions to be made under this chapter during the following
39 calendar year.

40 (j) The estimates under subsections (h) and (i) must specify the
41 amount of the estimated certified distributions that are attributable to
42 the additional rate authorized under section 24 of this chapter, the



1 additional rate authorized under section 25 of this chapter, the
 2 additional rate authorized under section 26 of this chapter, and any
 3 other additional rates authorized under this chapter.

4 SECTION 4. IC 6-3.5-1.1-21.1, AS AMENDED BY P.L.261-2013,
 5 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2014]: Sec. 21.1. (a) ~~If the budget agency determines that the~~
 7 ~~balance in a county trust account exceeds fifty percent (50%) of the~~
 8 ~~certified distributions to be made to the county in the ensuing year; In~~
 9 **January of each year**, the budget agency shall make a supplemental
 10 distribution to ~~the a~~ county. ~~from the county's adjusted gross income~~
 11 ~~tax account. The amount of the supplemental distribution is equal~~
 12 **to the amount of county adjusted gross income tax revenue that is**
 13 **received from county taxpayers (either through withholding or**
 14 **directly from a county taxpayer) of the county for a taxable year**
 15 **but that was not included in a certified distribution previously**
 16 **made to the county for that taxable year.**

17 (b) A supplemental distribution described in subsection (a) must be
 18 ~~(1) made in January of the ensuing calendar year; and~~
 19 ~~(2) allocated and subject to subsection (d); used in the same~~
 20 manner as certified distributions. However, the part of a
 21 supplemental distribution that is attributable to an additional rate
 22 authorized under this chapter

23 ~~(A) shall be used for the purpose specified in the statute~~
 24 ~~authorizing the additional rate. and~~

25 ~~(B) is not required to be deposited in the unit's rainy day fund.~~
 26 The amount of the supplemental distribution is equal to the amount by
 27 which the balance in the county trust account exceeds fifty percent
 28 (50%) of the certified distributions to be made to the county in the
 29 ensuing year.

30 ~~(c) A determination under this section must be made before~~
 31 ~~November 2.~~

32 ~~(d) This subsection applies to that part of a distribution made under~~
 33 ~~this section that is allocated and available for use in the same manner~~
 34 ~~as certified shares. The civil taxing unit receiving the money shall~~
 35 ~~deposit the money in the civil taxing unit's rainy day fund established~~
 36 ~~under IC 36-1-8-5.1.~~

37 ~~(e) (c) Any income earned on money held in a trust account~~
 38 ~~established for a county under this chapter shall be deposited in that~~
 39 ~~trust account.~~

40 SECTION 5. IC 6-3.5-6-16 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 16. (a) A special
 42 account within the state general fund shall be established for each



1 county that adopts the county option income tax. Any revenue derived
 2 from the imposition of the county option income tax by a county shall
 3 be deposited in that county's account in the state general fund.

4 (b) Any income earned on money held in an account under
 5 subsection (a) **or earned on any revenue derived from the**
 6 **imposition of the county option income tax by the county** becomes
 7 a part of that account.

8 (c) Any revenue remaining in an account established under
 9 subsection (a) at the end of a fiscal year does not revert to the state
 10 general fund.

11 **(d) The money in the special account shall be held by the state**
 12 **in trust for the county.**

13 SECTION 6. IC 6-3.5-6-16.5 IS ADDED TO THE INDIANA
 14 CODE AS A NEW SECTION TO READ AS FOLLOWS
 15 [EFFECTIVE JULY 1, 2014]: **Sec. 16.5. The department shall record**
 16 **and track the amount of county option income tax revenue that is**
 17 **received from county taxpayers (either through withholding or**
 18 **directly from a county taxpayer) of each county for a particular**
 19 **taxable year.**

20 SECTION 7. IC 6-3.5-6-17, AS AMENDED BY P.L.261-2013,
 21 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2014]: Sec. 17. (a) Revenue derived from the imposition of
 23 the county option income tax shall, in the manner prescribed by this
 24 section, be distributed to the county that imposed it. The amount that
 25 is to be distributed to a county during an ensuing calendar year equals
 26 the amount of county option income tax revenue that the budget agency
 27 determines has been:

28 (1) received from **county taxpayers of that county (either**
 29 **through withholding or directly from a county taxpayer)** for
 30 a taxable year ending in a calendar year preceding the calendar
 31 year in which the determination is made; and

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

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

38 (b) Before August 2 of each calendar year, the budget agency shall
 39 provide to the county auditor of each adopting county an estimate of
 40 the amount determined under subsection (a) that will be distributed to
 41 the county, based on known tax rates. Not later than thirty (30) days
 42 after receiving the estimate of the certified distribution, the county



1 auditor shall notify each taxing unit of the estimated amount of
 2 distributive shares and other revenue that will be distributed to the
 3 taxing unit under this chapter during the ensuing calendar year. Before
 4 October 1 of each calendar year, the budget agency shall certify to the
 5 county auditor of each adopting county the amount determined under
 6 subsection (a) plus the amount of interest in the county's account that
 7 has accrued and has not been included in a certification made in a
 8 preceding year. The amount certified is the county's "certified
 9 distribution" for the immediately succeeding calendar year. The amount
 10 certified shall be adjusted, as necessary, under subsections (c), (d), (e),
 11 and (f). Not later than thirty (30) days after receiving the notice of the
 12 amount of the certified distribution, the county auditor shall notify each
 13 taxing unit of the amount of distributive shares and other revenue that
 14 will be distributed to the taxing unit under this chapter during the
 15 ensuing calendar year. The budget agency shall provide the county
 16 council with an informative summary of the calculations used to
 17 determine the certified distribution. The summary of calculations must
 18 include:

19 **(1) the amount of tax revenue received from county taxpayers**
 20 **of the county for the taxable year ending before the calendar**
 21 **year in which the determination is made;**

22 ~~(+)~~ **(2)** the amount reported on individual income tax returns
 23 processed by the department during the previous fiscal year;

24 ~~(2)~~ **(3)** adjustments for over distributions in prior years;

25 ~~(3)~~ **(4)** adjustments for clerical or mathematical errors in prior
 26 years;

27 ~~(4)~~ **(5)** adjustments for tax rate changes; and

28 ~~(5)~~ **(6)** the amount of excess account balances to be distributed
 29 under IC 6-3.5-6-17.3.

30 The budget agency shall also certify information concerning the part of
 31 the certified distribution that is attributable to a tax rate under section
 32 30, 31, or 32 of this chapter. This information must be certified to the
 33 county auditor and to the department of local government finance
 34 before October 1 of each calendar year. The part of the certified
 35 distribution that is attributable to a tax rate under section 30, 31, or 32
 36 of this chapter may be used only as specified in those provisions.

37 (c) The budget agency shall certify an amount less than the amount
 38 determined under subsection (b) if the budget agency determines that
 39 the reduced distribution is necessary to offset overpayments made in a
 40 calendar year before the calendar year of the distribution. The budget
 41 agency may reduce the amount of the certified distribution over several
 42 calendar years so that any overpayments are offset over several years



1 rather than in one (1) lump sum.

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

8 (e) This subsection applies to a county that imposes, increases,
9 decreases, or rescinds a tax or tax rate under this chapter before
10 November 1 in the same calendar year in which the budget agency
11 makes a certification under this section. The budget agency shall adjust
12 the certified distribution of a county to provide for a distribution in the
13 immediately following calendar year and in each calendar year
14 thereafter. The budget agency shall provide for a full transition to
15 certification of distributions as provided in subsection (a)(1) through
16 (a)(2) in the manner provided in subsection (c). If the county imposes,
17 increases, decreases, or rescinds a tax or tax rate under this chapter
18 after the date for which a certification under subsection (b) is based, the
19 budget agency shall adjust the certified distribution of the county after
20 September 30 of the calendar year. The adjustment shall reflect any
21 other adjustment required under subsections (c), (d), and (f). The
22 adjusted certification shall be treated as the county's "certified
23 distribution" for the immediately succeeding calendar year. The budget
24 agency shall certify the adjusted certified distribution to the county
25 auditor for the county and provide the county council with an
26 informative summary of the calculations that revises the informative
27 summary provided in subsection (b) and reflects the changes made in
28 the adjustment.

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

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

39 (2) the following:

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

42 (B) In a county other than a county containing a consolidated



1 city, two (2).

2 (g) One-twelfth (1/12) of each adopting county's certified
3 distribution for a calendar year shall be distributed from its account
4 established under section 16 of this chapter to the appropriate county
5 treasurer on the first regular business day of each month of that
6 calendar year.

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

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

14 (j) The budget agency shall before May 1 of every odd-numbered
15 year publish an estimate of the statewide total amount of certified
16 distributions to be made under this chapter during the following two (2)
17 calendar years.

18 (k) The budget agency shall before May 1 of every even-numbered
19 year publish an estimate of the statewide total amount of certified
20 distributions to be made under this chapter during the following
21 calendar year.

22 (l) The estimates under subsections (j) and (k) must specify the
23 amount of the estimated certified distributions that are attributable to
24 the additional rate authorized under section 30 of this chapter, the
25 additional rate authorized under section 31 of this chapter, the
26 additional rate authorized under section 32 of this chapter, and any
27 other additional rates authorized under this chapter.

28 SECTION 8. IC 6-3.5-6-17.3, AS AMENDED BY P.L.261-2013,
29 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
30 JULY 1, 2014]: Sec. 17.3. (a) ~~If the budget agency determines that the
31 balance in a county trust account exceeds fifty percent (50%) of the
32 certified distributions to be made to the county in the ensuing year, In
33 January of each year, the budget agency shall make a supplemental
34 distribution to the a county. from the county's special account. The
35 amount of the supplemental distribution is equal to the amount of
36 county option income tax revenue that is received from county
37 taxpayers (either through withholding or directly from a county
38 taxpayer) of the county for a taxable year but that was not
39 included in a certified distribution previously made to the county
40 for that taxable year.~~

41 (b) A supplemental distribution described in subsection (a) must be
42 (+) made in January of the ensuing calendar year; and



1 (2) allocated in the same manner as certified distributions. for
 2 deposit in a civil unit's rainy day fund established under
 3 IC 36-1-8-5.1. However, the part of a supplemental distribution
 4 that is attributable to an additional rate authorized under this
 5 chapter

6 (A) shall be used for the purpose specified in the statute
 7 authorizing the additional rate. and

8 (B) is not required to be deposited in the unit's rainy day fund.

9 The amount of the supplemental distribution is equal to the amount by
 10 which the balance in the county trust account exceeds fifty percent
 11 (50%) of the certified distributions to be made to the county in the
 12 ensuing year.

13 (c) A determination under this section must be made before October
 14 2.

15 (d) (c) Any income earned on money held in a trust account
 16 established for a county under this chapter shall be deposited in that
 17 trust account.

18 SECTION 9. IC 6-3.5-7-10 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 10. (a) A special
 20 account within the state general fund shall be established for each
 21 county adopting the county economic development income tax. Any
 22 revenue derived from the imposition of the county economic
 23 development income tax by a county shall be credited to that county's
 24 account in the state general fund.

25 (b) Any income earned on money credited to an account under
 26 subsection (a) **or earned on any revenue derived from the**
 27 **imposition of the county economic development income tax by the**
 28 **county** becomes a part of that account.

29 (c) Any revenue credited to an account established under subsection
 30 (a) at the end of a fiscal year may not be credited to any other account
 31 in the state general fund.

32 (d) **The money in the special account shall be held by the state**
 33 **in trust for the county.**

34 SECTION 10. IC 6-3.5-7-10.4 IS ADDED TO THE INDIANA
 35 CODE AS A **NEW SECTION** TO READ AS FOLLOWS
 36 [EFFECTIVE JULY 1, 2014]: **Sec. 10.4. The department shall record**
 37 **and track the amount of county economic development income tax**
 38 **revenue that is received from county taxpayers (either through**
 39 **withholding or directly from a county taxpayer) of each county for**
 40 **a particular taxable year.**

41 SECTION 11. IC 6-3.5-7-11, AS AMENDED BY P.L.261-2013,
 42 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2014]: Sec. 11. (a) Revenue derived from the imposition of
2 the county economic development income tax shall, in the manner
3 prescribed by this section, be distributed to the county that imposed it.

4 (b) Before August 2 of each calendar year, the budget agency shall
5 provide to the county auditor of each adopting county an estimate of
6 the amount determined under subsection (a) that will be distributed to
7 the county, based on known tax rates. Not later than thirty (30) days
8 after receiving the estimate of the certified distribution, the county
9 auditor shall notify each taxing unit entitled to receive a distribution
10 under this chapter of the estimated amount of the distribution and other
11 revenue that will be distributed to the taxing unit under this chapter
12 during the ensuing calendar year. Before October 1 of each calendar
13 year, the budget agency shall certify to the county auditor of each
14 adopting county the sum of the amount of county economic
15 development income tax revenue that the budget agency determines
16 has been:

17 (1) received from **county taxpayers of that county (either**
18 **through withholding or directly from a county taxpayer)** for
19 a taxable year ending before the calendar year in which the
20 determination is made; and

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

24 as adjusted for refunds of county economic development income tax
25 made in the state fiscal year plus the amount of interest in the county's
26 account that has been accrued and has not been included in a
27 certification made in a preceding year. The amount certified is the
28 county's certified distribution, which shall be distributed on the dates
29 specified in section 16 of this chapter for the following calendar year.

30 (c) The amount certified under subsection (b) shall be adjusted
31 under subsections (d), (e), (f), and (g). Not later than thirty (30) days
32 after receiving the notice of the amount of the certified distribution, the
33 county auditor shall notify each taxing unit entitled to receive a
34 distribution under this chapter of the amount of distribution and other
35 revenue that will be distributed to the taxing unit under this chapter
36 during the ensuing calendar year. The budget agency shall provide the
37 county council with an informative summary of the calculations used
38 to determine the certified distribution. The summary of calculations
39 must include:

40 **(1) the amount of tax revenue received from county taxpayers**
41 **of the county for the taxable year ending before the calendar**
42 **year in which the determination is made;**



1 (+) (2) the amount reported on individual income tax returns
 2 processed by the department during the previous fiscal year;
 3 (±) (3) adjustments for over distributions in prior years;
 4 (±) (4) adjustments for clerical or mathematical errors in prior
 5 years;
 6 (±) (5) adjustments for tax rate changes; and
 7 (±) (6) the amount of excess account balances to be distributed
 8 under IC 6-3.5-7-17.3.

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

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

22 (f) The budget agency shall adjust the certified distribution of a
 23 county to provide the county with the amount of any tax increase
 24 imposed under section 26 of this chapter to provide additional
 25 homestead credits as provided in those provisions.

26 (g) This subsection applies to a county that imposes, increases,
 27 decreases, or rescinds a tax or tax rate under this chapter before
 28 November 1 in the same calendar year in which the budget agency
 29 makes a certification under this section. The budget agency shall adjust
 30 the certified distribution of a county to provide for a distribution in the
 31 immediately following calendar year and in each calendar year
 32 thereafter. The budget agency shall provide for a full transition to
 33 certification of distributions as provided in subsection (b)(1) through
 34 (b)(2) in the manner provided in subsection (d). If the county imposes,
 35 increases, decreases, or rescinds a tax or tax rate under this chapter
 36 after the date for which a certification under subsection (b) is based, the
 37 budget agency shall adjust the certified distribution of the county after
 38 September 30 of the calendar year. The adjustment shall reflect any
 39 other adjustment authorized under subsections (c), (d), (e), and (f). The
 40 adjusted certification shall be treated as the county's certified
 41 distribution for the immediately succeeding calendar year. The budget
 42 agency shall certify the adjusted certified distribution to the county



1 auditor for the county and provide the county council with an
 2 informative summary of the calculations that revises the informative
 3 summary provided in subsection (c) and reflects the changes made in
 4 the adjustment.

5 (h) The budget agency shall before May 1 of every odd-numbered
 6 year publish an estimate of the statewide total amount of certified
 7 distributions to be made under this chapter during the following two (2)
 8 calendar years.

9 (i) The budget agency shall before May 1 of every even-numbered
 10 year publish an estimate of the statewide total amount of certified
 11 distributions to be made under this chapter during the following
 12 calendar year.

13 (j) The estimates under subsections (h) and (i) must specify the
 14 amount of the estimated certified distributions that are attributable to
 15 any additional rates authorized under this chapter.

16 SECTION 12. IC 6-3.5-7-17.3, AS AMENDED BY P.L.261-2013,
 17 SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2014]: Sec. 17.3. (a) ~~If the budget agency determines that the~~
 19 ~~balance in a county trust account exceeds fifty percent (50%) of the~~
 20 ~~certified distributions to be made to the county in the ensuing year; In~~
 21 **January of each year**, the budget agency shall make a supplemental
 22 distribution to ~~the a county. from the county's special account. The~~
 23 **amount of the supplemental distribution is equal to the amount of**
 24 **county economic development income tax revenue that is received**
 25 **from county taxpayers (either through withholding or directly**
 26 **from a county taxpayer) of the county for a taxable year but that**
 27 **was not included in a certified distribution previously made to the**
 28 **county for that taxable year.**

29 (b) A supplemental distribution described in subsection (a) must be
 30 ~~(1) made in January of the ensuing calendar year; and~~
 31 ~~(2) allocated in the same manner as certified distributions. for~~
 32 ~~deposit in a civil unit's rainy day fund established under~~
 33 ~~IC 36-1-8-5.1. However, the part of a supplemental distribution~~
 34 ~~that is attributable to an additional rate authorized under this~~
 35 ~~chapter~~

36 ~~(A) shall be used for the purpose specified in the statute~~
 37 ~~authorizing the additional rate. and~~

38 ~~(B) is not required to be deposited in the unit's rainy day fund.~~
 39 **The amount of the supplemental distribution is equal to the amount by**
 40 **which the balance in the county trust account exceeds fifty percent**
 41 **(50%) of the certified distributions to be made to the county in the**
 42 **ensuing year.**



1 (c) A determination under this section must be made before October
2 2:
3 (d) (c) Any income earned on money held in a trust account
4 established for a county under this chapter shall be deposited in that
5 trust account.

