

HOUSE BILL No. 1396

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-3.5-7.

Synopsis: Local taxes. Provides that if the book value of a taxpayer's business personal property that would otherwise be subject to assessment and taxation is less than \$50,000 for a particular assessment date: (1) the taxpayer is not required to file a personal property return for that assessment date; and (2) the taxpayer's business personal property is exempt from taxation and is not subject to assessment. Provides that the business personal property of a new business is exempt from property taxation for the first three assessment dates that occur after the date on which the new business begins doing business in Indiana. Provides a property tax exemption for the business personal property of a taxpayer that as of a particular assessment date has been doing business in Indiana for more than three years. Specifies that the amount of this exemption is equal to the difference between: (1) the assessed value of the taxpayer's business personal property located in a county on the assessment date; and (2) the average assessed value of the taxpayer's business personal property in the county for the three preceding assessment dates. Authorizes the imposition of an additional county economic development income tax rate, not to exceed the lesser of: (1) 0.25%; or (2) the rate necessary to provide the decrease in property taxes on homesteads or residential property, as appropriate, that would otherwise occur if the business personal property tax exemptions were not granted for new businesses and were not granted for the growth in business personal property above the average amount for the three preceding assessment dates. Provides that for assessment dates after December 31, 2014, the department of local government finance shall require each taxpayer filing a personal property return to
(Continued next page)

Effective: July 1, 2014.

Morris

January 16, 2014, read first time and referred to Committee on Ways and Means.



Digest Continued

include on the return, for informational purposes, an estimate of the amount of the taxpayer's personal property that the taxpayer directly uses in manufacturing. Authorizes a county or municipality to establish a property tax abatement schedule under which 100% of the assessed value of new equipment is permanently deducted for each assessment date that the equipment is located in a revitalization area. Requires a review of the deduction every 10 years, and authorizes the designating body to terminate the deduction after the review.



Introduced

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. 1396

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 6-1.1-2-7, AS AMENDED BY P.L.1-2009,
2 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2014]: Sec. 7. (a) As used in this section, "nonbusiness
4 personal property" means personal property that is not:
5 (1) held for sale in the ordinary course of a trade or business;
6 (2) held, used, or consumed in connection with the production of
7 income; or
8 (3) held as an investment.
9 (b) The following property is not subject to assessment and taxation
10 under this article:
11 (1) A commercial vessel that is subject to the net tonnage tax
12 imposed under IC 6-6-6.
13 (2) A motor vehicle that is subject to the annual license excise tax
14 imposed under IC 6-6-5.



- 1 (3) A motorized boat or sailboat that is subject to the boat excise
 2 tax imposed under IC 6-6-11.
 3 (4) Property used by a cemetery (as defined in IC 23-14-33-7) if
 4 the cemetery:
 5 (A) does not have a board of directors, board of trustees, or
 6 other governing authority other than the state or a political
 7 subdivision; and
 8 (B) has had no business transaction during the preceding
 9 calendar year.
 10 (5) A commercial vehicle that is subject to the annual excise tax
 11 imposed under IC 6-6-5.5.
 12 (6) Inventory.
 13 (7) A recreational vehicle or truck camper that is subject to the
 14 annual excise tax imposed under IC 6-6-5.1.
 15 (8) The following types of nonbusiness personal property:
 16 (A) All-terrain vehicles.
 17 (B) Snowmobiles.
 18 (C) Rowboats, canoes, kayaks, and other human powered
 19 boats.
 20 (D) Invalid chairs.
 21 (E) Yard and garden tractors.
 22 (F) Trailers that are not subject to an excise tax under:
 23 (i) IC 6-6-5-5.5;
 24 (ii) IC 6-6-5.1; or
 25 (iii) IC 6-6-5.5.
 26 **(9) Business personal property that is exempt from assessment**
 27 **and taxation under IC 6-1.1-3-7.2.**
 28 SECTION 2. IC 6-1.1-3-7, AS AMENDED BY P.L.146-2008,
 29 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2014]: Sec. 7. (a) Except as provided in subsections (b) and
 31 **(d) and section 7.2 of this chapter**, a taxpayer shall, on or before the
 32 filing date of each year, file a personal property return with:
 33 (1) the assessor of each township in which the taxpayer's personal
 34 property is subject to assessment; or
 35 (2) the county assessor if there is no township assessor for a
 36 township in which the taxpayer's personal property is subject to
 37 assessment.
 38 (b) The township assessor or county assessor may grant a taxpayer
 39 an extension of not more than thirty (30) days to file the taxpayer's
 40 return if:
 41 (1) the taxpayer submits a written application for an extension
 42 prior to the filing date; and



1 (2) the taxpayer is prevented from filing a timely return because
 2 of sickness, absence from the county, or any other good and
 3 sufficient reason.

4 (c) If the sum of the assessed values reported by a taxpayer on the
 5 business personal property returns which the taxpayer files with the
 6 township assessor or county assessor for a year exceeds one hundred
 7 fifty thousand dollars (\$150,000), the taxpayer shall file each of the
 8 returns in duplicate.

9 (d) If:
 10 (1) a taxpayer has personal property subject to assessment in more
 11 than one (1) township in a county; and
 12 (2) the total assessed value of the personal property in the county
 13 is less than one million five hundred thousand dollars
 14 (\$1,500,000);

15 the taxpayer filing a return shall file a single return with the county
 16 assessor and attach a schedule listing, by township, all the taxpayer's
 17 personal property and the property's assessed value. The taxpayer shall
 18 provide the county assessor with the information necessary for the
 19 county assessor to allocate the assessed value of the taxpayer's personal
 20 property among the townships listed on the return, including the street
 21 address, the township, and the location of the property.

22 (e) The county assessor shall provide to each affected township
 23 assessor (if any) in the county all information filed by a taxpayer under
 24 subsection (d) that affects the township.

25 **(f) For assessment dates after December 31, 2014, the**
 26 **department of local government finance shall require each**
 27 **taxpayer filing a personal property return under this article to**
 28 **include on the return, for informational purposes, an estimate of**
 29 **the amount of the taxpayer's personal property that the taxpayer**
 30 **directly uses in manufacturing.**

31 **(g)** The county assessor may refuse to accept a personal property
 32 tax return that does not comply with subsection (d). For purposes of
 33 IC 6-1.1-37-7, a return to which subsection (d) applies is filed on the
 34 date it is filed with the county assessor with the schedule required by
 35 subsection (d) attached.

36 SECTION 3. IC 6-1.1-3-7.2 IS ADDED TO THE INDIANA CODE
 37 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 38 1, 2014]: **Sec. 7.2. (a) As used in this section, "business personal**
 39 **property" means personal property that:**

40 **(1) is otherwise subject to assessment and taxation under this**
 41 **article; and**
 42 **(2) is used in a trade or business or otherwise held, used, or**



1 consumed in connection with the production of income.
 2 The term does not include mobile homes assessed under IC 6-1.1-7
 3 or personal property held as an investment.

4 (b) Notwithstanding section 7 of this chapter, if the book value
 5 (as determined under generally accepted accounting principles) of
 6 a taxpayer's business personal property in Indiana that otherwise
 7 would be subject to assessment and taxation under this article is
 8 less than fifty thousand dollars (\$50,000) for a particular
 9 assessment date:

10 (1) the taxpayer is not required to file a personal property
 11 return for the taxpayer's business personal property for that
 12 assessment date; and

13 (2) the taxpayer's business personal property:

14 (A) is exempt from taxation under this article; and

15 (B) is not subject to assessment;

16 for that assessment date.

17 SECTION 4. IC 6-1.1-10-46 IS ADDED TO THE INDIANA CODE
 18 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 19 1, 2014]: Sec. 46. (a) As used in this section, "affiliate" means a
 20 person that directly, or indirectly through one (1) or more
 21 intermediaries, controls, is controlled by, or is under common
 22 control with, a specified person. The term includes a parent
 23 company or a subsidiary.

24 (b) As used in this section, "business personal property" has the
 25 meaning set forth in IC 6-1.1-3-7.2.

26 (c) As used in this section, "new business" means a taxpayer
 27 that is an individual, a firm, an association, a cooperative, a
 28 corporation, a limited liability company, a partnership, a limited
 29 liability partnership, a limited liability company, a trust, or any
 30 other person or entity that as of a particular assessment date has
 31 been doing business in Indiana for not more than three (3) years.

32 (d) Except as provided in subsection (e), all of the business
 33 personal property of a new business is exempt from property
 34 taxation for each of the assessment dates that occur within the
 35 three (3) year period following the date on which the new business
 36 begins doing business in Indiana.

37 (e) Business personal property that:

38 (1) a new business acquires from an affiliate; and

39 (2) is used in Indiana by an affiliate before the taxpayer
 40 acquires the business personal property;

41 is not exempt from property taxation.

42 (f) A new business that wishes to obtain the exemption under



1 this section must claim the exemption on the annual personal
2 property return of the new business.

3 SECTION 5. IC 6-1.1-10-47 IS ADDED TO THE INDIANA CODE
4 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
5 1, 2014]: Sec. 47. (a) As used in this section, "business personal
6 property" has the meaning set forth in IC 6-1.1-3-7.2.

7 (b) As used in this section, "eligible taxpayer" means a taxpayer
8 that as of a particular assessment date has been doing business in
9 Indiana for more than three (3) years.

10 (c) Subject to subsection (d), an eligible taxpayer is entitled to an
11 exemption from taxation for part of the eligible taxpayer's business
12 personal property located in a county for an assessment date. The
13 amount of an eligible taxpayer's exemption under this section for
14 the assessment date is equal to the amount determined in the
15 following STEPS:

16 STEP ONE: For each of the three (3) preceding assessment
17 dates, determine the assessed value of the eligible taxpayer's
18 business personal property located in the county on that
19 preceding assessment date (including, if applicable, the
20 assessed value of any business personal property exempted
21 from taxation on that preceding assessment date under
22 section 46 of this chapter).

23 STEP TWO: Determine the result of:

- 24 (A) the sum of the STEP ONE amounts; divided by
25 (B) three (3).

26 STEP THREE: Determine the greater of zero (0) or the result
27 of:

- 28 (A) the assessed value of the eligible taxpayer's business
29 personal property located in the county on the assessment
30 date; minus
31 (B) the STEP TWO result.

32 (d) The exemption under this section may not reduce the
33 amount of the assessed value of the eligible taxpayer's business
34 personal property in a particular taxing district for the assessment
35 date below the average assessed value of the eligible taxpayer's
36 business personal property in the taxing district for the three (3)
37 preceding assessment dates.

38 (e) An eligible taxpayer that wishes to obtain the exemption
39 under this section must claim the exemption on the eligible
40 taxpayer's annual personal property return.

41 SECTION 6. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.288-2013,
42 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2014]: Sec. 4.5. (a) An applicant must provide a statement of
2 benefits to the designating body. The applicant must provide the
3 completed statement of benefits form to the designating body before
4 the hearing specified in section 2.5(c) of this chapter or before the
5 installation of the new manufacturing equipment, new research and
6 development equipment, new logistical distribution equipment, or new
7 information technology equipment for which the person desires to
8 claim a deduction under this chapter. The department of local
9 government finance shall prescribe a form for the statement of benefits.
10 The statement of benefits must include the following information:

11 (1) A description of the new manufacturing equipment, new
12 research and development equipment, new logistical distribution
13 equipment, or new information technology equipment that the
14 person proposes to acquire.

15 (2) With respect to:

16 (A) new manufacturing equipment not used to dispose of solid
17 waste or hazardous waste by converting the solid waste or
18 hazardous waste into energy or other useful products; and

19 (B) new research and development equipment, new logistical
20 distribution equipment, or new information technology
21 equipment;

22 an estimate of the number of individuals who will be employed or
23 whose employment will be retained by the person as a result of
24 the installation of the new manufacturing equipment, new
25 research and development equipment, new logistical distribution
26 equipment, or new information technology equipment and an
27 estimate of the annual salaries of these individuals.

28 (3) An estimate of the cost of the new manufacturing equipment,
29 new research and development equipment, new logistical
30 distribution equipment, or new information technology
31 equipment.

32 (4) With respect to new manufacturing equipment used to dispose
33 of solid waste or hazardous waste by converting the solid waste
34 or hazardous waste into energy or other useful products, an
35 estimate of the amount of solid waste or hazardous waste that will
36 be converted into energy or other useful products by the new
37 manufacturing equipment.

38 The statement of benefits may be incorporated in a designation
39 application. Notwithstanding any other law, a statement of benefits is
40 a public record that may be inspected and copied under IC 5-14-3-3.

41 (b) The designating body must review the statement of benefits
42 required under subsection (a). The designating body shall determine



1 whether an area should be designated an economic revitalization area
2 or whether the deduction shall be allowed, based on (and after it has
3 made) the following findings:

4 (1) Whether the estimate of the cost of the new manufacturing
5 equipment, new research and development equipment, new
6 logistical distribution equipment, or new information technology
7 equipment is reasonable for equipment of that type.

8 (2) With respect to:

9 (A) new manufacturing equipment not used to dispose of solid
10 waste or hazardous waste by converting the solid waste or
11 hazardous waste into energy or other useful products; and

12 (B) new research and development equipment, new logistical
13 distribution equipment, or new information technology
14 equipment;

15 whether the estimate of the number of individuals who will be
16 employed or whose employment will be retained can be
17 reasonably expected to result from the installation of the new
18 manufacturing equipment, new research and development
19 equipment, new logistical distribution equipment, or new
20 information technology equipment.

21 (3) Whether the estimate of the annual salaries of those
22 individuals who will be employed or whose employment will be
23 retained can be reasonably expected to result from the proposed
24 installation of new manufacturing equipment, new research and
25 development equipment, new logistical distribution equipment, or
26 new information technology equipment.

27 (4) With respect to new manufacturing equipment used to dispose
28 of solid waste or hazardous waste by converting the solid waste
29 or hazardous waste into energy or other useful products, whether
30 the estimate of the amount of solid waste or hazardous waste that
31 will be converted into energy or other useful products can be
32 reasonably expected to result from the installation of the new
33 manufacturing equipment.

34 (5) Whether any other benefits about which information was
35 requested are benefits that can be reasonably expected to result
36 from the proposed installation of new manufacturing equipment,
37 new research and development equipment, new logistical
38 distribution equipment, or new information technology
39 equipment.

40 (6) Whether the totality of benefits is sufficient to justify the
41 deduction.

42 The designating body may not designate an area an economic



1 revitalization area or approve the deduction unless it makes the
2 findings required by this subsection in the affirmative.

3 (c) Except as provided in subsection (f), and subject to subsection
4 (g) and section 15 of this chapter, an owner of new manufacturing
5 equipment, new research and development equipment, new logistical
6 distribution equipment, or new information technology equipment
7 whose statement of benefits is approved is entitled to a deduction from
8 the assessed value of that equipment for the number of years
9 determined by the designating body under section 17 of this chapter.
10 Except as provided in subsection (d) and in section 2(i)(3) of this
11 chapter, and subject to subsection (g) and section 15 of this chapter, the
12 amount of the deduction that an owner is entitled to for a particular
13 year equals the product of:

14 (1) the assessed value of the new manufacturing equipment, new
15 research and development equipment, new logistical distribution
16 equipment, or new information technology equipment in the year
17 of deduction under the abatement schedule established under
18 section 17 of this chapter; multiplied by

19 (2) the percentage prescribed by the designating body under
20 section 17 of this chapter.

21 (d) With respect to new manufacturing equipment and new research
22 and development equipment installed before March 2, 2001, the
23 deduction under this section is the amount that causes the net assessed
24 value of the property after the application of the deduction under this
25 section to equal the net assessed value after the application of the
26 deduction under this section that results from computing:

27 (1) the deduction under this section as in effect on March 1, 2001;
28 and

29 (2) the assessed value of the property under 50 IAC 4.2, as in
30 effect on March 1, 2001, or, in the case of property subject to
31 IC 6-1.1-8, 50 IAC 5.1, as in effect on March 1, 2001.

32 (e) The designating body shall determine the number of years the
33 deduction is allowed under section 17 of this chapter. However, **except**
34 **as provided in section 17(d) of this chapter**, the deduction may not
35 be allowed for more than ten (10) years. This determination shall be
36 made:

37 (1) as part of the resolution adopted under section 2.5 of this
38 chapter; or

39 (2) by resolution adopted within sixty (60) days after receiving a
40 copy of a property owner's certified deduction application from
41 the county auditor. A certified copy of the resolution shall be sent
42 to the county auditor.



1 A determination about the number of years the deduction is allowed
 2 that is made under subdivision (1) is final and may not be changed by
 3 following the procedure under subdivision (2).

4 (f) The owner of new manufacturing equipment that is directly used
 5 to dispose of hazardous waste is not entitled to the deduction provided
 6 by this section for a particular assessment year if during that
 7 assessment year the owner:

8 (1) is convicted of a criminal violation under IC 13, including
 9 IC 13-7-13-3 (repealed) or IC 13-7-13-4 (repealed); or

10 (2) is subject to an order or a consent decree with respect to
 11 property located in Indiana based on a violation of a federal or
 12 state rule, regulation, or statute governing the treatment, storage,
 13 or disposal of hazardous wastes that had a major or moderate
 14 potential for harm.

15 (g) For purposes of subsection (c), the assessed value of new
 16 manufacturing equipment, new research and development equipment,
 17 new logistical distribution equipment, or new information technology
 18 equipment that is part of an owner's assessable depreciable personal
 19 property in a single taxing district subject to the valuation limitation in
 20 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product of:

21 (1) the assessed value of the equipment determined without
 22 regard to the valuation limitation in 50 IAC 4.2-4-9 or 50
 23 IAC 5.1-6-9; multiplied by

24 (2) the quotient of:

25 (A) the amount of the valuation limitation determined under
 26 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's
 27 depreciable personal property in the taxing district; divided by
 28 (B) the total true tax value of all of the owner's depreciable
 29 personal property in the taxing district that is subject to the
 30 valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9
 31 determined:

32 (i) under the depreciation schedules in the rules of the
 33 department of local government finance before any
 34 adjustment for abnormal obsolescence; and

35 (ii) without regard to the valuation limitation in 50
 36 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

37 SECTION 7. IC 6-1.1-12.1-17, AS AMENDED BY P.L.288-2013,
 38 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2014]: Sec. 17. (a) A designating body may provide to a
 40 business that is established in or relocated to a revitalization area and
 41 that receives a deduction under section 4 or 4.5 of this chapter an
 42 abatement schedule based on the following factors:



- 1 (1) The total amount of the taxpayer's investment in real and
 2 personal property.
- 3 (2) The number of new full-time equivalent jobs created.
- 4 (3) The average wage of the new employees compared to the state
 5 minimum wage.
- 6 (4) The infrastructure requirements for the taxpayer's investment.
- 7 (b) This subsection applies to a statement of benefits approved after
 8 June 30, 2013. A designating body shall establish an abatement
 9 schedule for each deduction allowed under this chapter. An abatement
 10 schedule must specify the percentage amount of the deduction for each
 11 year of the deduction. **Except as provided in subsection (d)**, an
 12 abatement schedule may not exceed ten (10) years.
- 13 (c) An abatement schedule approved for a particular taxpayer before
 14 July 1, 2013, remains in effect until the abatement schedule expires
 15 under the terms of the resolution approving the taxpayer's statement of
 16 benefits.
- 17 **(d) This subsection applies to a deduction granted under section**
 18 **4.5 of this chapter after June 30, 2014, for new manufacturing**
 19 **equipment, new research and development equipment, new**
 20 **logistical distribution equipment, or new information technology**
 21 **equipment installed after June 30, 2014. Subject to subsection (e),**
 22 **a designating body may establish a permanent abatement schedule**
 23 **under which one hundred percent (100%) of the assessed value of**
 24 **the new manufacturing equipment, new research and development**
 25 **equipment, new logistical distribution equipment, or new**
 26 **information technology equipment is permanently deducted for**
 27 **each assessment date that the equipment is located in the**
 28 **revitalization area. Except as provided in subsection (e), if a**
 29 **designating body establishes a permanent abatement schedule**
 30 **under this subsection for new manufacturing equipment, new**
 31 **research and development equipment, new logistical distribution**
 32 **equipment, or new information technology equipment, the one**
 33 **hundred percent (100%) deduction continues to apply to the**
 34 **equipment for which the deduction was approved for all future**
 35 **assessment dates that the equipment is located in the revitalization**
 36 **area, regardless of whether or not the revitalization area is**
 37 **abolished.**
- 38 (e) In the tenth year following the year in which a designating
 39 body establishes a permanent abatement schedule under subsection
 40 (d), and every ten (10) years thereafter, the designating body shall
 41 hold a public hearing at which the designating body considers
 42 whether the one hundred percent (100%) deduction under the



1 **permanent abatement schedule should be terminated. After the**
 2 **public hearing, the designating body may by resolution terminate**
 3 **the one hundred percent (100%) deduction, effective on the**
 4 **assessment date in the following calendar year.**

5 SECTION 8. IC 6-3.5-7-11, AS AMENDED BY P.L.261-2013,
 6 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JULY 1, 2014]: Sec. 11. (a) Revenue derived from the imposition of
 8 the county economic development income tax shall, in the manner
 9 prescribed by this section, be distributed to the county that imposed it.

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

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

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

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

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



1 must include:

- 2 (1) the amount reported on individual income tax returns
3 processed by the department during the previous fiscal year;
4 (2) adjustments for over distributions in prior years;
5 (3) adjustments for clerical or mathematical errors in prior years;
6 (4) adjustments for tax rate changes; and
7 (5) the amount of excess account balances to be distributed under
8 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 or 26.5 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 9. IC 6-3.5-7-12, AS AMENDED BY P.L.137-2012,
 17 SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2014]: Sec. 12. (a) Except as provided in sections 23, 26,
 19 **26.5**, 27, 27.5, 27.6, and 28 of this chapter, the county auditor shall
 20 distribute in the manner specified in this section the certified
 21 distribution to the county.

22 (b) Except as provided in subsections (c) and (h) and section 15 of
 23 this chapter, and subject to adjustment as provided in IC 36-8-19-7.5,
 24 the amount of the certified distribution that the county and each city or
 25 town in a county is entitled to receive each month of each year equals
 26 the product of the following:

27 (1) The amount of the certified distribution for that month;
 28 multiplied by

29 (2) A fraction. The numerator of the fraction equals the sum of:

30 (A) total property taxes that are first due and payable to the
 31 county, city, or town during the calendar year in which the
 32 month falls; plus

33 (B) for a county, the welfare allocation amount.

34 The denominator of the fraction equals the sum of the total
 35 property taxes that are first due and payable to the county and all
 36 cities and towns of the county during the calendar year in which
 37 the month falls, plus the welfare allocation amount. The welfare
 38 allocation amount is an amount equal to the sum of the property
 39 taxes imposed by the county in 1999 for the county's welfare fund
 40 and welfare administration fund and, if the county received a
 41 certified distribution under this chapter in 2008, the property
 42 taxes imposed by the county in 2008 for the county's county



- 1 medical assistance to wards fund, family and children's fund,
 2 children's psychiatric residential treatment services fund, county
 3 hospital care for the indigent fund, and children with special
 4 health care needs county fund.
- 5 (c) This subsection applies to a county council or county income tax
 6 council that imposes a tax under this chapter after June 1, 1992. The
 7 body imposing the tax may adopt an ordinance before August 2 of a
 8 year to provide for the distribution of certified distributions under this
 9 subsection instead of a distribution under subsection (b). The following
 10 apply if an ordinance is adopted under this subsection:
- 11 (1) The ordinance is effective January 1 of the following year.
 12 (2) Except as provided in section 26 or 26.5 of this chapter, the
 13 amount of the certified distribution that the county and each city
 14 and town in the county is entitled to receive during each month of
 15 each year equals the product of:
- 16 (A) the amount of the certified distribution for the month;
 17 multiplied by
 18 (B) a fraction. For a city or town, the numerator of the fraction
 19 equals the population of the city or the town. For a county, the
 20 numerator of the fraction equals the population of the part of
 21 the county that is not located in a city or town. The
 22 denominator of the fraction equals the sum of the population
 23 of all cities and towns located in the county and the population
 24 of the part of the county that is not located in a city or town.
- 25 (3) The ordinance may be made irrevocable for the duration of
 26 specified lease rental or debt service payments.
- 27 (d) The body imposing the tax may not adopt an ordinance under
 28 subsection (c) if, before the adoption of the proposed ordinance, any of
 29 the following have pledged the county economic development income
 30 tax for any purpose permitted by IC 5-1-14 or any other statute:
- 31 (1) The county.
 32 (2) A city or town in the county.
 33 (3) A commission, a board, a department, or an authority that is
 34 authorized by statute to pledge the county economic development
 35 income tax.
- 36 (e) The department of local government finance shall provide each
 37 county auditor with the fractional amount of the certified distribution
 38 that the county and each city or town in the county is entitled to receive
 39 under this section.
- 40 (f) Money received by a county, city, or town under this section
 41 shall be deposited in the unit's economic development income tax fund.
- 42 (g) Except as provided in subsection (b)(2)(B), in determining the



1 fractional amount of the certified distribution the county and its cities
 2 and towns are entitled to receive under subsection (b) during a calendar
 3 year, the department of local government finance shall consider only
 4 property taxes imposed on tangible property subject to assessment in
 5 that county.

6 (h) In a county having a consolidated city, only the consolidated city
 7 is entitled to the certified distribution, subject to the requirements of
 8 sections 15, ~~and 26~~, **and 26.5** of this chapter.

9 SECTION 10. IC 6-3.5-7-13.1, AS AMENDED BY P.L.137-2012,
 10 SECTION 99, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2014]: Sec. 13.1. (a) The fiscal officer of each county, city, or
 12 town for a county in which the county economic development tax is
 13 imposed shall establish an economic development income tax fund.
 14 Except as provided in sections 23, 26, **26.5**, 27, 27.5, and 27.6 of this
 15 chapter, the revenue received by a county, city, or town under this
 16 chapter shall be deposited in the unit's economic development income
 17 tax fund.

18 (b) As used in this subsection, "homestead" means a homestead that
 19 is eligible for a standard deduction under IC 6-1.1-12-37. Except as
 20 provided in sections 15, 23, 26, **26.5**, 27, 27.5, and 27.6 of this chapter,
 21 revenues from the county economic development income tax may be
 22 used as follows:

23 (1) By a county, city, or town for economic development projects,
 24 for paying, notwithstanding any other law, under a written
 25 agreement all or a part of the interest owed by a private developer
 26 or user on a loan extended by a financial institution or other
 27 lender to the developer or user if the proceeds of the loan are or
 28 are to be used to finance an economic development project, for
 29 the retirement of bonds under section 14 of this chapter for
 30 economic development projects, for leases under section 21 of
 31 this chapter, or for leases or bonds entered into or issued prior to
 32 the date the economic development income tax was imposed if
 33 the purpose of the lease or bonds would have qualified as a
 34 purpose under this chapter at the time the lease was entered into
 35 or the bonds were issued.

36 (2) By a county, city, or town for:

37 (A) the construction or acquisition of, or remedial action with
 38 respect to, a capital project for which the unit is empowered to
 39 issue general obligation bonds or establish a fund under any
 40 statute listed in IC 6-1.1-18.5-9.8;

41 (B) the retirement of bonds issued under any provision of
 42 Indiana law for a capital project;



- 1 (C) the payment of lease rentals under any statute for a capital
 2 project;
- 3 (D) contract payments to a nonprofit corporation whose
 4 primary corporate purpose is to assist government in planning
 5 and implementing economic development projects;
- 6 (E) operating expenses of a governmental entity that plans or
 7 implements economic development projects;
- 8 (F) to the extent not otherwise allowed under this chapter,
 9 funding substance removal or remedial action in a designated
 10 unit; or
- 11 (G) funding of a revolving fund established under
 12 IC 5-1-14-14.
- 13 (3) By a county, city, or town for any lawful purpose for which
 14 money in any of its other funds may be used.
- 15 (4) By a city or county described in IC 36-7.5-2-3(b) for making
 16 transfers required by IC 36-7.5-4-2. If the county economic
 17 development income tax rate is increased after April 30, 2005, in
 18 Porter County, the first three million five hundred thousand
 19 dollars (\$3,500,000) of the tax revenue that results each year from
 20 the tax rate increase shall be used by the county or by eligible
 21 municipalities (as defined in IC 36-7.5-1-11.3) in the county only
 22 to make the county's transfer required by IC 36-7.5-4-2. The first
 23 three million five hundred thousand dollars (\$3,500,000) of the
 24 tax revenue that results each year from the tax rate increase shall
 25 be paid by the county treasurer to the treasurer of the northwest
 26 Indiana regional development authority under IC 36-7.5-4-2
 27 before certified distributions are made to the county or any cities
 28 or towns in the county under this chapter from the tax revenue
 29 that results each year from the tax rate increase. If Porter County
 30 ceases to be a member of the northwest Indiana regional
 31 development authority under IC 36-7.5 but two (2) or more
 32 municipalities in the county have become members of the
 33 northwest Indiana regional development authority as authorized
 34 by IC 36-7.5-2-3(i), the county treasurer shall continue to transfer
 35 the three million five hundred thousand dollars (\$3,500,000) to
 36 the treasurer of the northwest Indiana regional development
 37 authority under IC 36-7.5-4-2 before certified distributions are
 38 made to the county or any cities or towns in the county. In Porter
 39 County, all of the tax revenue that results each year from the tax
 40 rate increase that is in excess of the first three million five
 41 hundred thousand dollars (\$3,500,000) that results each year from
 42 the tax rate increase must be used by the county and cities and



1 towns in the county for homestead credits under subdivision (5).
 2 (5) This subdivision applies only in Porter County. All of the tax
 3 revenue that results each year from a tax rate increase described
 4 in subdivision (4) that is in excess of the first three million five
 5 hundred thousand dollars (\$3,500,000) that results each year from
 6 the tax rate increase must be used by the county and cities and
 7 towns in the county for homestead credits under this subdivision.
 8 The following apply to homestead credits provided under this
 9 subdivision:

10 (A) The homestead credits must be applied uniformly to
 11 provide a homestead credit for homesteads in the county, city,
 12 or town.

13 (B) The homestead credits shall be treated for all purposes as
 14 property tax levies.

15 (C) The homestead credits shall be applied to the net property
 16 taxes due on the homestead after the application of all other
 17 assessed value deductions or property tax deductions and
 18 credits that apply to the amount owed under IC 6-1.1.

19 (D) The department of local government finance shall
 20 determine the homestead credit percentage for a particular
 21 year based on the amount of county economic development
 22 income tax revenue that will be used under this subdivision to
 23 provide homestead credits in that year.

24 (6) This subdivision applies only in Lake County. The county or
 25 a city or town in the county may use county economic
 26 development income tax revenue to provide homestead credits in
 27 the county, city, or town. The following apply to homestead
 28 credits provided under this subdivision:

29 (A) The county, city, or town fiscal body must adopt an
 30 ordinance authorizing the homestead credits. The ordinance
 31 must specify the amount of county economic development
 32 income tax revenue that will be used to provide homestead
 33 credits in the following year.

34 (B) The county, city, or town fiscal body that adopts an
 35 ordinance under this subdivision must forward a copy of the
 36 ordinance to the county auditor and the department of local
 37 government finance not more than thirty (30) days after the
 38 ordinance is adopted.

39 (C) The homestead credits must be applied uniformly to
 40 increase the homestead credit under IC 6-1.1-20.9 (repealed)
 41 for homesteads in the county, city, or town (for property taxes
 42 first due and payable before January 1, 2009) or to provide a



- 1 homestead credit for homesteads in the county, city, or town
 2 (for property taxes first due and payable after December 31,
 3 2008).
- 4 (D) The homestead credits shall be treated for all purposes as
 5 property tax levies.
- 6 (E) The homestead credits shall be applied to the net property
 7 taxes due on the homestead after the application of all other
 8 assessed value deductions or property tax deductions and
 9 credits that apply to the amount owed under IC 6-1.1.
- 10 (F) The department of local government finance shall
 11 determine the homestead credit percentage for a particular
 12 year based on the amount of county economic development
 13 income tax revenue that will be used under this subdivision to
 14 provide homestead credits in that year.
- 15 (7) For a regional venture capital fund established under section
 16 13.5 of this chapter or a local venture capital fund established
 17 under section 13.6 of this chapter.
- 18 (8) This subdivision applies only to LaPorte County, if:
- 19 (A) the county fiscal body has adopted an ordinance under
 20 IC 36-7.5-2-3(e) providing that the county is joining the
 21 northwest Indiana regional development authority; and
- 22 (B) the fiscal body of the city described in IC 36-7.5-2-3(e) has
 23 adopted an ordinance under IC 36-7.5-2-3(e) providing that
 24 the city is joining the development authority.
- 25 Revenue from the county economic development income tax may
 26 be used by a county or a city described in this subdivision for
 27 making transfers required by IC 36-7.5-4-2. In addition, if the
 28 county economic development income tax rate is increased after
 29 June 30, 2006, in the county, the first three million five hundred
 30 thousand dollars (\$3,500,000) of the tax revenue that results each
 31 year from the tax rate increase shall be used by the county only to
 32 make the county's transfer required by IC 36-7.5-4-2. The first
 33 three million five hundred thousand dollars (\$3,500,000) of the
 34 tax revenue that results each year from the tax rate increase shall
 35 be paid by the county treasurer to the treasurer of the northwest
 36 Indiana regional development authority under IC 36-7.5-4-2
 37 before certified distributions are made to the county or any cities
 38 or towns in the county under this chapter from the tax revenue
 39 that results each year from the tax rate increase. All of the tax
 40 revenue that results each year from the tax rate increase that is in
 41 excess of the first three million five hundred thousand dollars
 42 (\$3,500,000) that results each year from the tax rate increase must



1 be used by the county and cities and towns in the county for
2 homestead credits under subdivision (9).

3 (9) This subdivision applies only to LaPorte County. All of the tax
4 revenue that results each year from a tax rate increase described
5 in subdivision (8) that is in excess of the first three million five
6 hundred thousand dollars (\$3,500,000) that results each year from
7 the tax rate increase must be used by the county and cities and
8 towns in the county for homestead credits under this subdivision.
9 The following apply to homestead credits provided under this
10 subdivision:

11 (A) The homestead credits must be applied uniformly to
12 provide a homestead credit for homesteads in the county, city,
13 or town.

14 (B) The homestead credits shall be treated for all purposes as
15 property tax levies.

16 (C) The homestead credits shall be applied to the net property
17 taxes due on the homestead after the application of all other
18 assessed value deductions or property tax deductions and
19 credits that apply to the amount owed under IC 6-1.1.

20 (D) The department of local government finance shall
21 determine the homestead credit percentage for a particular
22 year based on the amount of county economic development
23 income tax revenue that will be used under this subdivision to
24 provide homestead credits in that year.

25 (c) As used in this section, an economic development project is any
26 project that:

27 (1) the county, city, or town determines will:

28 (A) promote significant opportunities for the gainful
29 employment of its citizens;

30 (B) attract a major new business enterprise to the unit; or

31 (C) retain or expand a significant business enterprise within
32 the unit; and

33 (2) involves an expenditure for:

34 (A) the acquisition of land;

35 (B) interests in land;

36 (C) site improvements;

37 (D) infrastructure improvements;

38 (E) buildings;

39 (F) structures;

40 (G) rehabilitation, renovation, and enlargement of buildings
41 and structures;

42 (H) machinery;



1 (I) equipment;
 2 (J) furnishings;
 3 (K) facilities;
 4 (L) administrative expenses associated with such a project,
 5 including contract payments authorized under subsection
 6 (b)(2)(D);
 7 (M) operating expenses authorized under subsection (b)(2)(E);
 8 or
 9 (N) to the extent not otherwise allowed under this chapter,
 10 substance removal or remedial action in a designated unit;
 11 or any combination of these.

12 (d) If there are bonds outstanding that have been issued under
 13 section 14 of this chapter or leases in effect under section 21 of this
 14 chapter, the county or a city or town may not expend money from its
 15 economic development income tax fund for a purpose authorized under
 16 subsection (b)(3) in a manner that would adversely affect owners of the
 17 outstanding bonds or payment of any lease rentals due.

18 SECTION 11. IC 6-3.5-7-15, AS AMENDED BY P.L.137-2012,
 19 SECTION 100, IS AMENDED TO READ AS FOLLOWS
 20 [EFFECTIVE JULY 1, 2014]: Sec. 15. (a) The executive of a county,
 21 city, or town may, subject to the use of the certified distribution
 22 permitted under section 26 **or 26.5** of this chapter:

- 23 (1) adopt a capital improvement plan specifying the uses of the
 24 revenues to be received under this chapter; or
 25 (2) designate the county or a city or town in the county as the
 26 recipient of all or a part of its share of the distribution.

27 (b) If a designation is made under subsection (a)(2), the county
 28 treasurer shall transfer the share or part of the share to the designated
 29 unit unless that unit does not have a capital improvement plan.

30 (c) A county, city, or town that fails to adopt a capital improvement
 31 plan may not receive:

- 32 (1) its fractional amount of the certified distribution; or
 33 (2) any amount designated under subsection (a)(2);

34 for the year or years in which the unit does not have a plan. The county
 35 treasurer shall retain the certified distribution and any designated
 36 distribution for such a unit in a separate account until the unit adopts
 37 a plan. Interest on the separate account becomes part of the account. If
 38 a unit fails to adopt a plan for a period of three (3) years, then the
 39 balance in the separate account shall be distributed to the other units in
 40 the county based on property taxes first due and payable to the units
 41 during the calendar year in which the three (3) year period expires.

42 (d) A capital improvement plan must include the following



- 1 components:
- 2 (1) Identification and general description of each project that
- 3 would be funded by the county economic development income
- 4 tax.
- 5 (2) The estimated total cost of the project.
- 6 (3) Identification of all sources of funds expected to be used for
- 7 each project.
- 8 (4) The planning, development, and construction schedule of each
- 9 project.
- 10 (e) A capital improvement plan:
- 11 (1) must encompass a period of no less than two (2) years; and
- 12 (2) must incorporate projects the cost of which is at least
- 13 seventy-five percent (75%) of the fractional amount certified
- 14 distribution expected to be received by the county, city, or town
- 15 in that period of time.
- 16 (f) In making a designation under subsection (a)(2), the executive
- 17 must specify the purpose and duration of the designation. If the
- 18 designation is made to provide for the payment of lease rentals or bond
- 19 payments, the executive may specify that the designation and its
- 20 duration are irrevocable.
- 21 SECTION 12. IC 6-3.5-7-26.5 IS ADDED TO THE INDIANA
- 22 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 23 [EFFECTIVE JULY 1, 2014]: **Sec. 26.5. (a) The following definitions**
- 24 **apply throughout this section:**
- 25 (1) "Adopt" includes amend.
- 26 (2) "Adopting entity" means the entity that may impose a
- 27 county economic development income tax under section 5 of
- 28 this chapter.
- 29 (3) "Homestead" refers to tangible property that is eligible
- 30 for the standard deduction under IC 6-1.1-12-37.
- 31 (4) "Residential" has the meaning set forth in section 26(b)(4)
- 32 of this chapter.
- 33 (b) An adopting entity may adopt an ordinance to provide for
- 34 the use of the certified distribution described in section 16 of this
- 35 chapter for the purpose provided in subsection (d). An adopting
- 36 entity that adopts an ordinance under this subsection shall use the
- 37 procedures set forth in IC 6-3.5-6 concerning the adoption of an
- 38 ordinance for the imposition of the county option income tax. The
- 39 ordinance may provide for an additional rate under subsection (m).
- 40 An ordinance adopted under this subsection:
- 41 (1) first applies to the certified distribution described in
- 42 section 16 of this chapter made in the calendar year that



1 immediately follows the calendar year in which the ordinance
2 is adopted; and

3 (2) must specify that the certified distribution must be used to
4 provide for one (1) of the following, as determined by the
5 adopting entity:

6 (A) Uniformly applied homestead credits as provided in
7 subsection (e).

8 (B) Uniformly applied residential property tax
9 replacement credits as provided in subsection (f).

10 (C) Allocated homestead credits as provided in subsection
11 (h).

12 (D) Allocated residential property tax replacement credits
13 as provided in subsection (i).

14 (c) If an ordinance is adopted under subsection (b), the
15 percentage of the certified distribution specified in the ordinance
16 for use for the purpose provided in subsection (d) must be:

17 (1) retained by the county auditor under subsection (j); and

18 (2) used for the purpose provided in subsection (d) instead of
19 the purposes specified in the capital improvement plan
20 adopted under section 15 of this chapter.

21 (d) If an ordinance is adopted under subsection (b), the adopting
22 entity shall use the certified distribution described in section 16 of
23 this chapter to provide:

24 (1) if the ordinance grants a credit described in subsection

25 (b)(2)(A) or (b)(2)(C), a homestead credit for homesteads; or

26 (2) if the ordinance grants a credit described in subsection
27 (b)(2)(B) or (b)(2)(D), a property tax replacement credit for
28 residential property;

29 for property taxes to offset the effect on homesteads or residential
30 property, as applicable, in the county resulting from the exemption
31 of business personal property under IC 6-1.1-10-46 and
32 IC 6-1.1-10-47. The amount of a residential property tax
33 replacement credit granted under this section may not be
34 considered in computing the amount of any homestead credit to
35 which the residential property may be entitled under any law,
36 other than IC 6-1.1-20.6.

37 (e) If the adopting entity specifies the application of uniform
38 homestead credits under subsection (b)(2)(A), the county auditor
39 shall, for each calendar year in which a homestead credit
40 percentage is authorized under this section, determine:

41 (1) the amount of the certified distribution that is available to
42 provide a homestead credit percentage under this section for



- 1 the year;
- 2 (2) the amount of uniformly applied homestead credits for the
- 3 year in the county that equals the amount determined under
- 4 subdivision (1); and
- 5 (3) the percentage of homestead credit under this section that
- 6 equates to the amount of homestead credits determined under
- 7 subdivision (2).
- 8 (f) If the adopting entity specifies the application of uniform
- 9 residential property tax replacement credits under subsection
- 10 (b)(2)(B), the county auditor shall determine for each calendar
- 11 year in which a property tax replacement credit percentage is
- 12 authorized under this section:
- 13 (1) the amount of the certified distribution that is available to
- 14 provide a residential property tax replacement credit
- 15 percentage for the year;
- 16 (2) the amount of uniformly applied residential property tax
- 17 replacement credits for the year in the county that equals the
- 18 amount determined under subdivision (1); and
- 19 (3) the percentage of residential property tax replacement
- 20 credit under this section that equates to the amount of
- 21 residential property tax replacement credits determined
- 22 under subdivision (2).
- 23 (g) The percentage of homestead credit determined by the
- 24 county auditor under subsection (e) or the percentage of residential
- 25 property tax replacement credit determined by the county auditor
- 26 under subsection (f) applies uniformly in the county in the calendar
- 27 year for which the percentage is determined.
- 28 (h) If the adopting entity specifies the application of allocated
- 29 homestead credits under subsection (b)(2)(C), the county auditor
- 30 shall, for each calendar year in which a homestead credit is
- 31 authorized under this section, determine:
- 32 (1) the amount of the certified distribution that is available to
- 33 provide a homestead credit under this section for the year;
- 34 and
- 35 (2) except as provided in subsection (k), a percentage of
- 36 homestead credit for each taxing district in the county that
- 37 allocates to the taxing district an amount of homestead credits
- 38 that bears the same proportion to the amount determined
- 39 under subdivision (1) that the amount of business personal
- 40 property exempted under IC 6-1.1-10-46 and IC 6-1.1-10-47
- 41 in the taxing district for the assessment date bears to the total
- 42 amount of business personal property exempted under



- 1 **IC 6-1.1-10-46 and IC 6-1.1-10-47 in the county for the**
 2 **assessment date.**
- 3 **(i) If the adopting entity specifies the application of allocated**
 4 **residential property tax replacement credits under subsection**
 5 **(b)(2)(D), the county auditor shall determine for each calendar**
 6 **year in which a residential property tax replacement credit is**
 7 **authorized under this section:**
- 8 **(1) the amount of the certified distribution that is available to**
 9 **provide a residential property tax replacement credit under**
 10 **this section for the year; and**
- 11 **(2) except as provided in subsection (k), a percentage of**
 12 **residential property tax replacement credit for each taxing**
 13 **district in the county that allocates to the taxing district an**
 14 **amount of residential property tax replacement credits that**
 15 **bears the same proportion to the amount determined under**
 16 **subdivision (1) that the amount of business personal property**
 17 **exempted under IC 6-1.1-10-46 and IC 6-1.1-10-47 in the**
 18 **taxing district for the assessment date bears to the total**
 19 **amount of business personal property exempted under**
 20 **IC 6-1.1-10-46 and IC 6-1.1-10-47 in the county for the**
 21 **assessment date.**
- 22 **(j) The county auditor shall retain from the payments of the**
 23 **county's certified distribution an amount equal to the revenue lost,**
 24 **if any, due to the homestead credit or residential property tax**
 25 **replacement credit provided under this section within the county.**
 26 **The money shall be distributed to the civil taxing units and school**
 27 **corporations of the county:**
- 28 **(1) as if the money were from property tax collections; and**
 29 **(2) in such a manner that no civil taxing unit or school**
 30 **corporation will suffer a net revenue loss because of the**
 31 **allowance of a homestead credit or residential property tax**
 32 **replacement credit under this section.**
- 33 **(k) Subject to the approval of the adopting entity, the county**
 34 **auditor may adjust the increased percentage of:**
- 35 **(1) homestead credit determined under subsection (h)(2) if the**
 36 **county auditor determines that the adjustment is necessary to**
 37 **achieve an equitable reduction of property taxes among the**
 38 **homesteads in the county; or**
- 39 **(2) residential property tax replacement credit determined**
 40 **under subsection (i)(2) if the county auditor determines that**
 41 **the adjustment is necessary to achieve an equitable reduction**
 42 **of property taxes among the residential property in the**



- 1 county.
- 2 (l) In order to impose an additional county economic
3 development income tax rate under subsection (m), an adopting
4 entity must adopt an ordinance finding and determining that
5 revenues from the county economic development income tax should
6 be used to provide the decrease in ad valorem property taxes on
7 homesteads or residential property, as appropriate under the
8 ordinance adopted by the adopting entity, that would otherwise
9 occur, before the application of any credits under IC 6-1.1-20.6, if
10 the exemptions under IC 6-1.1-10-46 and IC 6-1.1-10-47 were not
11 provided to business personal property.
- 12 (m) If an adopting entity makes the findings and determination
13 under subsection (l), the adopting entity may impose, in addition to
14 the tax rates permitted by section 5 of this chapter or by any other
15 provision of this chapter, an additional county economic
16 development income tax rate under this section on the adjusted
17 gross income of county taxpayers. The additional tax rate imposed
18 under this subsection may not be imposed at a rate that exceeds the
19 lesser of:
- 20 (1) the rate necessary to provide the decrease in ad valorem
21 property taxes on homesteads or residential property, as
22 appropriate under the ordinance adopted by the adopting
23 entity, that would otherwise occur, before the application of
24 any credits under IC 6-1.1-20.6, if the exemptions under
25 IC 6-1.1-10-46 and IC 6-1.1-10-47 were not provided to
26 business personal property; or
- 27 (2) twenty-five hundredths percent (0.25%).
- 28 (n) If an adopting entity of a county imposes an additional tax
29 rate under subsection (m), the county treasurer shall establish a
30 special fund to be used only for the purposes described in this
31 section. County economic development income tax revenues
32 derived from the additional tax rate imposed under subsection (m)
33 shall be deposited in the special fund before making a certified
34 distribution under section 11 of this chapter. The additional tax
35 rate imposed under subsection (m) shall not be considered for
36 purposes of applying:
- 37 (1) the maximum county economic development income tax
38 rate that may be imposed under section 5 of this chapter or
39 under any other law; and
- 40 (2) the maximum combined:
- 41 (A) county economic development income tax and county
42 adjusted gross income tax rate; or



1 **(B) county economic development income tax and county**
2 **option income tax rate;**
3 **under this chapter or any other law.**

4 SECTION 13. [EFFECTIVE JULY 1, 2014] **(a) IC 6-1.1-2-7 and**
5 **IC 6-1.1-3-7, both as amended by this act, and IC 6-1.1-3-7.2,**
6 **IC 6-1.1-10-46, and IC 6-1.1-10-47, all as added by this act, apply**
7 **to assessment dates occurring after December 31, 2014.**

8 **(b) This SECTION expires July 1, 2017.**

