

PROPOSED AMENDMENT

HB 1120 # 32

DIGEST

Various changes. Removes the following provisions: (1) The requirement for a county assessor to apply an influence factor to recognize the reduced acreage value of residential excess land. (2) The extension of the current cap on operating referendum tax that may be levied by a school corporation and the formula for determining the cap using the school corporation's recent ADM counts. (3) The increase in the amount by which a civil taxing unit must exceed the statewide average assessed value growth for purposes of an appeal for relief from property tax levy limits. (4) The prohibition from removing a parcel of real property from an existing economic development district or an existing tax increment financing district, and subsequently adding the same parcel of real property back into the economic development district or tax increment financing district. Extends through 2026 the calculation to be used in determining the maximum levy growth quotient as added in the 2023 session in house bill 1499. Removes provisions that would have repealed the expiration of the threshold amounts used for determining whether a political subdivision's project is a controlled project and whether the petition and remonstrance process or the referendum process applies based on the political subdivision's total debt service tax rate (which were set to expire December 31, 2024). Instead extends the expiration of those provisions to December 31, 2025. Specifies that money received from the curricular material fund shall not be subject to collective bargaining. Requires the state and local tax review task force established in the 2023 session in senate bill 3 to study the following topics: (1) Changing the qualification requirements for a civil taxing unit to be eligible for a levy increase in excess of limitations. (2) Requiring certain projects of a political subdivision to be subject to: (A) the petition and remonstrance process if the political subdivision's total debt service tax rate is more than \$0.40 per \$100 dollars of assessed value, but less than \$0.80 per \$100 of assessed value; or (B) the referendum process if the political subdivision's total debt service tax rate is at least \$0.80 per \$100 of assessed value. (3) Capping the total amount of operating referendum tax that may be levied by a school corporation. Makes technical corrections.

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- 1 Page 1, delete lines 1 through 17.
 - 2 Page 2, delete lines 1 through 3.
 - 3 Page 21, line 11, after "calendar" insert "**year**".
 - 4 Page 22, delete lines 28 through 42.
 - 5 Delete page 23.
 - 6 Page 24, delete lines 1 through 22.
 - 7 Page 25, delete lines 9 through 42, begin a new paragraph and
 - 8 insert:
 - 9 "SECTION 16. IC 6-1.1-18.5-2, AS AMENDED BY P.L.239-2023,
 - 10 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 - 11 JULY 1, 2024]: Sec. 2. (a) As used in this section, "Indiana nonfarm
 - 12 personal income" means the estimate of total nonfarm personal income

1 for Indiana in a calendar year as computed by the federal Bureau of
 2 Economic Analysis using any actual data for the calendar year and any
 3 estimated data determined appropriate by the federal Bureau of
 4 Economic Analysis.

5 (b) Except as provided in subsections (c) and (e), for purposes of
 6 determining a civil taxing unit's maximum permissible ad valorem
 7 property tax levy for an ensuing calendar year, the civil taxing unit
 8 shall use the maximum levy growth quotient determined in the last
 9 STEP of the following STEPS:

10 STEP ONE: For each of the six (6) calendar years immediately
 11 preceding the year in which a budget is adopted under
 12 IC 6-1.1-17-5 for the ensuing calendar year, divide the Indiana
 13 nonfarm personal income for the calendar year by the Indiana
 14 nonfarm personal income for the calendar year immediately
 15 preceding that calendar year, rounding to the nearest
 16 one-thousandth (0.001).

17 STEP TWO: Determine the sum of the STEP ONE results.

18 STEP THREE: Divide the STEP TWO result by six (6), rounding
 19 to the nearest one-thousandth (0.001).

20 STEP FOUR: Determine the lesser of the following:

21 (A) The STEP THREE quotient.

22 (B) One and six-hundredths (1.06).

23 (c) Except as provided in subsection (f), a school corporation shall
 24 use for its operations fund maximum levy calculation under
 25 IC 20-46-8-1 the maximum levy growth quotient determined in the last
 26 STEP of the following STEPS:

27 STEP ONE: Determine for each school corporation, the average
 28 annual growth in net assessed value using the three (3) calendar
 29 years immediately preceding the year in which a budget is
 30 adopted under IC 6-1.1-17-5 for the ensuing calendar year.

31 STEP TWO: Determine the greater of:

32 (A) zero (0); or

33 (B) the STEP ONE amount minus the sum of:

34 (i) the maximum levy growth quotient determined under
 35 subsection (b) minus one (1); plus

36 (ii) two-hundredths (0.02).

37 STEP THREE: Determine the lesser of:

38 (A) the STEP TWO amount; or

39 (B) four-hundredths (0.04).

40 STEP FOUR: Determine the sum of:

- 1 (A) the STEP THREE amount; plus
 2 (B) the maximum levy growth quotient determined under
 3 subsection (b).

4 STEP FIVE: Determine the greater of:

- 5 (A) the STEP FOUR amount; or
 6 (B) the maximum levy growth quotient determined under
 7 subsection (b).

8 (d) The budget agency shall provide the maximum levy growth
 9 quotient for the ensuing year to civil taxing units, school corporations,
 10 and the department of local government finance before July 1 of each
 11 year.

12 (e) This subsection applies only for purposes of determining the
 13 maximum levy growth quotient to be used in determining a civil taxing
 14 unit's maximum permissible ad valorem property tax levy in calendar
 15 years 2024, ~~and~~ 2025, **and 2026**. For purposes of determining the
 16 maximum levy growth quotient in calendar years 2024, ~~and~~ 2025, **and**
 17 **2026**, instead of the result determined in the last STEP in subsection
 18 (b), the maximum levy growth quotient is determined in the last STEP
 19 of the following STEPS:

20 STEP ONE: Determine the result of STEP FOUR of subsection
 21 (b), calculated as if this subsection was not in effect.

22 STEP TWO: Subtract one (1) from the STEP ONE result.

23 STEP THREE: Multiply the STEP TWO result by eight-tenths
 24 (0.8).

25 STEP FOUR: Add one (1) to the STEP THREE result.

26 STEP FIVE: Determine the lesser of:

- 27 (A) the STEP FOUR result; or
 28 (B) one and four-hundredths (1.04).

29 (f) This subsection applies only for purposes of determining the
 30 maximum levy growth quotient to be used in determining a school
 31 corporation's operations fund maximum levy in calendar years 2024,
 32 ~~and~~ 2025, **and 2026**. For purposes of determining the maximum levy
 33 growth quotient in calendar years 2024, ~~and~~ 2025, **and 2026**, instead
 34 of the result determined in the last STEP in subsection (c), the
 35 maximum levy growth quotient is determined in the last STEP of the
 36 following STEPS:

37 STEP ONE: Determine the result of STEP FIVE of subsection (c),
 38 calculated as if this subsection was not in effect.

39 STEP TWO: Subtract one (1) from the STEP ONE result.

40 STEP THREE: Multiply the STEP TWO result by eight-tenths

- 1 (0.8).
- 2 STEP FOUR: Add one (1) to the STEP THREE result.
- 3 STEP FIVE: Determine the lesser of:
- 4 (A) the STEP FOUR result; or
- 5 (B) one and four-hundredths (1.04)."
- 6 Delete page 26.
- 7 Page 27, delete lines 1 through 3.
- 8 Page 29, line 18, reset in roman "This subsection expires December
- 9 31,".
- 10 Page 29, line 19, after "2024." insert "**2025.**".
- 11 Page 31, line 33, reset in roman "This subdivision expires December
- 12 31,".
- 13 Page 31, line 33, after "2024." insert "**2025.**".
- 14 Page 39, line 31, reset in roman "This clause expires December 31,".
- 15 Page 39, line 31, after "2024." insert "**2025.**".
- 16 Page 41, line 27, delete "(a)(1)(D)." and insert "(a)(1)(D)".
- 17 Page 41, line 27, reset in roman "(before its expiration)."
- 18 Page 41, line 37, delete "(a)(1)(D)." and insert "(a)(1)(D)".
- 19 Page 41, line 37, reset in roman "(before its expiration)."
- 20 Page 42, line 26, delete "(a)(1)(D)." and insert "(a)(1)(D)".
- 21 Page 42, line 26, reset in roman "(before its expiration)."
- 22 Page 42, line 32, delete "(a)(1)(D)." and insert "(a)(1)(D)".
- 23 Page 42, line 32, reset in roman "(before its expiration)."
- 24 Page 42, line 37, delete "(a)(1)(D)." and insert "(a)(1)(D)".
- 25 Page 42, line 37, reset in roman "(before its expiration)."
- 26 Page 43, line 19, delete "(a)(1)(D)." and insert "(a)(1)(D)".
- 27 Page 43, line 19, reset in roman "(before its expiration)."
- 28 Page 44, line 13, delete "(a)(1)(D)." and insert "(a)(1)(D)".
- 29 Page 44, line 13, reset in roman "(before its expiration)."
- 30 Page 44, line 28, delete "(a)(1)(D)." and insert "(a)(1)(D)".
- 31 Page 44, line 28, reset in roman "(before its expiration)."
- 32 Page 45, line 32, delete "chapter;" and insert "chapter".
- 33 Page 45, line 32, reset in roman "(before its".
- 34 Page 45, line 33, reset in roman "expiration);".
- 35 Page 53, line 11, reset in roman "(before its expiration)".
- 36 Page 53, line 14, delete "chapter," and insert "chapter".
- 37 Page 53, line 14, reset in roman "(before".
- 38 Page 53, line 15, reset in roman "its expiration),".
- 39 Page 53, line 26, delete "chapter." and insert "chapter".
- 40 Page 53, line 26, reset in roman "(before".

- 1 Page 53, line 27, reset in roman "its expiration).".
- 2 Page 53, line 29, reset in roman "(before its expiration)".
- 3 Page 53, line 32, reset in roman "(before its expiration)".
- 4 Page 53, line 35, reset in roman "(f) This section expires December
- 5 31,".
- 6 Page 53, line 35, after "2024." insert "**2025.**".
- 7 Page 53, delete lines 36 through 42.
- 8 Delete pages 54 through 57.
- 9 Page 58, delete lines 1 through 9.
- 10 Page 58, delete lines 37 through 42.
- 11 Delete pages 59 through 62.
- 12 Page 63, delete lines 1 through 34.
- 13 Page 68, line 41, after "materials" delete "." and insert "**and shall**
- 14 **not be subject to collective bargaining.**".
- 15 Page 69, delete lines 4 through 42.
- 16 Page 70, delete lines 1 through 3.
- 17 Page 81, delete lines 6 through 42.
- 18 Delete pages 82 through 85.
- 19 Page 86, delete lines 1 through 8.
- 20 Page 89, between lines 38 and 39, begin a new paragraph and insert:
- 21 "SECTION 20. P.L.163-2023, SECTION 1, IS AMENDED TO
- 22 READ AS FOLLOWS [EFFECTIVE UPON PASSAGE] SECTION 1
- 23 (a) As used in this SECTION, "task force" refers to the state and local
- 24 tax review task force established by subsection (b).
- 25 (b) The state and local tax review task force is established.
- 26 (c) The task force consists of the following members:
- 27 (1) The chairperson of the senate tax and fiscal policy committee.
- 28 (2) The ranking minority member of the senate tax and fiscal
- 29 policy committee.
- 30 (3) The chairperson of the senate appropriations committee.
- 31 (4) The ranking minority member of the senate appropriations
- 32 committee.
- 33 (5) The chairperson of the house ways and means committee.
- 34 (6) One (1) member of the house ways and means committee who
- 35 is a member of the majority party of the house, appointed by the
- 36 speaker of the house of representatives.
- 37 (7) The ranking minority member of the house ways and means
- 38 committee.
- 39 (8) One (1) member of the house ways and means committee who
- 40 is a member of the minority party of the house, appointed by the

- 1 minority leader of the house of representatives.
- 2 (9) The director of the office of management and budget.
- 3 (10) The director of the budget agency.
- 4 (11) The public finance director of the Indiana finance authority.
- 5 (12) One (1) member who is an economist employed at a state
- 6 educational institution (as defined in IC 21-7-13-32), appointed
- 7 jointly by the president pro tempore of the senate and the speaker
- 8 of the house of representatives.
- 9 (d) If a vacancy occurs, the appointing authority that appointed the
- 10 member whose position is vacant shall appoint an individual to fill the
- 11 vacancy.
- 12 (e) Not later than July 1, 2023, the:
- 13 (1) chairperson of the legislative council shall select a member of
- 14 the task force to serve as the chairperson of the task force; and
- 15 (2) vice chairperson of the legislative council shall select a
- 16 member of the task force to serve as the vice chairperson of the
- 17 task force.
- 18 The members selected under subdivisions (1) and (2) shall serve as
- 19 chairperson and vice chairperson until May 1, 2024. Beginning May 1,
- 20 2024, the member initially appointed under subdivision (2) shall
- 21 instead serve as the chairperson of the task force, and the member
- 22 initially appointed under subdivision (1) shall instead serve as the vice
- 23 chairperson of the task force.
- 24 (f) The following apply to the mileage, per diem, and travel
- 25 expenses for members of the task force:
- 26 (1) Each member of the task force who is a state employee is
- 27 entitled to reimbursement for traveling expenses as provided
- 28 under IC 4-13-1-4 and other expenses actually incurred in
- 29 connection with the member's duties as provided in the state
- 30 policies and procedures established by the Indiana department of
- 31 administration and approved by the budget agency.
- 32 (2) Each member of the task force who is a member of the general
- 33 assembly or who is not a state employee is entitled to receive the
- 34 same per diem, mileage, and travel allowances paid to individuals
- 35 who serve as legislative and lay members, respectively, of interim
- 36 study committees established by the legislative council.
- 37 (g) The task force shall review the following:
- 38 (1) The state's near term and long term financial outlook and
- 39 overall fiscal position.
- 40 (2) The state's appropriation backed debt obligations.

- 1 (3) The funded status of pension funds managed by the state,
 2 including methods to reduce the unfunded actuarial accrued
 3 liability of the pre-1996 account within the Indiana state teachers'
 4 retirement fund.
- 5 (4) The individual income tax, including methods to reduce or
 6 eliminate the individual income tax.
- 7 (5) The corporate income tax.
- 8 (6) The state gross retail and use tax, including a review of the
 9 state gross retail tax base.
- 10 (7) The property tax, including methods to reduce or eliminate the
 11 tax on homestead properties and reduce or eliminate the tax on
 12 business personal property.
- 13 (8) Local option taxes, including the local income tax, food and
 14 beverage taxes, and innkeeper's taxes.
- 15 **(h) In addition, during the 2024 legislative interim the task force**
 16 **shall study the following topics:**
- 17 **(1) Changing the qualification requirements for a civil taxing**
 18 **unit to be eligible for a levy increase in excess of limitations**
 19 **under IC 6-1.1-18.5-13(a)(2).**
- 20 **(2) Requiring certain projects of a political subdivision to be**
 21 **subject to:**
- 22 **(A) the petition and remonstrance process under**
 23 **IC 6-1.1-20 if the political subdivision's total debt service**
 24 **tax rate is more than forty cents (\$0.40) per one hundred**
 25 **dollars (\$100) of assessed value, but less than eighty cents**
 26 **(\$0.80) per one hundred dollars (\$100) of assessed value;**
 27 **or**
- 28 **(B) the referendum process under IC 6-1.1-20 if the**
 29 **political subdivision's total debt service tax rate is at least**
 30 **eighty cents (\$0.80) per one hundred dollars (\$100) of**
 31 **assessed value.**
- 32 **(3) Capping the total amount of operating referendum tax**
 33 **that may be levied by a school corporation.**
- 34 ~~(h)~~ **(i)** The legislative services agency shall provide staff support to
 35 the task force.
- 36 ~~(i)~~ **(j)** The meetings of the task force must be held in public as
 37 provided under IC 5-14-1.5. However, the task force is permitted to
 38 meet in executive session as determined necessary by the chairperson
 39 of the task force.
- 40 ~~(j)~~ **(k)** The task force shall meet at least four (4) times in calendar

1 year 2023, and at least four (4) times in calendar year 2024 at the call
2 of the chairperson.

3 ~~(k)~~ **(l)** On or before December 1, 2024, the task force shall prepare
4 and submit a report to the legislative council, in an electronic format
5 under IC 5-14-6, that sets forth the topics reviewed by the task force
6 and the task force's findings and recommendations.

7 ~~(j)~~ **(m)** This SECTION expires June 30, 2025."

8 Renumber all SECTIONS consecutively.

(Reference is to HB 1120 as reprinted January 30, 2024.)