

# PROPOSED AMENDMENT

## HB 1121 # 11

### DIGEST

Local taxes. Deletes SECTIONS 7 and 18 from the current bill: (1) allowing the adopting body in Marion County to adopt a local income tax rate to be used for improvement and services projects located within the boundaries of the Mile Square; and (2) establishing the Mile Square improvement and services projects board, if such a local income tax rate were to be adopted. Specifies that revenue generated from a tax rate imposed for an acute care hospital shall be used only for the operating expenses of the acute care hospital. Provides that funds accumulated from a Perry County special purpose tax rate to construct or improve the county jail after the redemption of bonds issued or final payment of lease rentals due under a lease shall be transferred to a county capital project fund to be used to finance capital projects within Perry County. (Current law specifies that such remaining funds are to be transferred to the county jail operations fund to be used for financing the maintenance and operations of the Perry County detention center.) Allows Grant County, under specified circumstances, to adopt an ordinance to impose a special purpose local income tax rate to fund and finance the construction of a county jail. Specifies that the Knox County innkeepers tax rate may not exceed 8% (rather than 6%) but that the innkeeper's tax may not exceed 7% (rather than 5%) under specified conditions. Provides for the distribution of the revenue attributable to: (1) a rate that is less than 7% (rather than 5%); and (2) a rate that is more than 7% (rather than 5%). Makes conforming changes and a technical correction.

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- 1 Page 6, delete lines 8 through 42.
  - 2 Page 7, delete lines 1 through 16.
  - 3 Page 7, line 31, delete "fund." and insert "**fund and used only for**
  - 4 **the operating expenses of the acute care hospital located in the**
  - 5 **county."**
  - 6 Page 8, delete line 42.
  - 7 Page 9, delete lines 1 through 3.
  - 8 Page 9, line 4, reset in roman "(A)".
  - 9 Page 9, line 4, delete "(B)".
  - 10 Page 9, line 8, delete "(C)" and insert "**(B)**".
  - 11 Page 9, line 12, delete "(D)" and insert "**(C)**".
  - 12 Page 9, line 16, delete "(E)" and insert "**(D)**".
  - 13 Page 11, between lines 2 and 3, begin a new paragraph and insert:
  - 14 "SECTION 11. IC 6-3.6-7-17, AS AMENDED BY P.L.38-2021,
  - 15 SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
  - 16 JULY 1, 2024]: Sec. 17. (a) This section applies only to Perry County.
  - 17 (b) Perry County possesses unique governmental and economic

1 development challenges due to:

- 2 (1) underemployment in relation to similarly situated counties and  
 3 the loss of a major manufacturing business; and  
 4 (2) overcrowding of the county jail, the costs associated with  
 5 housing the county's inmates outside the county, and the potential  
 6 unavailability of additional housing for inmates outside the  
 7 county.

8 The use of a tax under this section is necessary for the county to  
 9 provide adequate jail capacity in the county and to maintain low  
 10 property tax rates essential to economic development. The use of a tax  
 11 under this section for the purposes described in this section promotes  
 12 these purposes.

13 (c) The county fiscal body may impose a tax on the adjusted gross  
 14 income of local taxpayers at a tax rate that does not exceed the lesser  
 15 of the following:

- 16 (1) Five-tenths percent (0.5%).  
 17 (2) The rate necessary to carry out the purposes described in this  
 18 section.

19 (d) Revenue from a tax imposed under this section may be used only  
 20 for the following purposes:

- 21 (1) To finance, construct, acquire, improve, renovate, remodel, or  
 22 equip the county jail and related buildings and parking facilities,  
 23 including costs related to the demolition of existing buildings, the  
 24 acquisition of land, and any other reasonably related costs.  
 25 (2) To repay bonds issued or leases entered into for constructing,  
 26 acquiring, improving, renovating, remodeling, and equipping the  
 27 county jail and related buildings and parking facilities, including  
 28 costs related to the demolition of existing buildings, the  
 29 acquisition of land, and any other reasonably related costs.

30 (e) The tax imposed under this section may be imposed only until  
 31 the last of the following dates:

- 32 (1) The date on which the purposes described in subsection (d)(1)  
 33 are completed.  
 34 (2) The date on which the last of any bonds issued (including any  
 35 refunding bonds) or leases described in subsection (d)(2) are fully  
 36 paid.

37 The term of the bonds issued (including any refunding bonds) or a  
 38 lease entered into under subsection (d)(2) may not exceed twenty-five  
 39 (25) years.

40 (f) Funds accumulated from a tax under this section after:

- 1 (1) the redemption of the bonds issued; or  
 2 (2) the final payment of lease rentals due under a lease entered  
 3 into under this section;  
 4 shall be transferred to the county jail operations fund to be used for  
 5 financing the maintenance and operations of the Perry County  
 6 detention center: a county capital project fund to be used to finance  
 7 capital projects within Perry County.

8 SECTION 12. IC 6-3.6-7-28 IS ADDED TO THE INDIANA CODE  
 9 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 10 UPON PASSAGE]: **Sec. 28. (a) This section applies to Grant County  
 11 and only if the county council repeals provisions of its local income  
 12 tax ordinance providing that under IC 6-3.6-10-2(7) one-hundredth  
 13 of one percent (0.01%) of the county's special purpose rate revenue  
 14 is used to fund the Grant County Economic Growth Council, Inc.**

15 (b) The county council may, by ordinance, determine that  
 16 additional local income tax revenue is needed in the county to do  
 17 the following:

18 (1) Finance, construct, acquire, improve, renovate, and equip  
 19 the county jail, including costs related to the demolition of  
 20 existing buildings, the acquisition of land, and any other  
 21 reasonably related costs.

22 (2) Repay bonds issued or leases entered into for the purposes  
 23 described in subdivision (1)

24 (c) If the county council makes the determination set forth in  
 25 subsection (b), the county council may impose a tax on the adjusted  
 26 gross income of local taxpayers at a tax rate that does not exceed  
 27 the lesser of the following:

28 (1) Five-tenths percent (0.5%).

29 (2) The rate necessary to carry out the purposes described in  
 30 this section.

31 The tax rate may not be greater than the rate necessary to pay for  
 32 the purposes described in subsection (b).

33 (d) The tax rate used to pay for the purposes described in  
 34 subsection (b)(1) and (b)(2) may be imposed only until the latest of  
 35 the following dates:

36 (1) The date on which the financing, construction, acquisition,  
 37 improvement, renovation, and equipping of the facilities as  
 38 described in subsection (b) are completed.

39 (2) The date on which the last of any bonds issued (including  
 40 refunding bonds) or leases entered into to finance the

1           **construction, acquisition, improvement, renovation, and**  
2           **equipping of the facilities described in subsection (b) are fully**  
3           **paid.**

4           **(3) The date on which an ordinance adopted under subsection**  
5           **(c) is rescinded.**

6           **(e) The tax rate under this section may be imposed beginning in**  
7           **the year following the year the ordinance is adopted and until the**  
8           **date on which the ordinance adopted under this section is**  
9           **rescinded.**

10          **(f) The term of a bond issued (including any refunding bond) or**  
11          **a lease entered into under subsection (b) may not exceed**  
12          **twenty-five (25) years.**

13          **(g) The county treasurer shall establish a county jail revenue**  
14          **fund to be used only for the purposes described in this section.**  
15          **Local income tax revenues derived from the tax rate imposed**  
16          **under this section shall be deposited in the county jail revenue**  
17          **fund.**

18          **(h) Local income tax revenues derived from the tax rate**  
19          **imposed under this section:**

20               **(1) may be used only for the purposes described in this**  
21               **section;**

22               **(2) may not be considered by the department of local**  
23               **government finance in determining the county's maximum**  
24               **permissible property tax levy limit under IC 6-1.1-18.5; and**

25               **(3) may be pledged to the repayment of bonds issued or leases**  
26               **entered into for the purposes described in subsection (b).**

27          **(i) Grant County possesses unique governmental challenges and**  
28          **opportunities due to deficiencies in the current county jail. The use**  
29          **of local income tax revenues as provided in this section is necessary**  
30          **for the county to provide adequate jail capacity in the county and**  
31          **to maintain low property tax rates essential to economic**  
32          **development. The use of local income tax revenues as provided in**  
33          **this section to pay any bonds issued or leases entered into to**  
34          **finance the construction, acquisition, improvement, renovation,**  
35          **and equipping of the facilities described in subsection (b), rather**  
36          **than the use of property taxes, promotes those purposes.**

37          **(j) Money accumulated from the local income tax rate imposed**  
38          **under this section after the termination of the tax under this**  
39          **section shall be transferred to the county rainy day fund under**  
40          **IC 36-1-8-5.1."**

- 1 Page 11, delete lines 10 through 11.
- 2 Page 11, line 12, reset in roman "(A)".
- 3 Page 11, line 12, delete "(B)".
- 4 Page 11, line 14, delete "(C)" and insert "(B)".
- 5 Page 11, line 16, delete "(D)" and insert "(C)".
- 6 Page 16, between lines 39 and 40, begin a new paragraph and insert:
- 7 "SECTION 18. IC 6-9-53-3, AS ADDED BY P.L.290-2019,
- 8 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 9 JULY 1, 2024]: Sec. 3. (a) The fiscal body of the county may levy a tax
- 10 on every person engaged in the business of renting or furnishing, for
- 11 periods of less than thirty (30) days, any room or rooms, lodgings, or
- 12 accommodations in any:
- 13 (1) hotel;
- 14 (2) motel;
- 15 (3) boat motel;
- 16 (4) inn;
- 17 (5) college or university memorial union;
- 18 (6) college or university residence hall or dormitory; or
- 19 (7) tourist cabin;
- 20 located in the county.
- 21 (b) The tax does not apply to gross income received in a transaction
- 22 in which:
- 23 (1) a student rents lodgings in a college or university residence
- 24 hall while that student participates in a course of study for which
- 25 the student receives college credit from a college or university
- 26 located in the county; or
- 27 (2) a person rents a room, lodging, or accommodations for a
- 28 period of thirty (30) days or more.
- 29 (c) Subject to subsection (d), the tax may not exceed the rate of ~~six~~
- 30 **eight** percent (~~6%~~) (**8%**) on the gross retail income derived from
- 31 lodging income only and is in addition to the state gross retail tax
- 32 imposed under IC 6-2.5.
- 33 (d) Notwithstanding subsection (c), the tax rate imposed by the
- 34 fiscal body of Knox County under this chapter may not exceed ~~five~~
- 35 **seven** percent (~~5%~~) (**7%**) if either of the following apply:
- 36 (1) The Grouseland Foundation, Inc., is dissolved.
- 37 (2) Tours of the territorial mansion and presidential site of
- 38 William Henry Harrison are no longer provided.
- 39 (e) The tax shall be imposed, paid, and collected in the same manner
- 40 as the state gross retail tax is imposed, paid, and collected under

1 IC 6-2.5.

2 SECTION 19. IC 6-9-53-5, AS AMENDED BY THE TECHNICAL  
3 CORRECTIONS BILL OF THE 2024 GENERAL ASSEMBLY, IS  
4 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]:

5 Sec. 5. The amounts received from the tax imposed under this chapter  
6 shall be paid monthly by the treasurer of state upon warrants issued by  
7 the ~~auditor~~ of state **comptroller** as follows:

8 (1) If the tax rate imposed under section 3 of this chapter is ~~five~~  
9 **seven percent (5%) (7%)** or less, all amounts received from the  
10 tax shall be paid to the county treasurer.

11 (2) If the tax rate imposed under section 3 of this chapter is more  
12 than ~~five seven percent (5%); (7%)~~, amounts received from the  
13 tax shall be allocated and paid as follows:

14 (A) The amount received from the tax as a result of a ~~five~~  
15 **seven percent (5%) (7%)** rate shall be allocated and paid to  
16 the county treasurer.

17 (B) The amount received from the tax that exceeds the amount  
18 under clause (A) shall be allocated and paid to the Grouseland  
19 Foundation, Inc."

20 Page 21, line 27, delete "stormwater" and insert "**storm water**".

21 Page 21, delete lines 41 through 42.

22 Delete page 22.

23 Page 23, delete lines 1 through 18.

24 Page 23, line 33, delete "certified".

25 Renumber all SECTIONS consecutively.

(Reference is to HB 1121 as reprinted January 30, 2024.)