

HOUSE BILL No. 1519

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-39.

Synopsis: Capture of sales tax on water. Permits certain units to establish a water infrastructure area (tax area) to capture sales tax within the tax area to be used for repairing or replacing lead water systems used to provide water service to the public. Requires the fiscal officer of the unit to establish a waterline services repair fund in a unit that has established a tax area. Provides that captured sales tax revenue allocated to an account may be used only to repair or replace lead water systems used to provide water service to the public.

Effective: July 1, 2019.

GiaQuinta

January 17, 2019, read first time and referred to Committee on Ways and Means.



First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

HOUSE BILL No. 1519

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 36-7-39 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2019]:

4 **Chapter 39. Water Infrastructure Area**

5 **Sec. 1. This chapter applies to a municipality and a county.**

6 **Sec. 2. As used in this chapter, "covered taxes" means the part**
7 **of the state gross retail tax imposed under IC 6-2.5-2-1 or use tax**
8 **imposed under IC 6-2.5-3-2 in a tax area designated under section**
9 **8 of this chapter that is attributable to water provided by a water**
10 **utility.**

11 **Sec. 3. As used in this chapter, "department" refers to the**
12 **department of state revenue.**

13 **Sec. 4. As used in this chapter, "tax area" means a geographic**
14 **area established by a fiscal body of a unit as a water infrastructure**
15 **area under section 7 of this chapter.**

16 **Sec. 5. As used in this chapter, "unit" means a city, town, or**
17 **county.**



1 **Sec. 6. As used in this chapter, "water utility" means:**

- 2 **(1) a public utility (as defined in IC 8-1-2-1(a));**
 3 **(2) a municipally owned utility (as defined in IC 8-1-2-1(h));**
 4 **(3) a not-for-profit utility (as defined in IC 8-1-2-125(a));**
 5 **(4) a cooperatively owned corporation;**
 6 **(5) a conservancy district established under IC 14-33; or**
 7 **(6) a regional water district established under IC 13-26;**

8 **that provides water service to the public in Indiana for a fee.**

9 **Sec. 7. (a) The fiscal body of a unit may adopt an ordinance to**
 10 **establish a water infrastructure area as a tax area for the purpose**
 11 **of allocating covered taxes imposed and collected within the taxing**
 12 **area for the purposes of this chapter.**

13 **(b) The ordinance establishing a tax area must designate the**
 14 **specific geographic boundaries of the tax area. The geographic**
 15 **boundaries of the tax area must be the same as the geographic**
 16 **boundaries of the area on the date of the ordinance.**

17 **(c) A tax area may contain noncontiguous tracts of land within**
 18 **the municipality.**

19 **(d) A tax area may be changed or the terms governing the tax**
 20 **area revised in the same manner as the establishment of the initial**
 21 **tax area.**

22 **(e) A tax area may be established under this chapter only for the**
 23 **purpose of repairing and replacing lead water systems used to**
 24 **provide water service to the public.**

25 **(f) The department may adopt rules under IC 4-22-2 and**
 26 **guidelines to govern the allocation of covered taxes to a tax area.**

27 **Sec. 8. A unit shall notify the department by certified mail of the**
 28 **adoption of an ordinance under section 7 of this chapter and shall**
 29 **include with the notification a boundary map of the tax area and**
 30 **a complete list of the street names and the range of street numbers**
 31 **of each street in the tax area.**

32 **Sec. 9. (a) The fiscal officer of the unit shall establish a waterline**
 33 **services repair fund.**

34 **(b) The fund established under subsection (a) shall be**
 35 **administered by the fiscal officer of the unit. Money in the fund at**
 36 **the end of a fiscal year does not revert to the unit's general fund.**

37 **(c) The fiscal officer of the unit may withdraw money from the**
 38 **waterline services repair fund as needed only to pay the cost of**
 39 **repairing or replacing lead water systems used to provide water**
 40 **service to the public.**

41 **Sec. 10. If a unit adopts an ordinance establishing a tax area**
 42 **under section 7 of this chapter, the amounts collected in the tax**



1 area shall be deposited monthly by the treasurer of state in the
2 unit's waterline services repair fund.

3 **Sec. 11. Amounts held in the waterline services repair fund shall**
4 **be distributed only for the purposes of this chapter and only for the**
5 **benefit of the tax area established by the unit from which the**
6 **money is transferred to the waterline services repair fund.**

