

# HOUSE BILL No. 1628

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.5-1.1-25; IC 6-3.5-6-31.

**Synopsis:** Public safety local option income tax. Provides that for the first two years after a local option income tax for public safety (public safety LOIT) is adopted, a county or municipality that receives revenue from a public safety LOIT may use the public safety LOIT only to increase the total amount available for expenditure for public safety purposes. Provides that for the first two years after a public safety LOIT is adopted, the public safety LOIT may not be used to reduce or replace revenue devoted to public safety purposes from any other source of revenue.

**Effective:** Upon passage.

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## Morris, Leonard

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January 22, 2015, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 119th General Assembly (2015)

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 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## HOUSE BILL No. 1628

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-3.5-1.1-25, AS AMENDED BY P.L.261-2013,  
2 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]: Sec. 25. (a) As used in this section, "public safety"  
4 refers to the following:  
5 (1) A police and law enforcement system to preserve public peace  
6 and order.  
7 (2) A firefighting and fire prevention system.  
8 (3) Emergency ambulance services (as defined in  
9 IC 16-18-2-107).  
10 (4) Emergency medical services (as defined in IC 16-18-2-110).  
11 (5) Emergency action (as defined in IC 13-11-2-65).  
12 (6) A probation department of a court.  
13 (7) Confinement, supervision, services under a community  
14 corrections program (as defined in IC 35-38-2.6-2), or other  
15 correctional services for a person who has been:



- 1 (A) diverted before a final hearing or trial under an agreement  
 2 that is between the county prosecuting attorney and the person  
 3 or the person's custodian, guardian, or parent and that provides  
 4 for confinement, supervision, community corrections services,  
 5 or other correctional services instead of a final action  
 6 described in clause (B) or (C);  
 7 (B) convicted of a crime; or  
 8 (C) adjudicated as a delinquent child or a child in need of  
 9 services.
- 10 (8) A juvenile detention facility under IC 31-31-8.  
 11 (9) A juvenile detention center under IC 31-31-9.  
 12 (10) A county jail.  
 13 (11) A communications system (as defined in IC 36-8-15-3), an  
 14 enhanced emergency telephone system (as defined in  
 15 IC 36-8-16-2 (before its repeal on July 1, 2012)), or the statewide  
 16 911 system (as defined in IC 36-8-16.7-22).  
 17 (12) Medical and health expenses for jail inmates and other  
 18 confined persons.  
 19 (13) Pension payments for any of the following:  
 20 (A) A member of the fire department (as defined in  
 21 IC 36-8-1-8) or any other employee of a fire department.  
 22 (B) A member of the police department (as defined in  
 23 IC 36-8-1-9), a police chief hired under a waiver under  
 24 IC 36-8-4-6.5, or any other employee hired by a police  
 25 department.  
 26 (C) A county sheriff or any other member of the office of the  
 27 county sheriff.  
 28 (D) Other personnel employed to provide a service described  
 29 in this section.
- 30 (b) If a county council has imposed a tax rate of at least twenty-five  
 31 hundredths of one percent (0.25%) under section 24 of this chapter, a  
 32 tax rate of at least twenty-five hundredths of one percent (0.25%) under  
 33 section 26 of this chapter, or a total combined tax rate of at least  
 34 twenty-five hundredths of one percent (0.25%) under sections 24 and  
 35 26 of this chapter, the county council may also adopt an ordinance to  
 36 impose an additional tax rate under this section to provide funding for  
 37 public safety.  
 38 (c) A tax rate under this section may not exceed twenty-five  
 39 hundredths of one percent (0.25%).  
 40 (d) If a county council adopts an ordinance to impose a tax rate  
 41 under this section, not more than ten (10) days after the vote, the  
 42 county auditor shall send a certified copy of the ordinance to the



1 commissioner of the department, the director of the budget agency, and  
 2 the commissioner of the department of local government finance in an  
 3 electronic format approved by the director of the budget agency.

4 (e) A tax rate under this section is in addition to any other tax rates  
 5 imposed under this chapter and does not affect the purposes for which  
 6 other tax revenue under this chapter may be used.

7 (f) Except as provided in subsection (k) or (l), the county auditor  
 8 shall distribute the portion of the certified distribution that is  
 9 attributable to a tax rate under this section to the county and to each  
 10 municipality in the county that is carrying out or providing at least one  
 11 (1) of the public safety purposes described in subsection (a). The  
 12 amount that shall be distributed to the county or municipality is equal  
 13 to the result of:

14 (1) the portion of the certified distribution that is attributable to a  
 15 tax rate under this section; multiplied by

16 (2) a fraction equal to:

17 (A) the attributed allocation amount (as defined in  
 18 IC 6-3.5-1.1-15) of the county or municipality for the calendar  
 19 year; divided by

20 (B) the sum of the attributed allocation amounts of the county  
 21 and each municipality in the county that is entitled to a  
 22 distribution under this section for the calendar year.

23 The county auditor shall make the distributions required by this  
 24 subsection not more than thirty (30) days after receiving the portion of  
 25 the certified distribution that is attributable to a tax rate under this  
 26 section. Tax revenue distributed to a county or municipality under this  
 27 subsection must be deposited into a separate account or fund and may  
 28 be appropriated by the county or municipality only for public safety  
 29 purposes.

30 (g) The department of local government finance may not require a  
 31 county or municipality receiving tax revenue under this section to  
 32 reduce the county's or municipality's property tax levy for a particular  
 33 year on account of the county's or municipality's receipt of the tax  
 34 revenue.

35 (h) The tax rate under this section and the tax revenue attributable  
 36 to the tax rate under this section shall not be considered for purposes  
 37 of computing:

38 (1) the maximum income tax rate that may be imposed in a county  
 39 under section 2 of this chapter or any other provision of this  
 40 chapter;

41 (2) the maximum permissible property tax levy under  
 42 IC 6-1.1-18.5-3; or



- 1 (3) the credit under IC 6-1.1-20.6.
- 2 (i) The tax rate under this section may be imposed or rescinded at  
3 the same time and in the same manner that the county may impose or  
4 increase a tax rate under section 24 of this chapter.
- 5 (j) The department of local government finance and the department  
6 of state revenue may take any actions necessary to carry out the  
7 purposes of this section.
- 8 (k) Two (2) or more political subdivisions that are entitled to receive  
9 a distribution under this section may adopt resolutions providing that  
10 some part or all of those distributions shall instead be paid to one (1)  
11 political subdivision in the county to carry out specific public safety  
12 purposes specified in the resolutions.
- 13 (l) A fire department, volunteer fire department, or emergency  
14 medical services provider that:
- 15 (1) provides fire protection or emergency medical services within  
16 the county; and
- 17 (2) is operated by or serves a political subdivision that is not  
18 otherwise entitled to receive a distribution of tax revenue under  
19 this section;
- 20 may before July 1 of a year apply to the county council for a  
21 distribution of tax revenue under this section during the following  
22 calendar year. The county council shall review an application  
23 submitted under this subsection and may before September 1 of a year  
24 adopt a resolution requiring that one (1) or more of the applicants shall  
25 receive a specified amount of the tax revenue to be distributed under  
26 this section during the following calendar year. A resolution approved  
27 under this subsection providing for a distribution to one (1) or more fire  
28 departments, volunteer fire departments, or emergency medical  
29 services providers applies only to distributions in the following  
30 calendar year. Any amount of tax revenue distributed under this  
31 subsection to a fire department, volunteer fire department, or  
32 emergency medical services provider shall be distributed before the  
33 remainder of the tax revenue is distributed under subsection (f).
- 34 **(m) This subsection applies in a county only for the two (2)**  
35 **calendar years following the calendar year in which an additional**  
36 **rate imposed under this section takes effect in the county. Tax**  
37 **revenue distributed under subsection (f) may be used only to**  
38 **increase the total amount available for expenditure for public**  
39 **safety purposes. A county or municipality that receives tax revenue**  
40 **under subsection (f) may not reduce or replace the amount devoted**  
41 **to public safety purposes from any other source of revenue.**
- 42 SECTION 2. IC 6-3.5-6-31, AS AMENDED BY P.L.261-2013,



1 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
2 UPON PASSAGE]: Sec. 31. (a) As used in this section, "public safety"  
3 refers to the following:

4 (1) A police and law enforcement system to preserve public peace  
5 and order.

6 (2) A firefighting and fire prevention system.

7 (3) Emergency ambulance services (as defined in  
8 IC 16-18-2-107).

9 (4) Emergency medical services (as defined in IC 16-18-2-110).

10 (5) Emergency action (as defined in IC 13-11-2-65).

11 (6) A probation department of a court.

12 (7) Confinement, supervision, services under a community  
13 corrections program (as defined in IC 35-38-2.6-2), or other  
14 correctional services for a person who has been:

15 (A) diverted before a final hearing or trial under an agreement  
16 that is between the county prosecuting attorney and the person  
17 or the person's custodian, guardian, or parent and that provides  
18 for confinement, supervision, community corrections services,  
19 or other correctional services instead of a final action  
20 described in clause (B) or (C);

21 (B) convicted of a crime; or

22 (C) adjudicated as a delinquent child or a child in need of  
23 services.

24 (8) A juvenile detention facility under IC 31-31-8.

25 (9) A juvenile detention center under IC 31-31-9.

26 (10) A county jail.

27 (11) A communications system (as defined in IC 36-8-15-3), an  
28 enhanced emergency telephone system (as defined in  
29 IC 36-8-16-2 (before its repeal on July 1, 2012)), or the statewide  
30 911 system (as defined in IC 36-8-16.7-22).

31 (12) Medical and health expenses for jail inmates and other  
32 confined persons.

33 (13) Pension payments for any of the following:

34 (A) A member of the fire department (as defined in  
35 IC 36-8-1-8) or any other employee of a fire department.

36 (B) A member of the police department (as defined in  
37 IC 36-8-1-9), a police chief hired under a waiver under  
38 IC 36-8-4-6.5, or any other employee hired by a police  
39 department.

40 (C) A county sheriff or any other member of the office of the  
41 county sheriff.

42 (D) Other personnel employed to provide a service described



1 in this section.

2 (b) The county income tax council may adopt an ordinance to  
3 impose an additional tax rate under this section to provide funding for  
4 public safety if:

5 (1) the county income tax council has imposed a tax rate under  
6 section 30 of this chapter, in the case of a county containing a  
7 consolidated city; or

8 (2) the county income tax council has imposed a tax rate of at  
9 least twenty-five hundredths of one percent (0.25%) under section  
10 30 of this chapter, a tax rate of at least twenty-five hundredths of  
11 one percent (0.25%) under section 32 of this chapter, or a total  
12 combined tax rate of at least twenty-five hundredths of one  
13 percent (0.25%) under sections 30 and 32 of this chapter, in the  
14 case of a county other than a county containing a consolidated  
15 city.

16 (c) A tax rate under this section may not exceed the following:

17 (1) Five-tenths of one percent (0.5%), in the case of a county  
18 containing a consolidated city.

19 (2) Twenty-five hundredths of one percent (0.25%), in the case of  
20 a county other than a county containing a consolidated city.

21 (d) If a county income tax council adopts an ordinance to impose a  
22 tax rate under this section, not more than ten (10) days after the vote,  
23 the county auditor shall send a certified copy of the ordinance to the  
24 commissioner of the department, the director of the budget agency, and  
25 the commissioner of the department of local government finance in an  
26 electronic format approved by the director of the budget agency.

27 (e) A tax rate under this section is in addition to any other tax rates  
28 imposed under this chapter and does not affect the purposes for which  
29 other tax revenue under this chapter may be used.

30 (f) Except as provided in subsections (l) and (m), the county auditor  
31 shall distribute the portion of the certified distribution that is  
32 attributable to a tax rate under this section to the county and to each  
33 municipality in the county that is carrying out or providing at least one  
34 (1) of the public safety purposes described in subsection (a). The  
35 amount that shall be distributed to the county or municipality is equal  
36 to the result of:

37 (1) the portion of the certified distribution that is attributable to a  
38 tax rate under this section; multiplied by

39 (2) a fraction equal to:

40 (A) the total property taxes being collected in the county by  
41 the county or municipality for the calendar year; divided by

42 (B) the sum of the total property taxes being collected in the



- 1 county by the county and each municipality in the county that  
2 is entitled to a distribution under this section for the calendar  
3 year.
- 4 The county auditor shall make the distributions required by this  
5 subsection not more than thirty (30) days after receiving the portion of  
6 the certified distribution that is attributable to a tax rate under this  
7 section. Tax revenue distributed to a county or municipality under this  
8 subsection must be deposited into a separate account or fund and may  
9 be appropriated by the county or municipality only for public safety  
10 purposes.
- 11 (g) The department of local government finance may not require a  
12 county or municipality receiving tax revenue under this section to  
13 reduce the county's or municipality's property tax levy for a particular  
14 year on account of the county's or municipality's receipt of the tax  
15 revenue.
- 16 (h) The tax rate under this section and the tax revenue attributable  
17 to the tax rate under this section shall not be considered for purposes  
18 of computing:
- 19 (1) the maximum income tax rate that may be imposed in a county  
20 under section 8 or 9 of this chapter or any other provision of this  
21 chapter;
- 22 (2) the maximum permissible property tax levy under  
23 IC 6-1.1-18.5-3; or
- 24 (3) the credit under IC 6-1.1-20.6.
- 25 (i) The tax rate under this section may be imposed or rescinded at  
26 the same time and in the same manner that the county may impose or  
27 increase a tax rate under section 30 of this chapter.
- 28 (j) The department of local government finance and the department  
29 of state revenue may take any actions necessary to carry out the  
30 purposes of this section.
- 31 (k) Notwithstanding any other provision, in Lake County the county  
32 council (and not the county income tax council) is the entity authorized  
33 to take actions concerning the additional tax rate under this section.
- 34 (l) Two (2) or more political subdivisions that are entitled to receive  
35 a distribution under this section may adopt resolutions providing that  
36 some part or all of those distributions shall instead be paid to one (1)  
37 political subdivision in the county to carry out specific public safety  
38 purposes specified in the resolutions.
- 39 (m) A fire department, volunteer fire department, or emergency  
40 medical services provider that:
- 41 (1) provides fire protection or emergency medical services within  
42 the county; and





1           (2) is operated by or serves a political subdivision that is not  
 2           otherwise entitled to receive a distribution of tax revenue under  
 3           this section;  
 4           may before July 1 of a year apply to the county income tax council for  
 5           a distribution of tax revenue under this section during the following  
 6           calendar year. The county income tax council shall review an  
 7           application submitted under this subsection and may before September  
 8           1 of a year adopt a resolution requiring that one (1) or more of the  
 9           applicants shall receive a specified amount of the tax revenue to be  
 10          distributed under this section during the following calendar year. A  
 11          resolution approved under this subsection providing for a distribution  
 12          to one (1) or more fire departments, volunteer fire departments, or  
 13          emergency services providers applies only to distributions in the  
 14          following calendar year. Any amount of tax revenue distributed under  
 15          this subsection to a fire department, volunteer fire department, or  
 16          emergency medical services provider shall be distributed before the  
 17          remainder of the tax revenue is distributed under subsection (f).

18          **(n) This subsection applies in a county only for the two (2)**  
 19          **calendar years following the calendar year in which an additional**  
 20          **rate imposed under this section takes effect in the county. Tax**  
 21          **revenue distributed under subsection (f) may be used only to**  
 22          **increase the total amount available for expenditure for public**  
 23          **safety purposes. A county or municipality that receives tax revenue**  
 24          **under subsection (f) may not reduce or replace the amount devoted**  
 25          **to public safety purposes from any other source of revenue.**

26          SECTION 3. An emergency is declared for this act.

