

SENATE BILL No. 110

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-18.5-3.

Synopsis: Property tax levies after annexation. Provides that for purposes of calculating a municipality's property tax levy limits for a particular ensuing calendar year, the existing 15% cap on the amount of levy growth allowed because of an annexation applies regardless of whether the increase in the municipality's assessed value results from only one annexation or from more than one annexation.

Effective: July 1, 2014.

Buck

January 8, 2014, read first time and referred to Committee on Tax and Fiscal Policy.



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.

SENATE BILL No. 110

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 6-1.1-18.5-3, AS AMENDED BY P.L.234-2013,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2014]: Sec. 3. (a) A civil taxing unit may not impose an ad
4 valorem property tax levy for an ensuing calendar year that exceeds the
5 amount determined in the last STEP of the following STEPS:
6 STEP ONE: Determine the civil taxing unit's maximum
7 permissible ad valorem property tax levy for the preceding
8 calendar year.
9 STEP TWO: Multiply the amount determined in STEP ONE by
10 the amount determined in the last STEP of section 2(b) of this
11 chapter.
12 STEP THREE: Determine the lesser of:
13 (A) one and fifteen hundredths (1.15); or
14 (B) the quotient (rounded to the nearest ten-thousandth
15 (0.0001)), of the assessed value of all taxable property subject
16 to the civil taxing unit's ad valorem property tax levy for the



1 ensuing calendar year, divided by the assessed value of all
 2 taxable property that is subject to the civil taxing unit's ad
 3 valorem property tax levy for the ensuing calendar year and
 4 that is contained within the geographic area that was subject
 5 to the civil taxing unit's ad valorem property tax levy in the
 6 preceding calendar year.

7 **In the case of an increase in a municipality's assessed value**
 8 **that results from annexation, the result of this STEP for**
 9 **purposes of determining the maximum permissible ad**
 10 **valorem property tax levy of the municipality for a particular**
 11 **ensuing calendar year may not exceed one and**
 12 **fifteen-hundredths (1.15), regardless of whether the increase**
 13 **in assessed value resulted from only one (1) annexation or**
 14 **from more than one (1) annexation.**

15 STEP FOUR: Determine the greater of the amount determined in
 16 STEP THREE or one (1).

17 STEP FIVE: Multiply the amount determined in STEP TWO by
 18 the amount determined in STEP FOUR.

19 STEP SIX: Add the amount determined under STEP TWO to the
 20 amount of an excessive levy appeal granted under section 13 of
 21 this chapter for the ensuing calendar year.

22 STEP SEVEN: Determine the greater of STEP FIVE or STEP
 23 SIX.

24 (b) This subsection applies only to property taxes first due and
 25 payable after December 31, 2007. This subsection applies only to a
 26 civil taxing unit that is located in a county for which a county adjusted
 27 gross income tax rate is first imposed or is increased in a particular
 28 year under IC 6-3.5-1.1-24 or a county option income tax rate is first
 29 imposed or is increased in a particular year under IC 6-3.5-6-30.
 30 Notwithstanding any provision in this section, any other section of this
 31 chapter, or IC 12-20-21-3.2, and except as provided in subsection (c),
 32 the maximum permissible ad valorem property tax levy calculated
 33 under this section for the ensuing calendar year for a civil taxing unit
 34 subject to this section is equal to the civil taxing unit's maximum
 35 permissible ad valorem property tax levy for the current calendar year.

36 (c) This subsection applies only to property taxes first due and
 37 payable after December 31, 2007. In the case of a civil taxing unit that:

38 (1) is partially located in a county for which a county adjusted
 39 gross income tax rate is first imposed or is increased in a
 40 particular year under IC 6-3.5-1.1-24 or a county option income
 41 tax rate is first imposed or is increased in a particular year under
 42 IC 6-3.5-6-30; and



1 (2) is partially located in a county that is not described in
2 subdivision (1);
3 the department of local government finance shall, notwithstanding
4 subsection (b), adjust the portion of the civil taxing unit's maximum
5 permissible ad valorem property tax levy that is attributable (as
6 determined by the department of local government finance) to the
7 county or counties described in subdivision (2). The department of
8 local government finance shall adjust this portion of the civil taxing
9 unit's maximum permissible ad valorem property tax levy so that,
10 notwithstanding subsection (b), this portion is allowed to increase as
11 otherwise provided in this section. If the department of local
12 government finance increases the civil taxing unit's maximum
13 permissible ad valorem property tax levy under this subsection, any
14 additional property taxes imposed by the civil taxing unit under the
15 adjustment shall be paid only by the taxpayers in the county or counties
16 described in subdivision (2).

17 SECTION 2. [EFFECTIVE JULY 1, 2014] **(a) IC 6-1.1-18.5-3, as**
18 **amended by this act, applies to maximum permissible ad valorem**
19 **property tax levies calculated for ensuing calendar years beginning**
20 **after December 31, 2014.**

21 **(b) This SECTION expires July 1, 2018.**

