

SENATE BILL No. 263

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.6.

Synopsis: Local income tax distributions. Provides for local income tax certified shares in Hamilton County and Johnson County to be allocated to civil taxing units according to the location and tax liability of each taxpayer.

Effective: June 1, 2024; July 1, 2024; January 1, 2025.

Baldwin

January 16, 2024, read first time and referred to Committee on Tax and Fiscal Policy.



Second Regular Session of the 123rd General Assembly (2024)

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 2023 Regular Session of the General Assembly.

SENATE BILL No. 263

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 6-3.6-2-13, AS AMENDED BY P.L.239-2017,
2 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2025]: Sec. 13. "Local taxpayer", as it relates to a
4 particular county, means any of the following:
5 (1) An individual who resides in that county, **and taxing district**
6 **in the case of Hamilton County and Johnson County**, on the
7 date specified in IC 6-3.6-8-3.
8 (2) An individual who maintains the taxpayer's principal place of
9 business or employment in that county on the date specified in
10 IC 6-3.6-8-3 and who does not reside on that same date in another
11 county in Indiana in which a tax under this article is in effect.
12 (3) An individual who:
13 (A) has income apportioned to Indiana as:
14 (i) a team member under IC 6-3-2-2.7; or
15 (ii) a race team member under IC 6-3-2-3.2;
16 for services rendered in the county; and
17 (B) is not described in subdivision (1) or (2).



1 SECTION 2. IC 6-3.6-2-15, AS ADDED BY P.L.243-2015,
 2 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JANUARY 1, 2025]: Sec. 15. "Resident local taxpayer", as it relates to
 4 a particular county, **and taxing district in the case of Hamilton**
 5 **County and Johnson County**, means any local taxpayer who resides
 6 in that county **or taxing district** on the date specified in IC 6-3.6-8-3.

7 SECTION 3. IC 6-3.6-2-17.4 IS ADDED TO THE INDIANA
 8 CODE AS A **NEW SECTION** TO READ AS FOLLOWS
 9 [EFFECTIVE JANUARY 1, 2025]: **Sec. 17.4. "Taxing district"**
 10 **means a geographic area within which property is taxed by the**
 11 **same taxing units and at the same total rate.**

12 SECTION 4. IC 6-3.6-2-17.6 IS ADDED TO THE INDIANA
 13 CODE AS A **NEW SECTION** TO READ AS FOLLOWS
 14 [EFFECTIVE JANUARY 1, 2025]: **Sec. 17.6. "Taxing unit" means**
 15 **an entity that has the power to impose ad valorem property taxes.**

16 SECTION 5. IC 6-3.6-6-14, AS ADDED BY P.L.243-2015,
 17 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JANUARY 1, 2025]: Sec. 14. (a) This section applies to an allocation
 19 of certified shares in a county other than Marion County **and, for**
 20 **allocations after 2024, Hamilton County and Johnson County.**

21 (b) Subject to this chapter, certified shares must be allocated among
 22 civil taxing units based on the attributed allocation amount.

23 (c) The amount of certified shares to be allocated to each civil
 24 taxing unit is equal to:

25 (1) the total amount of the certified distribution that is allocated
 26 to certified shares for the county for the month; multiplied by

27 (2) the quotient of:

28 (A) the attributed allocation amount for the civil taxing unit in
 29 the county during the calendar year; divided by

30 (B) the sum of the attributed allocation amounts for all civil
 31 taxing units in the county during the calendar year.

32 SECTION 6. IC 6-3.6-6-16, AS ADDED BY P.L.243-2015,
 33 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JANUARY 1, 2025]: Sec. 16. IC 6-3.6-11 applies to the allocation of
 35 certified shares in **Hamilton County, Johnson County, and** Marion
 36 County.

37 SECTION 7. IC 6-3.6-8-3, AS ADDED BY P.L.243-2015,
 38 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JANUARY 1, 2025]: Sec. 3. (a) For purposes of this article, an
 40 individual shall be treated as a resident of the county, **and in the case**
 41 **of Hamilton County and Johnson County, the taxing district** in
 42 which the individual:



- 1 (1) maintains a home, if the individual maintains only one (1)
 2 home in Indiana;
 3 (2) if subdivision (1) does not apply, is registered to vote;
 4 (3) if subdivision (1) or (2) does not apply, registers the
 5 individual's personal automobile; or
 6 (4) spent the majority of the individual's time in Indiana during
 7 the taxable year in question, if subdivision (1), (2), or (3) does not
 8 apply.
- 9 (b) The residence or principal place of business or employment of
 10 an individual is to be determined on January 1 of the calendar year in
 11 which the individual's taxable year commences. If an individual
 12 changes the location of the individual's residence or principal place of
 13 employment or business to another county in Indiana during a calendar
 14 year, the individual's liability for tax is not affected.
- 15 (c) Notwithstanding subsection (b), if an individual becomes a local
 16 taxpayer for purposes of IC 36-7-27 during a calendar year because the
 17 individual:
- 18 (1) changes the location of the individual's residence to a county
 19 in which the individual begins employment or business at a
 20 qualified economic development tax project (as defined in
 21 IC 36-7-27-9); or
 22 (2) changes the location of the individual's principal place of
 23 employment or business to a qualified economic development tax
 24 project and does not reside in another county in which a tax is in
 25 effect;
- 26 the individual's adjusted gross income attributable to employment or
 27 business at the qualified economic development tax project is taxable
 28 only by the county containing the qualified economic development tax
 29 project.
- 30 SECTION 8. IC 6-3.6-8-5, AS AMENDED BY P.L.197-2016,
 31 SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2024]: Sec. 5. (a) Except as otherwise provided in subsection
 33 (b) and the other provisions of this article, all provisions of the adjusted
 34 gross income tax law (IC 6-3) concerning:
- 35 (1) definitions;
 36 (2) declarations of estimated tax;
 37 (3) filing of returns;
 38 (4) deductions or exemptions from adjusted gross income;
 39 (5) remittances;
 40 (6) incorporation of the provisions of the Internal Revenue Code;
 41 (7) penalties and interest; and
 42 (8) exclusion of military pay credits for withholding;



1 apply to the imposition, collection, and administration of the tax
2 imposed by this article.

3 (b) IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the tax
4 imposed by this article.

5 (c) Notwithstanding subsections (a) and (b), each employer shall
6 report to the department of state revenue the amount of withholdings
7 attributable to each county. This report shall be submitted to the
8 department of state revenue:

9 (1) each time the employer remits to the department the tax that
10 is withheld; and

11 (2) annually along with the employer's annual withholding report.

12 **(d) Notwithstanding subsections (a) and (b), each taxpayer shall**
13 **report to the department of state revenue, on the taxpayer's annual**
14 **return and any amended return, the county and full address of the**
15 **taxpayer's residence as of the date specified in section 3 of this**
16 **chapter, including, where applicable, the taxpayer's street and**
17 **number or rural route and rural route box number, apartment or**
18 **suite number or equivalent, and city, town, or township. This**
19 **subsection applies also to a spouse when filing a joint return. A**
20 **nonresident of Indiana as of the date specified in section 3 of this**
21 **chapter must provide equivalent information under this subsection**
22 **as to the location at which Indiana income was derived as of that**
23 **date. Each return or amended return may also provide a current**
24 **mailing address, and such current mailing address is required if**
25 **the taxpayer does not receive United States mail at the address the**
26 **taxpayer reports as the address of the taxpayer's residence on the**
27 **date described in section 3 of this chapter.**

28 SECTION 9. IC 6-3.6-9-5, AS AMENDED BY P.L.32-2021,
29 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
30 JULY 1, 2024]: Sec. 5. (a) Before August 2 of each calendar year, the
31 budget agency shall provide to the department of local government
32 finance and the county auditor of each adopting county an estimate of
33 the amount determined under section 4 of this chapter that will be
34 distributed to the county, based on known tax rates. **For Hamilton**
35 **County and Johnson County certified shares to be distributed after**
36 **2024, the estimation shall include an itemization of the amount**
37 **attributed to each taxing district under IC 6-3.6-11-10(c).** Subject
38 to subsection (c), not later than fifteen (15) days after receiving the
39 estimate of the certified distribution, the department of local
40 government finance shall determine for each taxing unit and notify the
41 county auditor of the estimated amount of property tax credits, school
42 distributions, public safety revenue, economic development revenue,



1 certified shares, and special purpose revenue that will be distributed to
 2 the taxing unit under this chapter during the ensuing calendar year. Not
 3 later than thirty (30) days after receiving the department's estimate, the
 4 county auditor shall notify each taxing unit of the amounts estimated
 5 for the taxing unit.

6 (b) Before October 1 of each calendar year, the budget agency shall
 7 certify to the department of local government finance and the county
 8 auditor of each adopting county:

- 9 (1) the amount determined under section 4 of this chapter; and
 10 (2) the amount of interest in the county's account that has accrued
 11 and has not been included in a certification made in a preceding
 12 year.

13 The amount certified is the county's certified distribution for the
 14 immediately succeeding calendar year. The amount certified shall be
 15 adjusted, as necessary, under sections 6, 7, and 8 of this chapter.
 16 Subject to subsection (d), not later than fifteen (15) days after receiving
 17 the amount of the certified distribution, the department of local
 18 government finance shall determine for each taxing unit and notify the
 19 county auditor of the certified amount of property tax credits, school
 20 distributions, public safety revenue, economic development revenue,
 21 certified shares, and special purpose revenue that will be distributed to
 22 the taxing unit under this chapter during the ensuing calendar year. Not
 23 later than thirty (30) days after receiving the department's estimate, the
 24 county auditor shall notify each taxing unit of the certified amounts for
 25 the taxing unit.

26 (c) This subsection applies to Lake County. When the department
 27 of local government finance notifies the county auditor of the estimated
 28 amount of property tax credits, school distributions, public safety
 29 revenue, economic development revenue, certified shares, and special
 30 purpose revenue that will be distributed to the taxing unit under this
 31 chapter during the ensuing calendar year, the department of local
 32 government finance shall also determine the amount of additional
 33 revenue allocated for economic development purposes that will be
 34 distributed to each civil taxing unit, reduced by an amount that is equal
 35 to the following percentages of the tax revenue that would otherwise be
 36 allocated for economic development purposes and distributed to the
 37 civil taxing unit:

- 38 (1) For Lake County, an amount equal to twenty-five percent
 39 (25%).
 40 (2) For Crown Point, an amount equal to ten percent (10%).
 41 (3) For Dyer, an amount equal to fifteen percent (15%).
 42 (4) For Gary, an amount equal to seven and five-tenths percent



- 1 (7.5%).
 2 (5) For Hammond, an amount equal to fifteen percent (15%).
 3 (6) For Highland, an amount equal to twelve percent (12%).
 4 (7) For Hobart, an amount equal to eighteen percent (18%).
 5 (8) For Lake Station, an amount equal to twenty percent (20%).
 6 (9) For Lowell, an amount equal to fifteen percent (15%).
 7 (10) For Merrillville, an amount equal to twenty-two percent
 8 (22%).
 9 (11) For Munster, an amount equal to thirty-four percent (34%).
 10 (12) For New Chicago, an amount equal to one percent (1%).
 11 (13) For Schererville, an amount equal to ten percent (10%).
 12 (14) For Schneider, an amount equal to twenty percent (20%).
 13 (15) For Whiting, an amount equal to twenty-five percent (25%).
 14 (16) For Winfield, an amount equal to fifteen percent (15%).
 15 The department of local government finance shall notify the county
 16 auditor of the amounts of the reductions and the remaining amounts to
 17 be distributed.
 18 (d) This subsection applies to Lake County. When the department
 19 of local government finance notifies the county auditor of the certified
 20 amount of property tax credits, school distributions, public safety
 21 revenue, economic development revenue, certified shares, and special
 22 purpose revenue that will be distributed to the taxing unit under this
 23 chapter during the ensuing calendar year, the department of local
 24 government finance shall also determine the amount of additional
 25 revenue allocated for economic development purposes that will be
 26 distributed to each civil taxing unit, reduced by an amount that is equal
 27 to the following percentages of the tax revenue that would otherwise be
 28 allocated for economic development purposes and distributed to the
 29 civil taxing unit:
 30 (1) For Lake County, an amount equal to twenty-five percent
 31 (25%).
 32 (2) For Crown Point, an amount equal to ten percent (10%).
 33 (3) For Dyer, an amount equal to fifteen percent (15%).
 34 (4) For Gary, an amount equal to seven and five-tenths percent
 35 (7.5%).
 36 (5) For Hammond, an amount equal to fifteen percent (15%).
 37 (6) For Highland, an amount equal to twelve percent (12%).
 38 (7) For Hobart, an amount equal to eighteen percent (18%).
 39 (8) For Lake Station, an amount equal to twenty percent (20%).
 40 (9) For Lowell, an amount equal to fifteen percent (15%).
 41 (10) For Merrillville, an amount equal to twenty-two percent
 42 (22%).



- 1 (11) For Munster, an amount equal to thirty-four percent (34%).
 2 (12) For New Chicago, an amount equal to one percent (1%).
 3 (13) For Schererville, an amount equal to ten percent (10%).
 4 (14) For Schneider, an amount equal to twenty percent (20%).
 5 (15) For Whiting, an amount equal to twenty-five percent (25%).
 6 (16) For Winfield, an amount equal to fifteen percent (15%).
 7 The department of local government finance shall notify the county
 8 auditor of the remaining amounts to be distributed and the amounts of
 9 the reductions that will be withheld under IC 6-3.6-11-5.5.
 10 SECTION 10. IC 6-3.6-11-9, AS AMENDED BY P.L.236-2023,
 11 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2024]: Sec. 9. (a) This section applies to the calculation and
 13 allocation of certified shares among civil taxing units in Hamilton
 14 County after 2020 and before ~~2026~~: **2025**.
 15 (b) For each calendar year to which this section applies, the amount
 16 of a civil taxing unit's certified shares is equal to:
 17 (1) the amount of the civil taxing unit's certified shares
 18 determined under IC 6-3.6-6, for a civil taxing unit other than the
 19 city of Carmel or the city of Fishers;
 20 (2) the adjusted amount determined under subsection (c), for the
 21 city of Carmel; or
 22 (3) the adjusted amount determined under subsection (d), for the
 23 city of Fishers.
 24 (c) For each calendar year to which this section applies, the adjusted
 25 amount of the city of Carmel's certified shares is equal to the lesser of:
 26 (1) the amount of the city of Carmel's certified shares determined
 27 under IC 6-3.6-6, without regard to this section; or
 28 (2) the product of:
 29 (A) the amount of the city of Carmel's certified shares
 30 determined for the immediately preceding calendar year under
 31 IC 6-3.6-6, for 2021, or this section, after 2021; and
 32 (B) one and three hundredths (1.03).
 33 (d) For each calendar year to which this section applies, the adjusted
 34 amount of the city of Fishers' certified shares is equal to:
 35 (1) the sum of:
 36 (A) the amount of the city of Carmel's certified shares
 37 determined under IC 6-3.6-6, without regard to this section;
 38 and
 39 (B) the amount of the city of Fishers' certified shares
 40 determined under IC 6-3.6-6, without regard to this section;
 41 minus
 42 (2) the adjusted amount of the city of Carmel's certified shares



determined under subsection (c).

SECTION 11. IC 6-3.6-11-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JUNE 1, 2024]: **Sec. 10. (a) This section applies beginning after 2024 to:**

(1) Hamilton County's allocation of tax revenue under IC 6-3.6-6; and

(2) Johnson County's allocation of tax revenue under IC 6-3.6-6;

that is dedicated to certified shares. This section applies only with regard to resident local taxpayers as defined in IC 6-3.6-2-15.

(b) On or before July 1 of each year, the Hamilton County auditor and the Johnson County auditor shall each certify to the department of state revenue a data file of all valid location addresses in their county, identifying, for each location, the street and number or rural route and rural route box number, apartment or suite number or equivalent, and city, town, or township, along with the taxing district within which each address is located. The file shall be transmitted by a medium and in a format prescribed by the department of state revenue.

(c) Using the certified share allocation amount under IC 6-3.6-6 without regard to this section, the budget agency, the department of local government finance, and the department of state revenue shall jointly determine the proportionate amount of the allocated certified share revenue that is attributed to each taxing district within the county based on the location of each local taxpayer's residence within the county and the local taxpayer's tax liability.

(d) Subject to subsections (e) and (f), certified share revenue must be attributed first to the taxing district under subsection (c) and then to each civil taxing unit within the taxing district in an allocation amount determined using the following formula, based on the property taxes imposed in the taxing district for the calendar year preceding the distribution year:

STEP ONE: Determine the tax rate of each civil taxing unit within the taxing district, including, for a county, the tax rate attributable to the welfare allocation amount described in IC 6-3.6-2-18.

STEP TWO: Determine the tax rate of each civil taxing unit within the taxing district that is attributable to appropriations from property taxes to pay the principal of or interest on every debt obligation and capital lease obligation issued after June 30, 2005, provided that a debt or capital lease issued



1 after June 30, 2005, that was issued in order to refund an
 2 obligation issued before July 1, 2005, is considered to have
 3 been issued before July 1, 2005, to the extent it does not
 4 extend payments on a debt or capital lease beyond the time in
 5 which the debt or capital lease would have been payable if the
 6 debt or capital lease had not been refunded or increase the
 7 total amount that must be paid on a debt or capital lease in
 8 excess of the amount that would have been paid if the debt or
 9 capital lease had not been refunded.

10 **STEP THREE:** For each civil taxing unit within the taxing
 11 district, subtract the STEP TWO rate from the STEP ONE
 12 rate.

13 **STEP FOUR:** Determine the total of the STEP THREE rates
 14 for all civil taxing units within the taxing district.

15 **STEP FIVE:** For each civil taxing unit within the taxing
 16 district, determine the quotient of:

- 17 (A) STEP THREE; divided by
 18 (B) STEP FOUR;

19 expressed as a percentage.

20 **STEP SIX:** For each civil taxing unit within the taxing
 21 district, determine the product of:

- 22 (A) the total amount of certified share revenue attributed
 23 to the taxing district under subsection (c); multiplied by
 24 (B) the civil taxing unit's STEP FIVE percentage.

25 (e) This subsection applies only if one (1) or more civil taxing
 26 units in the county will receive an amount of certified share
 27 revenue under STEP SIX of subsection (d) for the ensuing year
 28 that is less than the amount allocated to that civil taxing unit in
 29 2024 and subsection (f) does not apply. If this subsection applies,
 30 the amount under STEP SIX of subsection (d) shall be
 31 redetermined for each civil taxing unit in the county using the
 32 following formula:

33 **STEP ONE:** For each civil taxing unit in the county that will
 34 receive an amount of certified share revenue under STEP SIX
 35 of subsection (d) for the ensuing year that is less than the
 36 amount allocated to that civil taxing unit in 2024, determine:

- 37 (A) the amount of certified share revenue allocated to the
 38 civil taxing unit in 2024; minus
 39 (B) the civil taxing unit's STEP SIX amount under
 40 subsection (d).

41 **STEP TWO:** Determine the total of all STEP ONE amounts.

42 **STEP THREE:** For each civil taxing unit described in STEP



- 1 **ONE**, the civil taxing unit's amount determined under **STEP**
 2 **SIX** of subsection (d) shall be increased by its **STEP ONE**
 3 **amount**.
- 4 **STEP FOUR**: For each civil taxing unit in the county that will
 5 receive an amount of certified share revenue under **STEP SIX**
 6 of subsection (d) for the ensuing year that is equal to or more
 7 than the amount allocated to that civil taxing unit in 2024,
 8 **determine the product of:**
- 9 (A) the civil taxing unit's certified share revenue amount
 10 under **STEP SIX** of subsection (d); minus
 11 (B) the amount of certified share revenue allocated to the
 12 civil taxing unit in 2024.
- 13 **STEP FIVE**: Determine the total of all **STEP FOUR** amounts.
 14 **STEP SIX**: For each civil taxing unit described in **STEP**
 15 **FOUR**, determine the quotient of:
- 16 (A) the civil taxing unit's **STEP FOUR** amount; divided by
 17 (B) the **STEP FIVE** amount;
 18 expressed as a percentage.
- 19 **STEP SEVEN**: For each civil taxing unit described in **STEP**
 20 **FOUR**, the civil taxing unit's amount determined under **STEP**
 21 **SIX** of subsection (d) shall be decreased by an amount equal
 22 **to:**
- 23 (A) the **STEP TWO** amount; multiplied by
 24 (B) the civil taxing unit's **STEP SIX** percentage.
- 25 (f) Notwithstanding subsections (d) and (e), if the certified
 26 distribution for the county under IC 6-3.6-9-5 for the ensuing year
 27 is less than the certified distribution made for the county under
 28 IC 6-3.6-9-5 in 2024, the amount under **STEP SIX** of subsection (d)
 29 shall be redetermined for each civil taxing unit in the county using
 30 the following formula:
- 31 **STEP ONE**: Determine the certified distribution for the
 32 county under IC 6-3.6-9-5 for 2024.
 33 **STEP TWO**: For each civil taxing unit in the county,
 34 determine the result of:
- 35 (A) the civil taxing unit's certified share allocation amount
 36 in 2024; divided by
 37 (B) the **STEP ONE** amount;
 38 expressed as a percentage.
- 39 **STEP THREE**: For each civil taxing unit in the county, the
 40 civil taxing unit's amount determined under this section shall
 41 be equal to:
- 42 (A) the certified distribution for the county under



1 **IC 6-3.6-9-5 for the ensuing year; multiplied by**
2 **(B) the civil taxing unit's STEP TWO percentage.**
3 **SECTION 12. An emergency has been declared for this act.**

