



Reprinted
February 24, 2015

SENATE BILL No. 427

DIGEST OF SB 427 (Updated February 23, 2015 5:03 pm - DI 113)

Citations Affected: IC 6-3.5.

Synopsis: Distributions of public safety income tax revenue. Provides for mandatory distributions of public safety local option income tax (LOIT) revenue to the eligible civil taxing units of an adopting county, which includes the adopting county, the cities and towns of the adopting county, and other civil taxing units of the adopting county that provide fire protection or emergency medical services. Eliminates an obsolete petition procedure that applies to fire departments, volunteer fire departments, and emergency medical services providers in unincorporated areas of an adopting county that seek a discretionary distribution of public safety LOIT revenue.

Effective: January 1, 2016.

**Niemeyer, Ford, Young R Michael,
Mishler, Eckerty**

January 12, 2015, read first time and referred to Committee on Tax & Fiscal Policy.
February 17, 2015, reported favorably — Do Pass.
February 23, 2015, read second time, amended, ordered engrossed.

SB 427—LS 7158/DI 113



First Regular Session 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.

SENATE BILL No. 427

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 JANUARY 1, 2016]: Sec. 25. (a) ~~As used in~~ **The following definitions**
4 **apply throughout** this section:
5 (1) **"Eligible civil taxing unit"** of a county refers to the
6 **following:**
7 (A) **The county.**
8 (B) **A municipality (as defined in IC 36-1-2-11) in the**
9 **county that is carrying out or providing at least one (1) of**
10 **the public safety purposes described in subdivision (2).**
11 (C) **A civil taxing unit in the county that:**
12 (i) **is not described in clause (A) or (B); and**
13 (ii) **operates a fire department, a volunteer fire**
14 **department, or an emergency medical services provider.**
15 (2) **"Public safety"** refers to the following:
16 (⊕) (A) **A police and law enforcement system to preserve**

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- 1 public peace and order.
- 2 ~~(2)~~ **(B)** A firefighting and fire prevention system.
- 3 ~~(3)~~ **(C)** Emergency ambulance services (as defined in
- 4 IC 16-18-2-107).
- 5 ~~(4)~~ **(D)** Emergency medical services (as defined in
- 6 IC 16-18-2-110).
- 7 ~~(5)~~ **(E)** Emergency action (as defined in IC 13-11-2-65).
- 8 ~~(6)~~ **(F)** A probation department of a court.
- 9 ~~(7)~~ **(G)** Confinement, supervision, services under a community
- 10 corrections program (as defined in IC 35-38-2.6-2), or other
- 11 correctional services for a person who has been:
- 12 ~~(A)~~ **(i)** diverted before a final hearing or trial under an
- 13 agreement that is between the county prosecuting attorney
- 14 and the person or the person's custodian, guardian, or parent
- 15 and that provides for confinement, supervision, community
- 16 corrections services, or other correctional services instead of
- 17 a final action described in ~~clause (B)~~ **item (ii)** or ~~(C)~~ **(iii)**;
- 18 ~~(B)~~ **(ii)** convicted of a crime; or
- 19 ~~(C)~~ **(iii)** adjudicated as a delinquent child or a child in need
- 20 of services.
- 21 ~~(8)~~ **(H)** A juvenile detention facility under IC 31-31-8.
- 22 ~~(9)~~ **(I)** A juvenile detention center under IC 31-31-9.
- 23 ~~(10)~~ **(J)** A county jail.
- 24 ~~(11)~~ **(K)** A communications system (as defined in
- 25 IC 36-8-15-3), an enhanced emergency telephone system (as
- 26 defined in IC 36-8-16-2 (before its repeal on July 1, 2012)), or
- 27 the statewide 911 system (as defined in IC 36-8-16.7-22).
- 28 ~~(12)~~ **(L)** Medical and health expenses for jail inmates and
- 29 other confined persons.
- 30 ~~(13)~~ **(M)** Pension payments for any of the following:
- 31 ~~(A)~~ **(i)** A member of the fire department (as defined in
- 32 IC 36-8-1-8) or any other employee of a fire department.
- 33 ~~(B)~~ **(ii)** A member of the police department (as defined in
- 34 IC 36-8-1-9), a police chief hired under a waiver under
- 35 IC 36-8-4-6.5, or any other employee hired by a police
- 36 department.
- 37 ~~(C)~~ **(iii)** A county sheriff or any other member of the office
- 38 of the county sheriff.
- 39 ~~(D)~~ **(iv)** Other personnel employed to provide a service
- 40 described in this section.
- 41 (b) If a county council has imposed a tax rate of at least twenty-five
- 42 hundredths of one percent (0.25%) under section 24 of this chapter, a



1 tax rate of at least twenty-five hundredths of one percent (0.25%) under
 2 section 26 of this chapter, or a total combined tax rate of at least
 3 twenty-five hundredths of one percent (0.25%) under sections 24 and
 4 26 of this chapter, the county council may also adopt an ordinance to
 5 impose an additional tax rate under this section to provide funding for
 6 public safety.

7 (c) A tax rate under this section may not exceed twenty-five
 8 hundredths of one percent (0.25%).

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

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

18 (f) Except as provided in subsection (k), ~~or (l)~~; the county auditor
 19 shall distribute the portion of the certified distribution that is
 20 attributable to a tax rate under this section to ~~the county and to each~~
 21 **municipality eligible civil taxing unit** in the county. ~~that is carrying out~~
 22 ~~or providing at least one (1) of the public safety purposes described in~~
 23 ~~subsection (a)~~. The amount that shall be distributed to ~~the county or~~
 24 **municipality an eligible civil taxing unit** is equal to the result of:

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

27 (2) a fraction equal to:

28 (A) the attributed allocation amount (as defined in
 29 IC 6-3.5-1.1-15) of the ~~county or municipality~~ **eligible civil**
 30 **taxing unit** for the calendar year; divided by

31 (B) the sum of the attributed allocation amounts of the ~~county~~
 32 ~~and each municipality~~ **eligible civil taxing units** in the county
 33 ~~that is entitled to a distribution under this section~~ for the
 34 calendar year.

35 The county auditor shall make the distributions required by this
 36 subsection not more than thirty (30) days after receiving the portion of
 37 the certified distribution that is attributable to a tax rate under this
 38 section. Tax revenue distributed to a ~~county or municipality~~ **an eligible**
 39 **civil taxing unit** under this subsection must be deposited into a
 40 separate account or fund and may be appropriated by the ~~county or~~
 41 ~~municipality~~ **eligible civil taxing unit** only for public safety purposes.

42 (g) The department of local government finance may not require a



1 county or municipality an eligible civil taxing unit receiving tax
 2 revenue under this section to reduce the county's or municipality's
 3 eligible civil taxing unit's property tax levy for a particular year on
 4 account of the county's or municipality's eligible civil taxing unit's
 5 receipt of the tax revenue.

6 (h) The tax rate under this section and the tax revenue attributable
 7 to the tax rate under this section shall not be considered for purposes
 8 of computing:

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

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

14 (3) the credit under IC 6-1.1-20.6.

15 (i) The tax rate under this section may be imposed or rescinded at
 16 the same time and in the same manner that the county may impose or
 17 increase a tax rate under section 24 of this chapter.

18 (j) The department of local government finance and the department
 19 of state revenue may take any actions necessary to carry out the
 20 purposes of this section.

21 (k) Two (2) or more political subdivisions that are entitled to receive
 22 a distribution under this section may adopt resolutions providing that
 23 some part or all of those distributions shall instead be paid to one (1)
 24 political subdivision in the county to carry out specific public safety
 25 purposes specified in the resolutions.

26 (†) A fire department, volunteer fire department, or emergency
 27 medical services provider that:

28 (1) provides fire protection or emergency medical services within
 29 the county; and

30 (2) is operated by or serves a political subdivision that is not
 31 otherwise entitled to receive a distribution of tax revenue under
 32 this section;

33 may before July † of a year apply to the county council for a
 34 distribution of tax revenue under this section during the following
 35 calendar year. The county council shall review an application
 36 submitted under this subsection and may before September † of a year
 37 adopt a resolution requiring that one (†) or more of the applicants shall
 38 receive a specified amount of the tax revenue to be distributed under
 39 this section during the following calendar year. A resolution approved
 40 under this subsection providing for a distribution to one (†) or more fire
 41 departments, volunteer fire departments, or emergency medical
 42 services providers applies only to distributions in the following



1 calendar year. Any amount of tax revenue distributed under this
 2 subsection to a fire department, volunteer fire department, or
 3 emergency medical services provider shall be distributed before the
 4 remainder of the tax revenue is distributed under subsection (f):

5 SECTION 2. IC 6-3.5-6-31, AS AMENDED BY P.L.261-2013,
 6 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JANUARY 1, 2016]: Sec. 31. (a) ~~As used in~~ **The following definitions**
 8 **apply throughout** this section:

9 **(1) "Eligible civil taxing unit" of a county refers to the**
 10 **following:**

11 **(A) The county.**

12 **(B) A municipality (as defined in IC 36-1-2-11) in the**
 13 **county that is carrying out or providing at least one (1) of**
 14 **the public safety purposes described in subdivision (2).**

15 **(C) A civil taxing unit in the county that:**

16 **(i) is not described in clause (A) or (B); and**

17 **(ii) operates a fire department, a volunteer fire**
 18 **department, or an emergency medical services provider.**

19 **(2) "Public safety" refers to the following:**

20 ~~(1)~~ **(A) A police and law enforcement system to preserve**
 21 **public peace and order.**

22 ~~(2)~~ **(B) A firefighting and fire prevention system.**

23 ~~(3)~~ **(C) Emergency ambulance services (as defined in**
 24 **IC 16-18-2-107).**

25 ~~(4)~~ **(D) Emergency medical services (as defined in**
 26 **IC 16-18-2-110).**

27 ~~(5)~~ **(E) Emergency action (as defined in IC 13-11-2-65).**

28 ~~(6)~~ **(F) A probation department of a court.**

29 ~~(7)~~ **(G) Confinement, supervision, services under a community**
 30 **corrections program (as defined in IC 35-38-2.6-2), or other**
 31 **correctional services for a person who has been:**

32 ~~(A)~~ **(i) diverted before a final hearing or trial under an**
 33 **agreement that is between the county prosecuting attorney**
 34 **and the person or the person's custodian, guardian, or parent**
 35 **and that provides for confinement, supervision, community**
 36 **corrections services, or other correctional services instead of**
 37 **a final action described in clause ~~(B)~~ item (ii) or ~~(C)~~; (iii);**

38 ~~(B)~~ **(ii) convicted of a crime; or**

39 ~~(C)~~ **(iii) adjudicated as a delinquent child or a child in need**
 40 **of services.**

41 ~~(8)~~ **(H) A juvenile detention facility under IC 31-31-8.**

42 ~~(9)~~ **(I) A juvenile detention center under IC 31-31-9.**



- 1 ~~(+0)~~ **(J)** A county jail.
- 2 ~~(+1)~~ **(K)** A communications system (as defined in
- 3 IC 36-8-15-3), an enhanced emergency telephone system (as
- 4 defined in IC 36-8-16-2 (before its repeal on July 1, 2012)), or
- 5 the statewide 911 system (as defined in IC 36-8-16.7-22).
- 6 ~~(+2)~~ **(L)** Medical and health expenses for jail inmates and
- 7 other confined persons.
- 8 ~~(+3)~~ **(M)** Pension payments for any of the following:
- 9 ~~(A)~~ **(i)** A member of the fire department (as defined in
- 10 IC 36-8-1-8) or any other employee of a fire department.
- 11 ~~(B)~~ **(ii)** A member of the police department (as defined in
- 12 IC 36-8-1-9), a police chief hired under a waiver under
- 13 IC 36-8-4-6.5, or any other employee hired by a police
- 14 department.
- 15 ~~(C)~~ **(iii)** A county sheriff or any other member of the office
- 16 of the county sheriff.
- 17 ~~(D)~~ **(iv)** Other personnel employed to provide a service
- 18 described in this section.
- 19 (b) The county income tax council may adopt an ordinance to
- 20 impose an additional tax rate under this section to provide funding for
- 21 public safety if:
- 22 (1) the county income tax council has imposed a tax rate under
- 23 section 30 of this chapter, in the case of a county containing a
- 24 consolidated city; or
- 25 (2) the county income tax council has imposed a tax rate of at
- 26 least twenty-five hundredths of one percent (0.25%) under section
- 27 30 of this chapter, a tax rate of at least twenty-five hundredths of
- 28 one percent (0.25%) under section 32 of this chapter, or a total
- 29 combined tax rate of at least twenty-five hundredths of one
- 30 percent (0.25%) under sections 30 and 32 of this chapter, in the
- 31 case of a county other than a county containing a consolidated
- 32 city.
- 33 (c) A tax rate under this section may not exceed the following:
- 34 (1) Five-tenths of one percent (0.5%), in the case of a county
- 35 containing a consolidated city.
- 36 (2) Twenty-five hundredths of one percent (0.25%), in the case of
- 37 a county other than a county containing a consolidated city.
- 38 (d) If a county income tax council adopts an ordinance to impose a
- 39 tax rate under this section, not more than ten (10) days after the vote,
- 40 the county auditor shall send a certified copy of the ordinance to the
- 41 commissioner of the department, the director of the budget agency, and
- 42 the commissioner of the department of local government finance in an



1 electronic format approved by the director of the budget agency.

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

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

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

15 (2) a fraction equal to:

16 (A) the total property taxes being collected in the county by
17 ~~the county or municipality~~ **eligible civil taxing unit** for the
18 calendar year; divided by

19 (B) the sum of the total property taxes being collected in the
20 county by ~~the county and~~ each **municipality eligible civil**
21 **taxing unit** in the county ~~that is entitled to a distribution under~~
22 ~~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~~ **an eligible**
27 **civil taxing unit** under this subsection must be deposited into a
28 separate account or fund and may be appropriated by the ~~county or~~
29 ~~municipality~~ **eligible civil taxing unit** only for public safety purposes.

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

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

39 (1) the maximum income tax rate that may be imposed in a county
40 under section 8 or 9 of this chapter or any other provision of this
41 chapter;

42 (2) the maximum permissible property tax levy under



- 1 IC 6-1.1-18.5-3; or
 2 (3) the credit under IC 6-1.1-20.6.
- 3 (i) The tax rate under this section may be imposed or rescinded at
 4 the same time and in the same manner that the county may impose or
 5 increase a tax rate under section 30 of this chapter.
- 6 (j) The department of local government finance and the department
 7 of state revenue may take any actions necessary to carry out the
 8 purposes of this section.
- 9 (k) Notwithstanding any other provision, in Lake County the county
 10 council (and not the county income tax council) is the entity authorized
 11 to take actions concerning the additional tax rate under this section.
- 12 (l) Two (2) or more political subdivisions that are entitled to receive
 13 a distribution under this section may adopt resolutions providing that
 14 some part or all of those distributions shall instead be paid to one (1)
 15 political subdivision in the county to carry out specific public safety
 16 purposes specified in the resolutions.
- 17 (m) ~~A fire department, volunteer fire department, or emergency~~
 18 ~~medical services provider that:~~
- 19 (1) ~~provides fire protection or emergency medical services within~~
 20 ~~the county; and~~
- 21 (2) ~~is operated by or serves a political subdivision that is not~~
 22 ~~otherwise entitled to receive a distribution of tax revenue under~~
 23 ~~this section;~~
- 24 may before July 1 of a year apply to the county income tax council for
 25 a distribution of tax revenue under this section during the following
 26 calendar year. The county income tax council shall review an
 27 application submitted under this subsection and may before September
 28 1 of a year adopt a resolution requiring that one (1) or more of the
 29 applicants shall receive a specified amount of the tax revenue to be
 30 distributed under this section during the following calendar year. A
 31 resolution approved under this subsection providing for a distribution
 32 to one (1) or more fire departments, volunteer fire departments, or
 33 emergency services providers applies only to distributions in the
 34 following calendar year. Any amount of tax revenue distributed under
 35 this subsection to a fire department, volunteer fire department, or
 36 emergency medical services provider shall be distributed before the
 37 remainder of the tax revenue is distributed under subsection (f).



COMMITTEE REPORT

Madam President: The Senate Committee on Tax & Fiscal Policy, to which was referred Senate Bill No. 427, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 427 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 7, Nays 3

SENATE MOTION

Madam President: I move that Senate Bill 427 be amended to read as follows:

Replace the effective dates in SECTIONS 1 through 2 with "[EFFECTIVE JANUARY 1, 2016]".

(Reference is to SB 427 as printed February 18, 2015.)

NIEMEYER

