

# HOUSE BILL No. 1225

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.5.

**Synopsis:** Local option income taxes. Provides that an individual who has a principal place of employment or business in a county other than the individual's county of residence shall pay a county adjusted gross income tax, county option income tax, or county economic development income tax imposed by the county where the individual maintains the principal place of employment or business at a rate that is one-fourth of the sum of certain tax rates imposed on residents of the county under those taxes. Excludes certain county adjusted gross income tax rates and county economic development income tax rates for capital improvements from the calculation of the tax rate imposed on the nonresident individual. Provides a credit against any tax imposed by the individual's county of residence equal to the amount of the tax paid to the county where the individual has the individual's principal place of employment or business.

**Effective:** January 1, 2015.

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## Karickhoff

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January 14, 2014, read first time and referred to Committee on Ways and Means.

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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.

# HOUSE BILL No. 1225



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 6-3.5-1.1-1, AS AMENDED BY P.L.146-2008,  
2 SECTION 326, IS AMENDED TO READ AS FOLLOWS  
3 [EFFECTIVE JANUARY 1, 2015]: Sec. 1. As used in this chapter:  
4 "Adjusted gross income" has the same definition that the term is  
5 given in IC 6-3-1-3.5(a), except that in the case of a county taxpayer  
6 who is not a resident of a county that has imposed the county adjusted  
7 gross income tax, the term includes only adjusted gross income derived  
8 from the taxpayer's principal place of business or employment.  
9 "Apartment complex" means real property consisting of at least five  
10 (5) units that are regularly used to rent or otherwise furnish residential  
11 accommodations for periods of at least thirty (30) days.  
12 "Civil taxing unit" means any entity having the power to impose ad  
13 valorem property taxes except a school corporation. The term does not  
14 include a solid waste management district that is not entitled to a  
15 distribution under section 1.3 of this chapter. However, in the case of  
16 a consolidated city, the term "civil taxing unit" includes the



1 consolidated city and all special taxing districts, all special service  
2 districts, and all entities whose budgets and property tax levies are  
3 subject to review under IC 36-3-6-9.

4 "County council" includes the city-county council of a consolidated  
5 city.

6 "County taxpayer" as it relates to a county for a year means any  
7 individual:

8 (1) who resides in that county on the date specified in section 16  
9 of this chapter; or

10 (2) who maintains the taxpayer's principal place of business or  
11 employment in that county on the date specified in section 16 of  
12 this chapter. ~~and who does not on that same date reside in another~~  
13 ~~county in which the county adjusted gross income tax, the county~~  
14 ~~option income tax, or the county economic development income~~  
15 ~~tax is in effect.~~

16 "Department" refers to the Indiana department of state revenue.

17 "Homestead" has the meaning set forth in IC 6-1.1-12-37.

18 "Nonresident county taxpayer" as it relates to a county for a year  
19 means any county taxpayer for that county for that year who is not a  
20 resident county taxpayer of that county for that year.

21 "Qualified residential property" refers to any of the following:

22 (1) An apartment complex.

23 (2) A homestead.

24 (3) Residential rental property.

25 "Resident county taxpayer" as it relates to a county for a year means  
26 any county taxpayer who resides in that county on the date specified in  
27 section 16 of this chapter.

28 "Residential rental property" means real property consisting of not  
29 more than four (4) units that are regularly used to rent or otherwise  
30 furnish residential accommodations for periods of at least thirty (30)  
31 days.

32 "School corporation" means any public school corporation  
33 established under Indiana law.

34 SECTION 2. IC 6-3.5-1.1-2, AS AMENDED BY P.L.261-2013,  
35 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
36 JANUARY 1, 2015]: Sec. 2. (a) The county council of any county in  
37 which the county option income tax will not be in effect on December  
38 1 of a year under an ordinance adopted during a previous calendar year  
39 may impose the county adjusted gross income tax on the adjusted gross  
40 income of county taxpayers of its county.

41 (b) Except as provided in section 2.3, 2.5, 2.7, 2.8, 2.9, 3.3, 3.5, 3.6,  
42 24, 25, or 26 of this chapter, the county adjusted gross income tax may



1 be imposed at a rate of one-half of one percent (0.5%), three-fourths of  
 2 one percent (0.75%), or one percent (1%) on the adjusted gross income  
 3 of resident county taxpayers of the county. Any county imposing the  
 4 county adjusted gross income tax must impose the tax on the  
 5 nonresident county taxpayers at a rate of ~~one-fourth of one percent~~  
 6 ~~(0.25%) on their adjusted gross income.~~ **determined under section 4.5**  
 7 **of this chapter.** If the county council elects to decrease the county  
 8 adjusted gross income tax, the county council may decrease the county  
 9 adjusted gross income tax rate in increments of one-tenth of one  
 10 percent (0.1%).

11 (c) To impose the county adjusted gross income tax, the county  
 12 council must adopt an ordinance. The ordinance must substantially  
 13 state the following:

14 "The \_\_\_\_\_ County Council imposes the county adjusted  
 15 gross income tax on the county taxpayers of \_\_\_\_\_ County.  
 16 The county adjusted gross income tax is imposed at a rate of  
 17 \_\_\_\_\_ percent (\_\_\_\_%) on the resident county taxpayers of the  
 18 county and ~~one-fourth of one percent (0.25%)~~ **at a rate of \_\_\_\_\_**  
 19 **percent (\_\_\_\_%)** on the nonresident county taxpayers of the  
 20 county."

21 (d) The auditor of a county shall record all votes taken on  
 22 ordinances presented for a vote under the authority of this section and,  
 23 not more than ten (10) days after the vote, send a certified copy of the  
 24 results to the commissioner of the department, the director of the  
 25 budget agency, and the commissioner of the department of local  
 26 government finance in an electronic format approved by the director of  
 27 the budget agency.

28 (e) If the county adjusted gross income tax had previously been  
 29 adopted by a county under IC 6-3.5-1 (before its repeal on March 15,  
 30 1983) and that tax was in effect at the time of the enactment of this  
 31 chapter, then the county adjusted gross income tax continues in that  
 32 county at the rates in effect at the time of enactment until the rates are  
 33 modified or the tax is rescinded in the manner prescribed by this  
 34 chapter. If a county's adjusted gross income tax is continued under this  
 35 subsection, then the tax shall be treated as if it had been imposed under  
 36 this chapter and is subject to rescission or reduction as authorized in  
 37 this chapter.

38 SECTION 3. IC 6-3.5-1.1-4.5 IS ADDED TO THE INDIANA  
 39 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 40 [EFFECTIVE JANUARY 1, 2015]: **Sec. 4.5. (a) This section applies**  
 41 **only to a nonresident county taxpayer.**

42 **(b) The county adjusted gross income tax rate in effect for a**



1 **nonresident county taxpayer in the county where the nonresident**  
 2 **county taxpayer maintains the nonresident taxpayer's principal**  
 3 **place of business or employment is one-fourth (1/4) of the sum of**  
 4 **the tax rates imposed under:**

- 5 (1) **section 2, 3, or 3.1 of this chapter;**  
 6 (2) **section 24 of this chapter;**  
 7 (3) **section 25 of this chapter; and**  
 8 (4) **section 26 of this chapter;**

9 **on the adjusted gross income of resident county taxpayers who**  
 10 **reside in the county where the nonresident county taxpayer**  
 11 **maintains the nonresident county taxpayer's principal place of**  
 12 **business or employment.**

13 SECTION 4. IC 6-3.5-1.1-4.7 IS ADDED TO THE INDIANA  
 14 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 15 [EFFECTIVE JANUARY 1, 2015]: **Sec. 4.7. (a) This section applies**  
 16 **if a taxpayer is obligated in the same taxable year to pay:**

- 17 (1) **a tax rate imposed under section 4.5 of this chapter in a**  
 18 **county where the taxpayer has a principal place of business or**  
 19 **employment; and**  
 20 (2) **a tax imposed under this chapter or IC 6-3.5-6 in the**  
 21 **county where the taxpayer resides.**

22 (b) **A taxpayer is eligible for a credit against the tax imposed by**  
 23 **the county where the taxpayer resides. The amount of the credit is**  
 24 **equal to the amount of the tax paid under section 4.5 of this**  
 25 **chapter in the county where the taxpayer has a principal place of**  
 26 **business or employment.**

27 SECTION 5. IC 6-3.5-6-1, AS AMENDED BY P.L.146-2008,  
 28 SECTION 335, IS AMENDED TO READ AS FOLLOWS  
 29 [EFFECTIVE JANUARY 1, 2015]: **Sec. 1. As used in this chapter:**

30 "Adjusted gross income" has the same definition that the term is  
 31 given in IC 6-3-1-3.5. However, in the case of a county taxpayer who  
 32 is not treated as a resident county taxpayer of a county, the term  
 33 includes only adjusted gross income derived from the taxpayer's  
 34 principal place of business or employment.

35 "Apartment complex" means real property consisting of at least five  
 36 (5) units that are regularly used to rent or otherwise furnish residential  
 37 accommodations for periods of at least thirty (30) days.

38 "Civil taxing unit" means any entity, except a school corporation,  
 39 that has the power to impose ad valorem property taxes. The term does  
 40 not include a solid waste management district that is not entitled to a  
 41 distribution under section 1.3 of this chapter. However, in the case of  
 42 a county in which a consolidated city is located, the consolidated city,



1 the county, all special taxing districts, special service districts, included  
 2 towns (as defined in IC 36-3-1-7), and all other political subdivisions  
 3 except townships, excluded cities (as defined in IC 36-3-1-7), and  
 4 school corporations shall be deemed to comprise one (1) civil taxing  
 5 unit whose fiscal body is the fiscal body of the consolidated city.

6 "County income tax council" means a council established by section  
 7 2 of this chapter.

8 "County taxpayer", as it relates to a particular county, means any  
 9 individual:

10 (1) who resides in that county on the date specified in section 20  
 11 of this chapter; or

12 (2) who maintains the taxpayer's principal place of business or  
 13 employment in that county on the date specified in section 20 of  
 14 this chapter. ~~and who does not reside on that same date in another  
 15 county in which the county option income tax, the county adjusted  
 16 income tax, or the county economic development income tax is in  
 17 effect.~~

18 "Department" refers to the Indiana department of state revenue.

19 "Fiscal body" has the same definition that the term is given in  
 20 IC 36-1-2-6.

21 "Homestead" has the meaning set forth in IC 6-1.1-12-37.

22 **"Nonresident county taxpayer", as it relates to a particular**  
 23 **county for a year, means any county taxpayer for that county for**  
 24 **that year who is not a resident county taxpayer of that county for**  
 25 **that year.**

26 "Qualified residential property" refers to any of the following:

27 (1) An apartment complex.

28 (2) A homestead.

29 (3) Residential rental property.

30 "Resident county taxpayer", as it relates to a particular county,  
 31 means any county taxpayer who resides in that county on the date  
 32 specified in section 20 of this chapter.

33 "Residential rental property" means real property consisting of not  
 34 more than four (4) units that are regularly used to rent or otherwise  
 35 furnish residential accommodations for periods of at least thirty (30)  
 36 days.

37 "School corporation" has the same definition that the term is given  
 38 in IC 6-1.1-1-16.

39 SECTION 6. IC 6-3.5-6-8, AS AMENDED BY P.L.261-2013,  
 40 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 41 JANUARY 1, 2015]: Sec. 8. (a) The county income tax council of any  
 42 county in which the county adjusted gross income tax will not be in



1 effect on December 1 of a year under an ordinance adopted during a  
 2 previous calendar year may impose the county option income tax on the  
 3 adjusted gross income of county taxpayers of its county.

4 (b) Except as provided in sections 30, 31, and 32 of this chapter, the  
 5 county option income tax may initially be imposed at a rate of  
 6 two-tenths of one percent (0.2%) on the resident county taxpayers of  
 7 the county and at a rate of five-hundredths of one percent (0.05%) for  
 8 all other county taxpayers.

9 (c) To impose the county option income tax, a county income tax  
 10 council must pass an ordinance. The ordinance must substantially state  
 11 the following:

12 "The \_\_\_\_\_ County Income Tax Council imposes the  
 13 county option income tax on the county taxpayers of  
 14 \_\_\_\_\_ County. The county option income tax is  
 15 imposed at a rate of two-tenths of one percent (0.2%) on the  
 16 resident county taxpayers of the county and at a rate of  
 17 five-hundredths of one percent (0.05%) on all other county  
 18 taxpayers."

19 (d) Except as provided in sections 30, 31, and 32 of this chapter, if  
 20 the county option income tax is imposed on the county taxpayers of a  
 21 county, then the county option income tax rate that is in effect for  
 22 resident county taxpayers of that county increases by one-tenth of one  
 23 percent (0.1%) on each succeeding October 1 until the rate equals  
 24 six-tenths of one percent (0.6%).

25 (e) The county option income tax rate in effect for the ~~county~~  
 26 ~~taxpayers of a county who are not resident~~ **nonresident** county  
 27 taxpayers of that county is at all times one-fourth (1/4) of the tax rate  
 28 imposed upon resident county taxpayers.

29 (f) The auditor of a county shall record all votes taken on ordinances  
 30 presented for a vote under this section and, not more than ten (10) days  
 31 after the vote, send a certified copy of the results to the commissioner  
 32 of the department, the director of the budget agency, and the  
 33 commissioner of the department of local government finance in an  
 34 electronic format approved by the director of the budget agency.

35 SECTION 7. IC 6-3.5-6-9.7 IS ADDED TO THE INDIANA CODE  
 36 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE  
 37 JANUARY 1, 2015]: **Sec. 9.7. (a) This section applies if a taxpayer**  
 38 **is obligated in the same calendar year to pay:**

39 **(1) a tax rate imposed under section 8(e) of this chapter in a**  
 40 **county where the taxpayer has a principal place of business or**  
 41 **employment; and**

42 **(2) a tax imposed under this chapter or IC 6-3.5-1.1 in the**



1 county where the taxpayer resides.

2 (b) A taxpayer is eligible for a credit against the tax imposed  
3 under this chapter or IC 6-3.5-1.1 by the county where the  
4 taxpayer resides. The amount of the credit is equal to the amount  
5 of the tax paid under section 8(e) of this chapter in the county  
6 where the taxpayer has a principal place of business or  
7 employment.

8 SECTION 8. IC 6-3.5-7-3 IS AMENDED TO READ AS  
9 FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 3. (a) As used in  
10 this chapter, "county taxpayer" as it relates to a county for a year means  
11 any individual who:

12 (1) resides in that county on the date specified in section 17 of  
13 this chapter; or

14 (2) maintains a principal place of business or employment in that  
15 county on the date specified in section 17 of this chapter. ~~and who~~  
16 ~~does not on that same date reside in another county in which the~~  
17 ~~county adjusted gross income tax, the county option income tax,~~  
18 ~~or the county economic development income tax is in effect.~~

19 (b) As used in this chapter, "nonresident county taxpayer", as  
20 it relates to a county for a year, means any county taxpayer for  
21 that county for that year who is not a resident county taxpayer of  
22 that county for that year.

23 (c) As used in this chapter, "resident county taxpayer", as it  
24 relates to a county for a year, means any county taxpayer who  
25 resides in that county on the date specified in section 17 of this  
26 chapter.

27 SECTION 9. IC 6-3.5-7-5, AS AMENDED BY P.L.261-2013,  
28 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
29 JANUARY 1, 2015]: Sec. 5. (a) Except as provided in subsection (c),  
30 the county economic development income tax may be imposed on the  
31 adjusted gross income of county taxpayers. The entity that may impose  
32 the tax is:

33 (1) the county income tax council (as defined in IC 6-3.5-6-1) if  
34 the county option income tax is in effect on October 1 of the year  
35 the county economic development income tax is imposed;

36 (2) the county council if the county adjusted gross income tax is  
37 in effect on October 1 of the year the county economic  
38 development tax is imposed; or

39 (3) the county income tax council or the county council,  
40 whichever acts first, for a county not covered by subdivision (1)  
41 or (2).

42 To impose the county economic development income tax, a county





1 income tax council shall use the procedures set forth in IC 6-3.5-6  
2 concerning the imposition of the county option income tax.

3 (b) Except as provided in this section and section 28 of this chapter,  
4 the county economic development income tax may be imposed at a rate  
5 of:

- 6 (1) one-tenth percent (0.1%);  
7 (2) two-tenths percent (0.2%);  
8 (3) twenty-five hundredths percent (0.25%);  
9 (4) three-tenths percent (0.3%);  
10 (5) thirty-five hundredths percent (0.35%);  
11 (6) four-tenths percent (0.4%);  
12 (7) forty-five hundredths percent (0.45%); or  
13 (8) five-tenths percent (0.5%);

14 on the adjusted gross income of **resident** county taxpayers. **Any**  
15 **county imposing the county economic development income tax**  
16 **must impose the tax on nonresident county taxpayers at the rate**  
17 **determined under section 7.5 of this chapter.**

18 (c) Except as provided in this section, the county economic  
19 development income tax rate plus the county adjusted gross income tax  
20 rate, if any, that are in effect on January 1 of a year may not exceed one  
21 and twenty-five hundredths percent (1.25%). Except as provided in this  
22 section, the county economic development tax rate plus the county  
23 option income tax rate, if any, that are in effect on January 1 of a year  
24 may not exceed one percent (1%).

25 (d) To impose, increase, decrease, or rescind the county economic  
26 development income tax, the appropriate body must adopt an  
27 ordinance.

28 (e) The ordinance to impose the tax must substantially state the  
29 following:

30 "The \_\_\_\_\_ County \_\_\_\_\_ imposes the county economic  
31 development income tax on the county taxpayers of \_\_\_\_\_  
32 County. The county economic development income tax is imposed at  
33 a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the county taxpayers of the  
34 county."

35 (f) The auditor of a county shall record all votes taken on ordinances  
36 presented for a vote under the authority of this chapter and shall, not  
37 more than ten (10) days after the vote, send a certified copy of the  
38 results to the commissioner of the department, the director of the  
39 budget agency, and the commissioner of the department of local  
40 government finance in an electronic format approved by the director of  
41 the budget agency.

42 (g) For Jackson County, except as provided in subsection (o), the



1 county economic development income tax rate plus the county adjusted  
 2 gross income tax rate that are in effect on January 1 of a year may not  
 3 exceed one and thirty-five hundredths percent (1.35%) if the county has  
 4 imposed the county adjusted gross income tax at a rate of one and  
 5 one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

6 (h) For Pulaski County, except as provided in subsection (o), the  
 7 county economic development income tax rate plus the county adjusted  
 8 gross income tax rate that are in effect on January 1 of a year may not  
 9 exceed one and fifty-five hundredths percent (1.55%).

10 (i) For Wayne County, except as provided in subsection (o), the  
 11 county economic development income tax rate plus the county adjusted  
 12 gross income tax rate that are in effect on January 1 of a year may not  
 13 exceed one and five-tenths percent (1.5%).

14 (j) This subsection applies to Randolph County. Except as provided  
 15 in subsection (o), in addition to the rates permitted under subsection  
 16 (b):

17 (1) the county economic development income tax may be imposed  
 18 at a rate of twenty-five hundredths percent (0.25%); and

19 (2) the sum of the county economic development income tax rate  
 20 and the county adjusted gross income tax rate that are in effect on  
 21 January 1 of a year may not exceed one and five-tenths percent  
 22 (1.5%);

23 if the county council makes a determination to impose rates under this  
 24 subsection and section 22.5 of this chapter.

25 (k) For Daviess County, except as provided in subsection (o), the  
 26 county economic development income tax rate plus the county adjusted  
 27 gross income tax rate that are in effect on January 1 of a year may not  
 28 exceed one and five-tenths percent (1.5%).

29 (l) For:

30 (1) Elkhart County; or

31 (2) Marshall County;

32 except as provided in subsection (o), the county economic development  
 33 income tax rate plus the county adjusted gross income tax rate that are  
 34 in effect on January 1 of a year may not exceed one and five-tenths  
 35 percent (1.5%).

36 (m) For Union County, except as provided in subsection (o), the  
 37 county economic development income tax rate plus the county adjusted  
 38 gross income tax rate that are in effect on January 1 of a year may not  
 39 exceed one and five-tenths percent (1.5%).

40 (n) This subsection applies to Knox County. Except as provided in  
 41 subsection (o), in addition to the rates permitted under subsection (b):

42 (1) the county economic development income tax may be imposed



1 at a rate of twenty-five hundredths percent (0.25%); and  
 2 (2) the sum of the county economic development income tax rate  
 3 and:

4 (A) the county adjusted gross income tax rate that are in effect  
 5 on January 1 of a year may not exceed one and five-tenths  
 6 percent (1.5%); or

7 (B) the county option income tax rate that are in effect on  
 8 January 1 of a year may not exceed one and twenty-five  
 9 hundredths percent (1.25%);

10 if the county council makes a determination to impose rates under this  
 11 subsection and section 24 of this chapter.

12 (o) In addition:

13 (1) the county economic development income tax may be imposed  
 14 at a rate that exceeds by not more than twenty-five hundredths  
 15 percent (0.25%) the maximum rate that would otherwise apply  
 16 under this section; and

17 (2) the:

18 (A) county economic development income tax; and

19 (B) county option income tax or county adjusted gross income  
 20 tax;

21 may be imposed at combined rates that exceed by not more than  
 22 twenty-five hundredths percent (0.25%) the maximum combined  
 23 rates that would otherwise apply under this section.

24 However, the additional rate imposed under this subsection may not  
 25 exceed the amount necessary to mitigate the increased ad valorem  
 26 property taxes on homesteads (as defined in IC 6-1.1-20.9-1 (repealed)  
 27 before January 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or  
 28 residential property (as defined in section 26 of this chapter), as  
 29 appropriate under the ordinance adopted by the adopting body in the  
 30 county, resulting from the deduction of the assessed value of inventory  
 31 in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the  
 32 exclusion in 2008 of inventory from the definition of personal property  
 33 in IC 6-1.1-1-11.

34 (p) If the county economic development income tax is imposed as  
 35 authorized under subsection (o) at a rate that exceeds the maximum  
 36 rate that would otherwise apply under this section, the certified  
 37 distribution must be used for the purpose provided in section 26 of this  
 38 chapter to the extent that the certified distribution results from the  
 39 difference between:

40 (1) the actual county economic development tax rate; and

41 (2) the maximum rate that would otherwise apply under this  
 42 section.



1 (q) This subsection applies only to a county described in section 27  
 2 of this chapter. Except as provided in subsection (o), in addition to the  
 3 rates permitted by subsection (b), the:

4 (1) county economic development income tax may be imposed at  
 5 a rate of twenty-five hundredths percent (0.25%); and

6 (2) county economic development income tax rate plus the county  
 7 option income tax rate that are in effect on January 1 of a year  
 8 may equal up to one and twenty-five hundredths percent (1.25%);  
 9 if the county council makes a determination to impose rates under this  
 10 subsection and section 27 of this chapter.

11 (r) Except as provided in subsection (o), the county economic  
 12 development income tax rate plus the county adjusted gross income tax  
 13 rate that are in effect on January 1 of a year may not exceed one and  
 14 five-tenths percent (1.5%) if the county has imposed the county  
 15 adjusted gross income tax under IC 6-3.5-1.1-3.3.

16 (s) This subsection applies to Howard County. Except as provided  
 17 in subsection (o), the sum of the county economic development income  
 18 tax rate and the county option income tax rate that are in effect on  
 19 January 1 of a year may not exceed one and twenty-five hundredths  
 20 percent (1.25%).

21 (t) This subsection applies to Scott County. Except as provided in  
 22 subsection (o), the sum of the county economic development income  
 23 tax rate and the county option income tax rate that are in effect on  
 24 January 1 of a year may not exceed one and twenty-five hundredths  
 25 percent (1.25%).

26 (u) This subsection applies to Jasper County. Except as provided in  
 27 subsection (o), the sum of the county economic development income  
 28 tax rate and the county adjusted gross income tax rate that are in effect  
 29 on January 1 of a year may not exceed one and five-tenths percent  
 30 (1.5%).

31 (v) An additional county economic development income tax rate  
 32 imposed under section 28 of this chapter may not be considered in  
 33 calculating any limit under this section on the sum of:

34 (1) the county economic development income tax rate plus the  
 35 county adjusted gross income tax rate; or

36 (2) the county economic development tax rate plus the county  
 37 option income tax rate.

38 (w) The income tax rate limits imposed by subsection (c) or (x) or  
 39 any other provision of this chapter do not apply to:

40 (1) a county adjusted gross income tax rate imposed under  
 41 IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or

42 (2) a county option income tax rate imposed under IC 6-3.5-6-30,



1 IC 6-3.5-6-31, or IC 6-3.5-6-32.

2 For purposes of computing the maximum combined income tax rate  
 3 under subsection (c) or (x) or any other provision of this chapter that  
 4 may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this  
 5 chapter, a county's county adjusted gross income tax rate or county  
 6 option income tax rate for a particular year does not include the county  
 7 adjusted gross income tax rate imposed under IC 6-3.5-1.1-24,  
 8 IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate  
 9 imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

10 (x) This subsection applies to Monroe County. Except as provided  
 11 in subsection (o), if an ordinance is adopted under IC 6-3.5-6-33, the  
 12 sum of the county economic development income tax rate and the  
 13 county option income tax rate that are in effect on January 1 of a year  
 14 may not exceed one and twenty-five hundredths percent (1.25%).

15 (y) This subsection applies to Perry County. Except as provided in  
 16 subsection (o), if an ordinance is adopted under section 27.5 of this  
 17 chapter, the county economic development income tax rate plus the  
 18 county option income tax rate that is in effect on January 1 of a year  
 19 may not exceed one and seventy-five hundredths percent (1.75%).

20 (z) This subsection applies to Starke County. Except as provided in  
 21 subsection (o), if an ordinance is adopted under section 27.6 of this  
 22 chapter, the county economic development income tax rate plus the  
 23 county adjusted gross income tax rate that is in effect on January 1 of  
 24 a year may not exceed two percent (2%).

25 SECTION 10. IC 6-3.5-7-7.5 IS ADDED TO THE INDIANA  
 26 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 27 [EFFECTIVE JANUARY 1, 2015]: **Sec. 7.5. (a) This section applies**  
 28 **only to a nonresident county taxpayer.**

29 **(b) The county economic development income tax rate in effect**  
 30 **for the nonresident county taxpayer in the county where the county**  
 31 **taxpayer maintains the county taxpayer's principal place of**  
 32 **business or employment is one-fourth (1/4) of the sum of the tax**  
 33 **rates imposed under:**

34 **(1) section 5(b) or 6 of this chapter; and**

35 **(2) section 26 of this chapter;**

36 **on the adjusted gross income of resident county taxpayers who**  
 37 **reside in the county where the county taxpayer maintains the**  
 38 **county taxpayer's principal place of business or employment.**

39 SECTION 11. IC 6-3.5-7-7.7 IS ADDED TO THE INDIANA  
 40 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 41 [EFFECTIVE JANUARY 1, 2015]: **Sec. 7.7. (a) This section applies**  
 42 **if a taxpayer is obligated in the same calendar year to pay:**



1           **(1) a tax rate imposed under section 7.5 of this chapter in a**  
2           **county where the taxpayer has a principal place of business or**  
3           **employment; and**  
4           **(2) a tax imposed under this chapter in the county where the**  
5           **taxpayer resides.**  
6           **(b) A taxpayer is eligible for a credit against the tax imposed by**  
7           **a county where the taxpayer resides. The amount of the credit is**  
8           **equal to the amount of the tax paid under section 7.5 of this**  
9           **chapter in the county where the taxpayer has a principal place of**  
10           **business or employment.**  
11           SECTION 12. [EFFECTIVE JANUARY 1, 2015] (a)  
12           **IC 6-3.5-1.1-1, IC 6-3.5-1.1-2, IC 6-3.5-6-1, IC 6-3.5-6-8,**  
13           **IC 6-3.5-7-3, and IC 6-3.5-7-5, all as amended by this act, apply**  
14           **only to taxable years (as defined in IC 6-3-1-16) and employer**  
15           **remittances made after December 31, 2014.**  
16           **(b) IC 6-3.5-1.1-4.5, IC 6-3.5-1.1-4.7, IC 6-3.5-6-9.7,**  
17           **IC 6-3.5-7-7.5, and IC 6-3.5-7-7.7, all as added by this act, apply**  
18           **only to taxable years (as defined in IC 6-3-1-16) and employer**  
19           **remittances made after December 31, 2014.**  
20           **(c) This SECTION expires January 1, 2017.**

