HOUSE BILL No. 1355

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-8.5.

Synopsis: Local service fees on tax exempt property. Allows a county fiscal body to impose a local service fee on tax exempt property within the county (other than a building used for religious worship and the parcel of land on which such a building is located). Provides that after June 30, 2016, a municipal fiscal body may impose a local service fee on such tax exempt property within the municipality if the county fiscal body has not imposed a local service fee. Provides that the fiscal body of a county or municipality imposing a local service fee shall determine the amount of the fee to be imposed. Authorizes a fiscal body to exercise reasonable discretion in adopting different schedules of local service fee rates or making classifications in schedules of local service fee rates, based on variations in the costs of furnishing basic and essential government services, including capital expenditures required. Provides that the revenue from a local service fee shall be distributed to the county, the municipality (if any), and the township in which the tax exempt property is located. Specifies that the revenue shall be distributed proportionally based on the county's, the municipality's, and the township's tax rate. Specifies that the revenue from a local service fee may be used for any legal or corporate purpose of the county, municipality, or township to which the revenue is distributed.

Effective: Upon passage.

Saunders

January 14, 2015, read first time and referred to Committee on Ways and Means.
HOUSE BILL No. 1355

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

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

SECTION 1. IC 36-8.5 is added to the Indiana Code as a new article to read as follows [effective upon passage]:

ARTICLE 8.5. LOCAL SERVICE FEES FOR TAX EXEMPT PROPERTY

Chapter 1. Definitions

Sec. 1. For purposes of this article, "local service fee" means a local service fee imposed by a county or municipality under this article.

Chapter 2. Adoption of Local Service Fees

Sec. 1. A local service fee may be imposed on tax exempt real property as provided in this article.

Sec. 2. Except as provided in section 5 of this chapter, a county fiscal body may adopt an ordinance to impose a local service fee under this article on real property that is located within the county.
and that is exempt from property taxes under IC 6-1.1-10 or any other law.

Sec. 3. This section applies after June 30, 2016. If a county fiscal body has not adopted an ordinance under section 2 of this chapter to impose a local service fee on real property that is located within the county, and except as provided in section 5 of this chapter, the fiscal body of a municipality in the county may adopt an ordinance to impose a local service fee on real property that is located within the municipality and that is exempt from property taxes under IC 6-1.1-10 or any other law.

Sec. 4. This section applies if a county fiscal body adopts an ordinance under section 2 of this chapter after the fiscal body of one (1) or more municipalities in the county have adopted an ordinance under section 3 of this chapter. In the calendar year following the year in which the county fiscal body adopts an ordinance under section 2 of this chapter:

(1) except as provided in section 5 of this chapter, a local service fee is imposed under this article on real property that is located within the county and that is exempt from property taxes under IC 6-1.1-10 or any other law; and

(2) an ordinance adopted under section 3 of this chapter by a municipality in the county no longer applies.

Sec. 5. A local service fee may not be imposed under this article on any of the following:

(1) A building that is used for religious worship.

(2) The parcel of land upon which a building that is used for religious worship is located.

Sec. 6. The fiscal body of a county or municipality may by ordinance amend or repeal a local service fee.

Sec. 7. (a) The fiscal body of a county or municipality may adopt an ordinance imposing, amending, or repealing a local service fee only after a public hearing at which citizens of the county or municipality and the owners of property within the county or municipality have an opportunity to testify concerning the proposed local service fee or the proposed change to the local service fee.

(b) An ordinance to impose, amend, or repeal a local service fee may not be adopted after October 31 of a year. An ordinance to impose, amend, or repeal a local service fee first applies in the following calendar year.

(c) If the fiscal body of a county or municipality adopts an ordinance to impose, amend, or repeal a local service fee, the fiscal
body shall certify a copy of the ordinance to the following:

(1) The county auditor.

(2) The department of local government finance.

Sec. 8. (a) The fiscal body of a county or municipality imposing a local service fee shall determine the amount of the fee to be imposed.

(b) A local service fee may be determined based on the following:

(1) A flat charge for each parcel that is subject to the local service fee. A different flat charge may be imposed on different types or classes of property, as determined by the fiscal body.

(2) The amount of basic and essential public services provided to the parcel that is subject to the local service fee, including whether the county, municipality, or township is required to purchase or lease special facilities or equipment to deliver public safety services or other services to the parcel that is subject to the local service fee.

(3) A combination of these or other factors that the fiscal body determines is appropriate to consider in establishing just and equitable fees.

(c) A local service fee is not required to be uniform throughout the eligible entity or for all users. A fiscal body may exercise reasonable discretion in:

(1) adopting different schedules of local service fee rates; or

(2) making classifications in schedules of local service fee rates based on variations in the costs of furnishing basic and essential government services, including capital expenditures required, to various types or classes of property or to various locations in the county, municipality, or township.

Sec. 9. A local service fee established after notice and hearing under this article is prima facie just and equitable and is considered to represent the cost of basic and essential public services provided to the tax exempt property on which the local service fee is imposed by the county or municipality that imposed the local service fee.

Sec. 10. A local service fee is in addition to any other fee, rate, or charge imposed by a county or municipality under any other statute or under the county's or municipality's home rule powers specified in this title.

Chapter 3. Collection, Distribution, and Use of Local Service Fees

2015
Sec. 1. The county treasurer shall bill, collect, and enforce the amount of the local service fee in the same manner and at the same times as property taxes are billed, collected, and enforced.

Sec. 2. Interest and penalties may be added to delinquent local service fees in the same manner and at the same time that interest and penalties may be added to delinquent taxes under IC 6-1.1.

Sec. 3. The revenue from a local service fee shall be distributed at the same time as property taxes are distributed in each semianual tax settlement. The amount of local service fee revenue collected shall be distributed proportionately to the county, municipality (if any), and township in which the tax exempt property is located, based on the total tax rate of the county, municipality, and township.

Sec. 4. The revenue from a local service fee:

(1) may not be considered by the department of local government finance to reduce the property tax levy imposed by a county, municipality, or township; and

(2) may be used for any legal or corporate purpose of the county, municipality, or township to which the revenue is distributed.

SECTION 2. An emergency is declared for this act.