MR. SPEAKER:

I move that House Bill 1002 be amended to read as follows:

Page 3, delete lines 9 through 42, begin a new paragraph and insert:

"SECTION 2. IC 4-10-24 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

Chapter 24. Reversions to the State General Fund
Sec. 1. At the conclusion of each state fiscal year beginning after June 30, 2017, the auditor of state shall:

(1) determine the total amount of money that has reverted to the state general fund during the state fiscal year from any account or fund; and

(2) transfer from the state general fund to the motor vehicle highway account (IC 8-14-1) the difference between:

(A) an amount determined by the budget agency that is at least the lesser of:

(i) the amount determined under subdivision (1); or

(ii) three hundred million dollars ($300,000,000); and

(B) the lesser of:

(i) for a state fiscal year beginning before July 1, 2020, zero dollars ($0), or, for a state fiscal year beginning after June 30, 2020, the amount of federal transportation money received by the state during the state fiscal year that exceeds the amount of federal transportation money
received by the state after June 30, 2019, and before July 1, 2020; or (ii) three hundred million dollars ($300,000,000).

SECTION 3. IC 4-13.6-5-13 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 13. (a) As used in this section, "Indiana business" refers to any of the following:

(1) A business whose principal place of business is located in Indiana.
(2) A business that pays a majority of its payroll (in dollar volume) to residents of Indiana.
(3) A business that employs residents of Indiana as a majority of its employees.
(4) A business that makes significant capital investments in Indiana as determined by the department.
(5) A business that has a substantial positive economic impact on Indiana as determined by the department.

(b) There is a ten percent (10%) price preference for an Indiana business that:

(1) submits a bid for the performance of work on a public works project; and
(2) claims the preference under subsection (e).

(c) Notwithstanding any statute that requires the award of a contract to the lowest responsive and responsible bidder or the lowest responsive and responsible quoter, but subject to subsection (d), a contract shall be awarded to the lowest responsive and responsible Indiana business that claims the preference provided by this section.

(d) Notwithstanding subsection (c), a contract shall be awarded to the lowest responsive and responsible bidder or quoter, regardless of the preference provided in this section, if the lowest responsive and responsible bidder or quoter is an Indiana business.

(e) To claim the preference provided under this section, a business must do all the following:

(1) State in the business's bid that the business claims the preference provided by this section.
(2) Provide the following information to the department:

(A) The location of the business's principal place of business. If the business claims the preference as an Indiana business described in subsection (a)(1), a statement explaining the reasons the business considers the location named as the business's principal place of business.
(B) The amount of the business's total payroll and the amount of the business's payroll paid to residents of Indiana.
(C) The number of the business's employees and the number of the business's employees who are residents of Indiana.
Indiana.

(D) If the business claims the preference as an Indiana business described in subsection (a)(4), a description of the capital investments made in Indiana and a statement of the amount of those capital investments.

(E) If the business claims the preference as an Indiana business described in subsection (a)(5), a description of the substantial positive economic impact the business has on Indiana.

SECTION 4. IC 4-13.6-6-2.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2.8. (a) As used in this section, "resident of Indiana" means a person who is at least eighteen (18) years of age and is one (1) of the following:

(1) A person who has registered a motor vehicle in Indiana.
(2) A person who is registered to vote in Indiana.
(3) A person who has a child enrolled in an elementary or a secondary school located in Indiana.
(4) A person who derives more than one-half (1/2) of the person's gross income (as defined in Section 61 of the Internal Revenue Code) from sources in Indiana, according to the provisions applicable to determining the source of adjusted gross income under IC 6-3-2-2. However, a person who would otherwise be considered a resident of Indiana under this subdivision is not a resident of Indiana if a preponderance of the evidence concerning the factors set forth in subdivisions (1) through (3) proves that the person is not a resident of Indiana.
(5) A person who:
   (A) works from an office in Indiana;
   (B) is on the payroll of a business located in Indiana;
   (C) possesses a telephone with a telephone number that has an Indiana area code; or
   (D) has a permanent place of doing business in Indiana; for at least thirteen (13) months before entering into a contract or subcontract under this chapter.

(b) A contract for a public works project may not be awarded to a contractor that does not:

(1) employ residents of Indiana as at least ninety percent (90%) of the employees who will work on the contract; and
(2) enter into subcontracts only with subcontractors that employ residents of Indiana as at least ninety percent (90%) of the employees who will work on the subcontract.

(c) Before August 15, 2018, and before August 15 of each year thereafter, the division shall file with the legislative council a report for the preceding year stating:

(1) for each contractor awarded a contract under this
chapter; and

(2) for each subcontractor with which a contractor referred
to in subdivision (1) entered into a contract in connection with
a contract awarded under this chapter;

the percentage of the employees of the contractor or subcontractor
who work on the contract and are residents of Indiana. The report
to the legislative council must be in an electronic format under
IC 5-14-6.

(d) A contract awarded under this chapter for a public works
project is terminated if the division determines that the contractor
has failed to:

(1) employ residents of Indiana as at least ninety percent
(90%) of the employees who work on the contract; and

(2) enter into subcontracts only with subcontractors that
employ residents of Indiana as at least ninety percent (90%)
of the employees who work on the subcontract.

(e) A contractor or subcontractor that fails to employ residents
of Indiana as at least ninety percent (90%) of the employees who
work on the contract or subcontract for a public works project
commits a Class B infraction for each nonresident of Indiana
employed that exceeds the number of nonresident employees
permitted by this section.

(f) If:

(1) a contract or subcontract subject to this section is funded
in whole or in part with federal funds; and

(2) imposing the requirements of this section would cause the
state to lose the federal funds for the contract, as determined
by the federal agency providing the funds;

subsections (a) through (e) do not apply.

(g) If an agency of the federal government makes a
determination under subsection (f) that causes a contract to be
exempted from the requirements of subsections (a) through (e), this
section is meant to express the view of the general assembly that
expanding employment opportunities for Indiana residents
remains a vital part of the state's economy.

(h) A contract exempted from the requirements of subsections
(a) through (e) may not reference the employment of Indiana
residents. The division may not consider the number of
employment opportunities for Indiana residents when doing any of
the following with respect to a project subject to a contract that is
exempted from the requirements of subsections (a) through (e):

(1) Issuing a request for proposals.
(2) Issuing a bulletin inviting bids for the contract.
(3) Prequalifying a contractor for the contract.
(4) Evaluating a bid for the contract.

(i) This section does not apply to contracts entered into to
perform work:
(1) resulting from an emergency; or
(2) performed by an artisan or by someone in a specialty area
with limited persons able to perform the work.

SECTION 5. IC 4-13.6-10 IS ADDED TO THE INDIANA CODE
AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
JULY 1, 2017]:

Chapter 10. Prohibited Political Contributions
Sec. 1. The definitions in IC 3-5-2 apply to this chapter to the
extent they do not conflict with the definitions in this article.

Sec. 2. As used in this chapter, "candidate" refers to any of the
following:
(1) A candidate for a state office.
(2) A candidate for a legislative office.

Sec. 3. As used in this chapter, "committee" refers to any of the
following:
(1) A candidate's committee.
(2) A committee organized by a legislative caucus of the house
of representatives of the general assembly.
(3) A committee organized by a legislative caucus of the senate
of the general assembly.

Sec. 4. As used in this chapter, "officer" refers only to either of
the following:
(1) An individual listed as an officer of a corporation in the
corporation's most recent annual report.
(2) An individual who is a successor to an individual described
in subdivision (1).

Sec. 5. For purposes of this chapter, a person is considered to
have an interest in a contractor if the person satisfies any of the
following:
(1) The person holds at least a one percent (1%) interest in the
contractor.
(2) The person is an officer of the contractor.
(3) The person is an officer of a person that holds at least a
one percent (1%) interest in the contractor.
(4) The person is a political action committee of the
contractor.

Sec. 6. A contractor is considered to have made a contribution
if a contribution is made by a person who has an interest in the
contractor.

Sec. 7. A contractor or a person who has an interest in a
contractor may not make a contribution to a candidate or a
committee during the following periods:
(1) The term during which the contractor is a party to a
contract entered into under this article.
(2) The three (3) years following the final expiration or
termination of the contract described in subdivision (1).

Sec. 8. A person who knowingly or intentionally violates this
chapter commits a Level 6 felony.

SECTION 6. IC 5-11-1-26, AS AMENDED BY P.L.172-2011, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 26. (a) If a state office, municipality, or other entity has authority to contract for the construction, reconstruction, alteration, repair, improvement, or maintenance of a public work, the state board of accounts shall include in each examination report concerning the state office, municipality, or entity

(1) an opinion concerning whether the state office, municipality, or entity has complied with IC 5-16-8.

(2) a brief description of each instance in which the state office, municipality, or entity has exercised its authority under IC 5-16-8-2(b) or IC 5-16-8-4.

(b) If a municipality or a county performs a public work by means of its own workforce under IC 36-1-12-3, the state board of accounts shall include the following in each examination report concerning the municipality or county:

(1) An opinion concerning whether the municipality or county has complied with IC 36-1-12-3 for each public work performed by the entity's own workforce.

(2) A brief description of each public work that the municipality or county has performed with its own workforce under IC 36-1-12-3, including a calculation of the actual cost of each public work under IC 36-1-12-3.

(3) An opinion concerning whether the municipality or county has complied with IC 36-1-12-19 in calculating the actual costs of a public work project performed under IC 36-1-12-3.

(c) If a state agency performs a public work by means of its own workforce under IC 4-13.6-5-4, the state board of accounts shall include the following in each examination report concerning the agency:

(1) An opinion concerning whether the agency has complied with IC 4-13.6-5-4 for each public work performed by the agency's own workforce.

(2) A brief description of each public work that the agency has performed with its own workforce under IC 4-13.6-5-4, including a calculation of the actual cost of each public work under IC 4-13.6-5-4.

(3) An opinion concerning whether the agency has complied with IC 4-13.6-5-4(c) in calculating the actual costs of a public work project performed under IC 4-13.6-5-4.

(d) If a state educational institution performs a public work by means of its own workforce under IC 5-16-1-1.5, the state board of accounts shall include the following in each examination report concerning the state educational institution:

(1) An opinion concerning whether the state educational
institution has complied with IC 5-16-1-1.5 for each public work performed by the state educational institution's own workforce.

(2) A brief description of each public work that the state educational institution has performed with its own workforce under IC 5-16-1-1.5, including a calculation of the actual cost of each public work under IC 5-16-1-1.5.

(3) An opinion concerning whether the state educational institution has complied with IC 5-16-1-1.5 in calculating the actual costs of a public work project performed under IC 5-16-1-1.5.

(e) The state board of accounts may exercise any of its powers under this chapter concerning public accounts to carry out this section, including the power to require a uniform system of accounting or the use of forms prescribed by the state board of accounts.

SECTION 7. IC 5-16-1-7.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 7.5. (a) As used in this section, "resident of Indiana" means a person who is at least eighteen (18) years of age and is one (1) of the following:

(1) A person who has registered a motor vehicle in Indiana.

(2) A person who is registered to vote in Indiana.

(3) A person who has a child enrolled in an elementary or a secondary school located in Indiana.

(4) A person who derives more than one-half (1/2) of the person's gross income (as defined in Section 61 of the Internal Revenue Code) from sources in Indiana, according to the provisions applicable to determining the source of adjusted gross income under IC 6-3-2-2. However, a person who would otherwise be considered a resident of Indiana under this subdivision is not a resident of Indiana if a preponderance of the evidence concerning the factors set forth in subdivisions (1) through (3) proves that the person is not a resident of Indiana.

(5) A person who:

(A) works from an office in Indiana;

(B) is on the payroll of a business located in Indiana;

(C) possesses a telephone with a telephone number that has an Indiana area code; or

(D) has a permanent place of doing business in Indiana; for at least thirteen (13) months before entering into a contract or subcontract under this chapter.

(b) A contract for a public works project under this chapter may not be awarded to a contractor that does not:

(1) employ residents of Indiana as at least ninety percent (90%) of the employees who will work on the contract; and

(2) enter into subcontracts only with subcontractors that
employ residents of Indiana as at least ninety percent (90%) of the employees who will work on the subcontract.

c) Before August 15, 2018, and before August 15 each year thereafter, any state agency entering into contracts under this chapter shall file with the legislative council a report stating:

(1) for each contractor awarded a contract under this chapter; and
(2) for each subcontractor with which a contractor referred to in subdivision (1) entered into a contract in connection with a contract awarded under this chapter;

the percentage of the employees of the contractor or subcontractor who work on the contract and are residents of Indiana. The report to the legislative council must be in an electronic format under IC 5-14-6.

d) A contract awarded under this chapter for a public works project is terminated if the state or a commission determines that the contractor has failed to:

(1) employ residents of Indiana as at least ninety percent (90%) of the employees who work on the contract; and
(2) enter into subcontracts only with subcontractors that employ residents of Indiana as at least ninety percent (90%) of the employees who work on the subcontract.

e) A contractor or subcontractor that fails to employ residents of Indiana as at least ninety percent (90%) of the employees who work on the contract or subcontract commits a Class B infraction for each nonresident of Indiana employed that exceeds the number of nonresident employees permitted by this section.

(f) If:

(1) a contract or subcontract subject to this section is funded in whole or in part with federal funds; and
(2) imposing the requirements of this section would cause the state to lose the federal funds for the contract, as determined by the federal agency providing the funds;

subsections (a) through (e) do not apply.

(g) If an agency of the federal government makes a determination under subsection (f) that causes a contract to be exempted from the requirements of subsections (a) through (e), this section is meant to express the view of the general assembly that expanding employment opportunities for Indiana residents remains a vital part of the state's economy.

(h) A contract exempted from the requirements of subsections (a) through (e) may not reference the employment of Indiana residents. The state or a commission may not consider the number of employment opportunities for Indiana residents when doing any of the following with respect to a project subject to a contract that is exempted from the requirements of subsections (a) through (e):

(1) Issuing a request for proposals.
(2) Issuing a bulletin inviting bids for the contract.
(3) Prequalifying a contractor for the contract.
(4) Evaluating a bid for the contract.

(i) This section does not apply to contracts entered into to
perform work:
(1) resulting from an emergency; or
(2) performed by an artisan or by someone in a specialty area
with limited persons able to perform the work.

SECTION 8. IC 5-16-1-10 IS ADDED TO THE INDIANA CODE
AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
1, 2017]: Sec. 10. (a) As used in this section, "Indiana business"
refers to any of the following:
(1) A business whose principal place of business is located in
Indiana.
(2) A business that pays a majority of its payroll (in dollar
volume) to residents of Indiana.
(3) A business that employs residents of Indiana as a majority
of its employees.
(4) A business that makes significant capital investments in
Indiana as determined by the Indiana department of
administration.
(5) A business that has a substantial positive economic impact
on Indiana as determined by the Indiana department of
administration.

(b) There is a ten percent (10%) price preference for an Indiana
business that:
(1) submits a bid for the performance of work on a public
works project; and
(2) claims the preference under subsection (e).

(c) Notwithstanding any statute that requires the award of a
contract to the lowest responsive and responsible bidder or the
lowest responsive and responsible quoter, but subject to subsection
(d), a contract shall be awarded to the lowest responsive and
responsible Indiana business that claims the preference provided
by this section.

(d) Notwithstanding subsection (c), a contract shall be awarded
to the lowest responsive and responsible bidder or quoter,
regardless of the preference provided in this section, if the lowest
responsive and responsible bidder or quoter is an Indiana business.

(e) To claim the preference provided under this section, a
business must do all the following:
(1) State in the business's bid that the business claims the
preference provided by this section.
(2) Provide the following information to the awarding officer,
commission, or agent and the department of administration:
(A) The location of the business's principal place of
business. If the business claims the preference as an
Indiana business described in subsection (a)(1), a statement explaining the reasons the business considers the location named as the business’s principal place of business.

(B) The amount of the business’s total payroll and the amount of the business's payroll paid to residents of Indiana.

(C) The number of the business’s employees and the number of the business's employees who are residents of Indiana.

(D) If the business claims the preference as an Indiana business described in subsection (a)(4), a description of the capital investments made in Indiana and a statement of the amount of those capital investments.

(E) If the business claims the preference as an Indiana business described in subsection (a)(5), a description of the substantial positive economic impact the business has on Indiana.

SECTION 9. IC 5-16-7.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

Chapter 7.3. Prevailing Wage Determinations for the Construction of Public Improvements

Sec. 1. It is the policy of the state to establish a prevailing wage for workers engaged in the construction of any public improvement in order to do the following:

(1) Safeguard worker efficiency and general well-being.

(2) Ensure that contractors compete on the ability to perform work competently and efficiently while maintaining community established compensation standards.

(3) Recognize that local participation in publicly financed construction and family wage income and benefits are essential to the protection of community standards.

(4) Encourage training and education of workers to industry skill standards.

(5) Encourage employers to use funds allocated for employee fringe benefits for the actual purchase of those benefits.

Sec. 2. As used in this chapter, "commissioner" means the commissioner of labor (appointed under IC 22-1-1-2) or the commissioner's authorized representative.

Sec. 3. As used in this chapter, "construction" means any construction, reconstruction, remodeling, renovation, demolition, alteration, repair, or maintenance work, including painting and decorating of a public improvement, done under a contract and paid for, in whole or in part, out of the funds of a public body.

Sec. 4. As used in this chapter, "fringe benefit" means one (1) of the following:

(1) The rate of contribution irrevocably made by a contractor
or subcontractor to a trustee or a third person under a plan, fund, or program.

(2) The rate of costs to a contractor or subcontractor that may be reasonably anticipated in providing benefits to workers under an enforceable written commitment to carry out a financially responsible plan or program, for any of the following:

(A) Medical or hospital care.
(B) Pensions upon a worker's retirement or death.
(C) Compensation for injuries or illnesses resulting from occupational activity, or insurance to provide compensation for the injuries or illnesses.
(D) Supplemental unemployment benefits.
(E) Life insurance.
(F) Disability and sickness insurance.
(G) Accident insurance.
(H) Vacation and holiday pay.
(I) Payment of the costs of apprenticeship or other similar training programs.
(J) Other bona fide worker benefits.

Sec. 5. As used in this chapter, "fund" refers to the prevailing wage penalty enforcement fund created by section 29 of this chapter.

Sec. 6. As used in this chapter, "interested party", for a particular public improvement, means any of the following:

(1) A person who submits a bid for the purpose of being awarded a contract for the construction of a public improvement.

(2) A person acting as a subcontractor of a person described in subdivision (1).

(3) A bona fide labor organization that:

   (A) represents workers engaged in the same trade or craft as workers employed by a person described in subdivision (1) or (2); and

   (B) exists, in whole or in part, for the purpose of negotiating with employers concerning the wages, hours, or terms and conditions of employment for workers.

(4) An association having as members a person described in subdivision (1) or (2).

Sec. 7. As used in this chapter, "locality" means a political subdivision of the state, a combination of the political subdivisions or parts of political subdivisions, or any geographical area or areas classified, designated, and fixed by the commissioner from time to time. In determining a "locality", the commissioner shall be guided by:

(1) the boundary lines of political subdivisions or parts of political subdivisions; and
a consideration of the geographic areas for which it has been the practice of employers of particular crafts or trades to engage in collective bargaining with the representatives of workers in those crafts or trades.

Sec. 8. As used in this chapter, "maintenance work" means the repair of an existing public improvement that does not result in a change or increase in the size, type, or extent of the public improvement.

Sec. 9. As used in this chapter, "political subdivision" has the meaning set forth in IC 36-1-2-13.

Sec. 10. As used in this chapter, "prevailing wage" means the hourly wage rate, including all fringe benefits, paid in a locality to the majority of workers employed on projects of a similar character in the same craft, classification, or type of worker, as determined by the commissioner.

Sec. 11. As used in this chapter, "public body" includes the following:

(1) The state.
(2) A political subdivision.
(3) An authority created by the general assembly.
(4) An instrumentality or agency of the state or a political subdivision.

Sec. 12. As used in this chapter, "public improvement" means any of the following:

(1) Construction of buildings, roads, streets, alleys, sewers, ditches, sewage disposal plants, water works, and all other structures or works for a public body.
(2) Construction performed within six (6) months after the completion of a newly constructed structure to prepare the structure for occupancy by a public body.
(3) Construction performed on any property or premises, whether or not the work is paid for from public funds, if, at the time of entering into the contract for the construction:
  (A) at least fifty-five percent (55%) of the property or premises is:
    (i) leased by a public body; or
    (ii) subject to an agreement to be leased by a public body; and
  (B) the portion of the property or premises that is leased or subject to an agreement to be leased by a public body measures more than twenty thousand (20,000) square feet.

Sec. 13. As used in this chapter, "worker" includes:

(1) laborers and mechanics employed by contractors and subcontractors engaged in construction on the site of a public improvement;
(2) laborers and mechanics employed by contractors and subcontractors engaged in construction at locations other
than the site of a public improvement that is necessary for the performance of a contract or subcontract for the construction of a public improvement;

(3) laborers and mechanics employed by contractors and subcontractors engaged in the transportation of materials and equipment to or from the site of a public improvement, but does not include the transportation of sellers, suppliers, manufacturers, or processors of materials or equipment by the workers of contractors and subcontractors; and

(4) other laborers and mechanics performing work in connection with the construction of a public improvement.

Sec. 14. Whenever the actual costs for the construction of a public improvement are at least one hundred fifty thousand dollars ($150,000), the contractor or subcontractor shall pay the workers employed in the performance of work for the construction of the public improvement a rate of wages that is not less than the prevailing wage determined by the commissioner under section 15 of this chapter.

Sec. 15. (a) The commissioner shall determine the prevailing wage for each craft, trade, or classification of worker needed to construct a public improvement.

(b) The prevailing wage for a public improvement shall be determined and computed in accordance with this chapter.

(c) Employer contributions for fringe benefits paid by contractors and subcontractors under a bona fide collective bargaining agreement to any craft or trade in a locality must be included in the prevailing wage determined under this chapter. However, if a contractor or subcontractor is required by federal, state, or local law to provide a fringe benefit listed in section 4(2) of this chapter, the benefit may not be considered in the prevailing wage determination.

(d) A prevailing wage determination is conclusive for a period of one (1) year from the date the determination is issued unless the determination is superseded within that year by a later determination.

(e) All prevailing wage determinations issued by the commissioner must be publicly available. In addition, the commissioner shall provide all prevailing wage determinations by United States mail or electronically to any of the following that file a written request to receive the determinations:

(1) A representative of any craft or trade.

(2) A contractor or subcontractor.

(3) A representative of any group of contractors or subcontractors.

Sec. 16. (a) If the commissioner determines that the prevailing wage for any craft, classification, or type of worker is the rate established by a collective bargaining agreement applicable in the
locality, the commissioner shall adopt by reference the rate established in the collective bargaining agreement and that determination shall be effective for the life of the agreement or until the commissioner determines that another rate should be adopted.

(b) If the commissioner determines that the collectively bargained wage rate for a craft, classification, or type of worker does not represent the rate actually prevailing in a locality, the commissioner shall conduct an independent wage survey. If a majority of the workers in the same trade or occupation are not paid at the same rate, the mode of the hourly wages, including all fringe benefits, paid in the locality to workers in the same craft, classification, or type of worker is the prevailing wage rate.

(c) If the wage rate paid by a contractor or subcontractor to workers on a public improvement is based on a time period other than an hour, the prevailing wage hourly rate is mathematically determined by dividing the number of hours worked in the time period into the total wages paid for the time period.

Sec. 17. (a) Whenever a contractor or subcontractor is required to pay the prevailing wage, the contract or subcontract for the construction of a public improvement must contain a provision stating that the contractor or subcontractor is required to pay to the workers employed in the performance of the contract or subcontract a rate of wages that is not less than the prevailing wage determined by the commissioner.

(b) A contract or subcontract described in subsection (a) must also contain a provision that, in the event it is determined that any worker employed by a contractor or a subcontractor covered by the contract has been paid a rate of wages less than the prevailing wage required by the contract, the public body may:

(1) terminate:
   (A) the contract; or
   (B) only the part of the contract as to which there has been a failure to pay the required wages; and

(2) continue the work covered by the termination described in subdivision (1)(A) or (1)(B) with the public body's own work force or another contractor or subcontractor.

(c) The original contractor or subcontractor and their sureties are liable to the public body for any excess costs occasioned by the contractor's or subcontractor's failure to pay the prevailing wage required by this chapter.

Sec. 18. (a) A public body shall notify the commissioner in writing, on a form prescribed by the commissioner, not later than thirty (30) days after the date the public body awards a contract subject to the provisions of this chapter.

(b) The notice described in subsection (a) must include a list of all tier 1 and tier 2 contractors (as defined by IC 5-16-13-4).
Sec. 19. (a) A contractor's or subcontractor's obligation to make payments in accordance with a prevailing wage determination may be discharged by:

(1) making wage payments to the workers employed by the contractor or subcontractor;
(2) paying for the workers' fringe benefits by making the contributions referred to in section 4(1) of this chapter;
(3) assuming an enforceable commitment to bear the costs of a fringe benefit plan or program referred to in section 4(2) of this chapter; or
(4) any combination of payments, contributions, or costs described in subdivision (1), (2), or (3), so long as the total of the payments, contributions, and costs is not less than the prevailing wage determined by the commissioner.

(b) Except as provided in subsection (c), in determining the overtime pay to which a worker is entitled under federal or state law, the worker's regular or basic hourly rate of pay (or an alternative rate upon which overtime compensation is computed) shall be deemed to be the wage rate determined by the commissioner under section 15 of this chapter.

(c) Whenever the amount of payments, contributions, or costs described in subsection (a) made by a contractor or subcontractor for a worker exceeds the prevailing wage applicable to the worker, the worker's regular or basic hourly rate of pay (or an alternative rate) is determined by deducting from the payments, contributions, or costs actually paid for the worker, the greater of:

(1) the fringe benefit contributions or costs described in section 4(1) and 4(2) of this chapter actually paid for the worker; or
(2) the fringe benefit contributions or costs described in section 4(1) and 4(2) of this chapter determined but not actually paid for the worker.

Sec. 20. (a) Subject to subsection (b), all contractors and subcontractors shall make full payment of the prevailing wage required by this chapter in a form required by IC 22-2-5-1(a), without any deduction for food, sleeping accommodations, transportation, use of small tools, or any other thing of any kind or description, except for deductions required by federal or state law.

(b) Subsection (a) does not apply if:

(1) the contractor or subcontractor and the worker enter into a written agreement at the beginning of any term of employment covering deductions for food, sleeping accommodations, or other similar items; and
(2) the agreement is:

(A) submitted by the contractor or subcontractor to the contracting public body; and
(B) approved by the contracting public body as fair and
reasonable.

Sec. 21. All contractors and subcontractors subject to this chapter shall do the following:

1. Post in a prominent and accessible place on the work site of the public improvement a legible statement of the schedule of wage rates specified in the contract for the various classifications of workers. The statement must remain posted on the work site until the completion of the public improvement.

2. Keep full and accurate payroll records for the wages paid to each worker, the worker's wage rate, and the number of hours each worker worked.

3. The payroll records described in subdivision (2) must be open to inspection by any authorized representative of the contracting public body, the commissioner, or the commissioner's authorized representative at reasonable times and as frequently as necessary.

4. A contractor or subcontractor shall retain the payroll records described in subdivision (2) in Indiana for one (1) year following the completion of the public improvement for which the records were created.

Sec. 22. (a) The commissioner is authorized to do the following:

1. Investigate and ascertain the wages of workers employed in the construction of public improvements in the state.

2. Enter and inspect the place of business or the work site of any contractor, subcontractor, or worker employed for the construction of a public improvement in the state, for the purpose of:

   A. examining any or all of the books, registers, payrolls, and other records of the contractor or subcontractor that relate to or have a bearing upon the wages, hours, and other terms and conditions of employment of the workers;

   B. copying any or all of the books, registers, payrolls, and other records of the contractor or subcontractor as the commissioner or the commissioner's authorized representative considers necessary or appropriate; or

   C. questioning the workers to determine whether the contractor or subcontractor has been and is complying with the provisions of this chapter.

3. Require from a contractor or subcontractor full and correct written statements, including sworn statements, concerning the contractor's or subcontractor's workers, including wages, hours, names, addresses, and any other information pertaining to the workers and their employment as the commissioner, the commissioner's authorized representative, considers necessary or appropriate.

4. Require a contractor or subcontractor to file, not later
than ten (10) days after receiving a request, any records
described in subdivision (2) or (3), with a sworn affirmation
of the completeness and accuracy of the records provided.

(5) If the contractor or subcontractor fails to provide the
requested records within the ten (10) day period, the
commissioner may, not later than fifteen (15) days after the
expiration of the ten (10) day period, direct the fiscal or
financial officer charged with the custody and disbursement
of the funds of the public body that contracted for the
construction of the public improvement to:

(A) immediately withhold from payment to the contractor
or subcontractor up to twenty-five percent (25%) of the
amount to be paid to the contractor or subcontractor
under the terms of the contract for the construction of the
public improvement; and
(B) pay directly to the workers employed by the contractor
or subcontractor from the amount withheld from the
contractor or subcontractor under clause (A) any wages
and fringe benefits found to be due and payable to the
workers.

(6) Amounts withheld under subdivision (5)(A) must be
released immediately upon the fiscal or financial officer's
receipt of a notice from the commissioner indicating that the
request for records has been satisfied.

(b) The commissioner shall distribute to all public bodies in the
state a list of the names of persons and firms the commissioner has
determined have not met their obligations to pay the prevailing
wage determined under this chapter. A public body may not award
a contract or subcontract for the construction of a public
improvement to a person or firm appearing on the list, or to any
firm, corporation, partnership, or association in which the person
or firm has an interest, for three (3) years after the date of the
publication of the list containing the name of the person or firm.

(c) The commissioner may, without the necessity of an
assignment, initiate legal proceedings against a contractor or
subcontractor to:

(1) enjoin future failures to pay the prevailing wage or
overtime pay required by this chapter; and
(2) require the payment of the prevailing wage or overtime
pay due workers.

The commissioner is entitled to recover, in addition to other costs,
reasonable attorney's fees.

Sec. 23. (a) Every contractor and subcontractor shall file a
certified written statement, in a form prescribed by the
commissioner, with the contracting public body certifying:

(1) the hourly rate of wages paid to each worker the
contractor or a subcontractor has employed in the
construction of the public improvement; and

(2) that no worker employed in construction of the public
improvement has been paid less than the greater of:

(A) the prevailing wage rate; or

(B) the minimum hourly wage rate specified in the
contract.

(b) The person filing a certified statement required under
subsection (a) shall verify under oath that:

(1) the contractor or subcontractor has read and knows the
contents of the statement; and

(2) to the contractor or subcontractor's knowledge, the
contents of the statement are true and complete.

(c) A certified statement filed as required under subsection (a)
must set out accurately and completely the payroll records
covering the period since the last statement was filed (as required
under subsection (e)), including the name and address of each
worker, the worker's correct classification, rate of pay, the daily
and weekly number of hours worked, deductions made, and actual
wages paid.

(d) The contractor or subcontractor shall deliver or mail each
certified statement required under subsection (a) to the contracting
public body.

(e) Certified statements must be filed as follows:

(1) For a project lasting not more than ninety (90) days from
the date of the award of the contract for the construction of a
public improvement to the date of the completion of the work
under the contract, a certified statement must be submitted
once before the first payment is made and once before the
final payment is made.

(2) For a project lasting more than ninety (90) days from the
date of the award of the contract for the construction of a
public improvement to the date of the completion of the work
under the contract, a certified statement must be submitted
once before the first payment is made, at intervals of not more
than ninety (90) days thereafter, and once before final
payment is made.

(f) Each contractor or subcontractor shall preserve the certified
statements filed under subsection (a) for a period of three (3) years
after the date of completion of the contract.

(g) Certified statements filed by a contractor or subcontractor
under this section are public records in accordance with IC 5-14-3.

Sec. 24. (a) A contractor or subcontractor that fails to pay
workers the prevailing wage required during the construction of
a public improvement in violation of section 14 of this chapter is
liable to the workers affected for the amount of the unpaid
prevailing wages, including all fringe benefits, plus an additional
amount equal to the unpaid wages as liquidated damages.
(b) A worker employed during the construction of a public improvement who is paid less than the applicable prevailing wage rate or any interested party may file a complaint in writing with the commissioner on a form prescribed by the commissioner.

(c) After an investigation of a complaint filed under subsection (b), the commissioner shall notify the person who filed the complaint of the results of the commissioner's investigation, including whether the commissioner has determined that there has been a violation of this chapter.

(d) Not less than sixty (60) days after the date the commissioner determines under subsection (c) that a violation of this chapter has occurred, and if:

(1) no worker or interested party has brought suit under section 26 of this chapter; and

(2) no worker has requested that the commissioner take an assignment of a wage claim under section 25 of this chapter; the commissioner shall bring a legal action to collect the amounts owed to the workers as the result of a contractor's or subcontractor's violation of this chapter. The commissioner shall pay to the affected workers the amounts collected to which the affected workers are entitled under subsection (a). In a legal action in which the commissioner prevails under this subsection, the contractor or subcontractor shall pay the costs of the suit plus reasonable attorney's fees as determined by the court.

Sec. 25. At the written request of a worker paid less than the prevailing wage rate required under this chapter, the commissioner shall take an assignment of a claim in trust for the worker and bring a legal action against the contractor or subcontractor that employed the worker, including the contractor's or subcontractor's surety, if necessary, to collect the unpaid wages. If the commissioner prevails in a legal action brought under this section, the contractor, subcontractor, or if applicable, the contractor's or subcontractor's surety, shall pay the costs of the suit and reasonable attorney's fees as determined by the court.

Sec. 26. A worker employed on any public improvement who is paid less than the prevailing wage rate required under this chapter or any interested party may file a legal action against a contractor or subcontractor that employed the worker, including the contractor's or subcontractor's surety, if necessary, to recover the unpaid wages. A suit under this section must be filed not later than sixty (60) days after the date the commissioner determines that there has been a violation of this chapter, or the worker or interested party is barred from taking action under this section. If the worker or interested party prevails in the legal action filed under this section, the contractor or subcontractor shall pay the costs of the suit and reasonable attorney's fees as determined by
the court.

Sec. 27. An action to enforce a contractor's or subcontractor's obligations to workers under section 24, 25, or 26 of this chapter may be brought as an action on the contractor's or subcontractor's bonds.

Sec. 28. A contractor or subcontractor that fails to pay the prevailing wage rate required by this chapter shall also pay as a civil penalty to the commissioner an amount equal to seventy-five percent (75%) of the difference between the prevailing wage rate determined under this chapter and the wages paid to the workers on the public improvement. The commissioner shall deposit all money received from civil penalties paid under this section to the prevailing wage penalty enforcement fund created by section 29 of this chapter.

Sec. 29. (a) The prevailing wage penalty enforcement fund is created for the purpose of paying the expenses incurred by the commissioner in the administration and enforcement of this chapter.

(b) The commissioner shall administer the fund.

(c) The fund consists of:

1. appropriations by the general assembly;
2. civil penalties assessed under section 28 of this chapter;
3. donations, gifts, and grants in money, property, or any other form made to the fund;
4. all earnings on investments or deposits of the fund; and
5. money received from any other source, including transfers from other funds or accounts.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for the purposes of this chapter.

Sec. 30. (a) This section does not apply to an agent or representative of a duly constituted labor organization acting to collect dues or assessments for the labor organization.

(b) This subsection applies to workers who are employed on a public improvement. A person, either on the person's own behalf or on behalf of another person, may not request or demand, with a statement, representation, or understanding that the worker's failure to comply with the person's request or demand will result in the worker not being employed or retained to work on the public improvement, either before or after a worker is hired, that the worker pay back, return, donate, contribute, or give all or any portion of the worker's wages, salary, or thing of value, to the person.

(c) A person may not directly or indirectly:
(1) request or authorize another person to violate subsection 
(b); or
(2) aid another person in violating subsection (b).

Sec. 31. For the purpose of supplementing existing resources 
and to assist in enforcing this chapter, the commissioner may 
contract with a certified public accountant certified under 
IC 25-2.1 to conduct an audit of a person, firm, corporation, or 
public authority.

Sec. 32. (a) A public body may not divide the construction of a 
public improvement into more than one (1) contract for the 
purpose of avoiding payment of the prevailing wage under this 
chapter.

(b) Whenever the commissioner determines that a public body 
has divided the construction of a public improvement for the 
purpose of avoiding payment of the prevailing wage under this 
chapter, the commissioner shall issue an order compelling 
compliance.

(c) In making a determination under subsection (b), the 
commissioner shall consider the following:

(1) The physical separation of the public improvement 
structures.
(2) The timing of the work on the phases or structures of the 
construction of the public improvement.
(3) The continuity of the contractors and subcontractors 
working on the parts or phases of the construction of the 
public improvement.
(4) The manner in which the public body and the contractors 
administer and implement the construction of the public 
improvement.

Sec. 33. (a) A public body that knowingly does any of the 
following is liable, either individually or jointly and severally with 
any contractor or subcontractor that also knowingly does any of 
the following:

(1) Fails to include in an advertisement for bids, a request for 
bids, the contract specifications, or elsewhere in the contract 
documents a provision required under section 17 of this 
chapter that the contractor and any subcontractor shall 
comply with section 14 of this chapter concerning the 
payment of prevailing wage.
(2) Fails to pay the prevailing wage determined under this 
chapter when required to do so.
(3) Divides the construction of a public improvement into 
more than one (1) contract for the purpose of avoiding 
payment of the prevailing wage under this chapter.

(b) The commissioner may enforce subsection (a) by a civil 
action under section 24 or 25 of this chapter.
AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 1.5. For purposes of this chapter, a product is considered to be "manufactured in the United States" if the following apply:

(1) In the case of an iron, steel, or foundry product, all manufacturing takes place in the United States. However, it is not necessary for metallurgical processes involving the refinement of steel additives to take place in the United States.

(2) In the case of a product other than a product described in subdivision (1), both of the following apply:

(A) All the manufacturing processes for the product take place in the United States.

(B) All the manufacturing processes for all components of the product take place in the United States, regardless of the origin of subcomponents of each product component.

SECTION 11. IC 5-16-8-2, AS AMENDED BY P.L.6-2007, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2. (a) Each public agency shall require that every contract for the construction, reconstruction, alteration, repair, improvement, or maintenance of public works contain a provision that, if any steel or products, foundry products, or other products are to be used or supplied in the performance of the contract or subcontract, only steel or products, foundry products, and other products made in the United States shall be used or supplied in the performance of the contract or any of the subcontracts, unless the head of the public agency determines, in writing, that the cost of steel or foundry products is considered to be unreasonable.

(b) The head of each public agency shall issue rules which provide that, for purposes of subsection (a), the bid or offered price of any steel or foundry products of domestic origin is not considered unreasonable if the price does not exceed the sum of:

(1) the bid or offered price of like steel or foundry products of foreign origin (including any applicable duty); plus

(2) a differential of fifteen percent (15%) of the bid or offered price of the steel or foundry products of foreign origin:

However, the fifteen percent (15%) differential provided by subdivision (2) may be increased to twenty-five percent (25%); if the head of the public agency determines that use of steel or foundry products of domestic origin would benefit the local or state economy through improved job security and employment opportunity. Whenever the head of a public agency determines that the differential should be increased above fifteen percent (15%) for a particular project, the head of the agency shall file a report with the governor and the legislative services agency detailing the reasons for such determination and the probable impact on the economy of the use of domestic steel or foundry castings in the project. A report filed under this subsection with the...
SECTION 12. IC 5-16-8-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3.5. A person may not be considered responsible for purposes of awarding a public works contract by a public agency if a court with jurisdiction or a federal or state agency determines that the person has intentionally done either of the following:

1. The person has affixed to a product:
   (A) to which this chapter applies;
   (B) that is sold in or shipped to the United States; and
   (C) that was not manufactured in the United States;
   a label bearing the words "Made in America" or any other words with the same meaning.

2. The person has represented that a product:
   (A) to which this chapter applies;
   (B) that is sold in or shipped to the United States; and
   (C) that was not manufactured in the United States;
   was manufactured in the United States.

SECTION 13. IC 5-16-8-4 IS REPEALED [EFFECTIVE JULY 1, 2017]. Sec. 4. This chapter does not apply if the head of the public agency determines, in writing, that steel or foundry products are not produced in the United States in sufficient quantities to meet the requirements of the contract.

SECTION 14. IC 5-16-15 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

Chapter 15. Prohibited Political Contributions
Sec. 1. The definitions in IC 3-5-2 apply to this chapter to the extent they do not conflict with the definitions in this article.

Sec. 2. As used in this chapter, "candidate" refers to any of the following:

1. A candidate for a state office.
2. A candidate for a legislative office.

Sec. 3. As used in this chapter, "committee" refers to any of the following:

1. A candidate's committee.
2. A committee organized by a legislative caucus of the house of representatives of the general assembly.
3. A committee organized by a legislative caucus of the senate of the general assembly.

Sec. 4. As used in this chapter, "officer" refers only to either of the following:

1. An individual listed as an officer of a corporation in the corporation's most recent annual report.
2. An individual who is a successor to an individual described
in subdivision (1).

Sec. 5. For purposes of this chapter, a person is considered to have an interest in a contractor if the person satisfies any of the following:

(1) The person holds at least a one percent (1%) interest in the contractor.
(2) The person is an officer of the contractor.
(3) The person is an officer of a person that holds at least a one percent (1%) interest in the contractor.
(4) The person is a political action committee of the contractor.

Sec. 6. A contractor is considered to have made a contribution if a contribution is made by a person who has an interest in the contractor.

Sec. 7. A contractor or a person who has an interest in a contractor may not make a contribution to a candidate or a committee during the following periods:

(1) The term during which the contractor is a party to a contract entered into under this article.
(2) The three (3) years following the final expiration or termination of the contract described in subdivision (1).

Sec. 8. A person who knowingly or intentionally violates this chapter commits a Level 6 felony.

SECTION 15. IC 5-22-15-7, AS AMENDED BY P.L.122-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

Sec. 7. (a) An offeror may claim one (1) of the following types of preference for which the offeror is eligible:

(1) An Indiana business preference under rules adopted under section 20 of this chapter or IC 4-13.6-6-2.5.
(2) A preference for supplies as provided by sections 16, 18, 19, and 24 of this chapter.
(3) An Indiana small business preference as provided by section 23 of this chapter.
(4) An Indiana farm product preference as provided by section 23.5 of this chapter.

(b) An offeror may not claim more than one (1) preference as provided by sections 16, 18, 19, and 24 of this chapter for a given supply item.

(c) This section does not:

(1) apply to; or
(2) limit;

action of the Indiana department of administration under rules adopted under section 24 of this chapter.

SECTION 16. IC 5-22-15-21 IS REPEALED [EFFECTIVE JULY 1, 2017]. Sec. 21. (a) This section does not apply to the state lottery commission created by IC 4-30-3-1.
(b) A governmental body shall adopt rules to promote the purchase of supplies manufactured in the United States.

(c) Rules adopted under subsection (b) shall provide that supplies manufactured in the United States shall be specified and purchased unless the governmental body determines that any of the following apply:

1. The supplies are not manufactured in the United States in reasonably available quantities.
2. The price of the supplies manufactured in the United States exceeds by an unreasonable amount the price of available and comparable supplies manufactured outside the United States.
3. The quality of the supplies is substantially less than the quality of comparably priced available supplies manufactured outside the United States.
4. The purchase of supplies manufactured in the United States is not in the public interest.

SECTION 17. IC 5-22-15.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

Chapter 15.5. Purchasing Supplies Manufactured in the United States

Sec. 1. As used in this chapter, "product" refers to a supply item.

Sec. 2. For purposes of this chapter, a product is considered to be "manufactured in the United States" if the following apply:

1. In the case of an iron, steel, or foundry product, all manufacturing takes place in the United States. However, it is not necessary for metallurgical processes involving the refinement of steel additives to take place in the United States.
2. In the case of a product other than a product described in subdivision (1), both of the following apply:
   A. All the manufacturing processes for the product take place in the United States.
   B. All the manufacturing processes for all components of the product take place in the United States, regardless of the origin of subcomponents of each product component.

Sec. 3. (a) A governmental body shall adopt rules to promote the purchase of products manufactured in the United States.

(b) Rules adopted under subsection (a) must provide that products manufactured in the United States shall be specified and purchased.

Sec. 4. A person may not be considered responsible for purposes of awarding a contract under this article if a court with jurisdiction or a federal or state agency determines that the person has intentionally done either of the following:

1. The person has affixed to a product:
(A) to which this chapter applies;
(B) that is sold in or shipped to the United States; and
(C) that was not manufactured in the United States;
a label bearing the words "Made in America" or any other
words with the same meaning.
(2) The person has represented that a product:
(A) to which this chapter applies;
(B) that is sold in or shipped to the United States; and
(C) that was not manufactured in the United States;
was manufactured in the United States.
SECTION 18. IC 6-2.5-10-1, AS AMENDED BY P.L.146-2016,
SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
JULY 1, 2017]: Sec. 1. (a) The department shall account for all state
gross retail and use taxes that it collects.
(b) Of all the state gross retail and use taxes that the department
collects, the department shall determine separately the parts that:
(1) the department collects under IC 6-2.5-3.5 (use tax on
gasoline);
(2) the department collects on special fuel (as defined in
IC 6-6-2.5-22); and
(2) (3) the department collects under this article, less the amount
amounts described in subdivision subdivisions (1) and (2).
(c) The department shall deposit the collections described in
subsection (b)(1) in the following manner:
(1) For state fiscal year 2017, the following:
(A) Fourteen and two hundred eighty-six thousandths percent
(14.286%) of the collections shall be deposited in the motor
vehicle highway account established under (IC 8-14-1).
(B) Eighty-five and seven hundred fourteen thousandths
percent (85.714%) to the state general fund.
(2) For state fiscal year 2018 and thereafter,
(A) Fourteen and two hundred eighty-six thousandths one
hundred percent (14.286%) (100%) of the collections shall
be deposited in the motor vehicle highway account established
under (IC 8-14-1).
(B) Fourteen and two hundred eighty-six thousandths percent
(14.286%) of the collections shall be deposited in the local
road and bridge matching grant fund established under
IC 8-23-30:
(C) Seventy-one and four hundred twenty-eight thousandths
percent (71.428%) to the state general fund.
(3) For state fiscal year 2019 and thereafter, the following:
(A) Fourteen and two hundred eighty-six thousandths percent
(14.286%) of the collections shall be deposited in the motor
vehicle highway account established under IC 8-14-1.
(B) Twenty-one and four hundred twenty-nine thousandths
percent (21.429%) of the collections shall be deposited in the
local road and bridge matching grant fund established under
IC 8-23-30:
(C) Sixty-four and two hundred eighty-five thousandths
percent (64.285%) to the state general fund.
(d) For state fiscal year 2018 and thereafter, the department
shall deposit one hundred percent (100%) of the collections
described in subsection (b)(2) in the motor vehicle highway account
(IC 8-14-1).
(d) (e) The department shall deposit those collections described in
subsection (b)(2) in the following manner:
(1) Ninety-nine and eight hundred thirty-eight thousandths
percent (99.838%) of the collections shall be paid into the state
general fund.
(2) Thirty-one thousandths of one percent (0.031%) of the
collections shall be deposited into the industrial rail service fund
established under IC 8-3-1.7-2.
(3) One hundred thirty-one thousandths of one percent (0.131%)
of the collections shall be deposited into the commuter rail service
fund established under IC 8-3-1.5-20.5.
SECTION 19. IC 6-3-2-1, AS AMENDED BY P.L.80-2014,
SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
JULY 1, 2017]: Sec. 1. (a) Each taxable year, a tax at the following rate
of adjusted gross income is imposed upon the adjusted gross income of
every resident person, and on that part of the adjusted gross income
derived from sources within Indiana of every nonresident person:
(1) For taxable years beginning before January 1, 2015, three and
four-tenths percent (3.4%).
(2) For taxable years beginning after December 31, 2014, and
before January 1, 2017, three and three-tenths percent (3.3%).
(3) For taxable years beginning after December 31, 2016, three
and twenty-three hundredths percent (3.23%).
(b) Except as provided in section 1.5 of this chapter, each taxable year,
a tax at the following rate of adjusted gross income is imposed on that
part of the adjusted gross income derived from sources within Indiana
of every corporation:
(1) Before July 1, 2012, eight and five-tenths percent (8.5%).
(2) After June 30, 2012, and before July 1, 2013, eight percent
(8.0%).
(3) After June 30, 2013, and before July 1, 2014, seven and
five-tenths percent (7.5%).
(4) After June 30, 2014, and before July 1, 2015, seven percent
(7.0%).
(5) After June 30, 2015, and before July 1, 2016, six and
five-tenths percent (6.5%).
(6) After June 30, 2016, and before July 1, 2017, six and
(7) After June 30, 2017, and before July 1, 2018; six percent (6.0%).
(8) After June 30, 2018; and before July 1, 2019; five and seventy-five hundredths percent (5.75%).
(9) After June 30, 2019; and before July 1, 2020; five and five-tenths percent (5.5%).
(10) After June 30, 2020; and before July 1, 2021; five and twenty-five hundredths percent (5.25%).
(11) After June 30, 2021; four and nine-tenths percent (4.9%).

(c) If for any taxable year a taxpayer is subject to different tax rates under subsection (b), the taxpayer's tax rate for that taxable year is the rate determined in the last STEP of the following STEPS:

STEP ONE: Multiply the number of months in the taxpayer's taxable year that precede the month the rate changed by the rate in effect before the rate change.

STEP TWO: Multiply the number of months in the taxpayer's taxable year that follow the month before the rate changed by the rate in effect after the rate change.

STEP THREE: Divide the sum of the amounts determined under STEPS ONE and TWO by twelve (12).

However, the rate determined under this subsection shall be rounded to the nearest one-hundredth of one percent (0.01%).

SECTION 20. IC 6-3-7-3, AS AMENDED BY P.L.146-2008, SECTION 323, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3. (a) All revenues derived from collection of the adjusted gross income tax imposed on corporations shall be deposited as follows:

(1) Before July 1, 2017, one hundred percent (100%) in the state general fund.
(2) After June 30, 2017, and before July 1, 2018:
   (A) four percent (4%) in the motor vehicle highway account; and
   (B) ninety-six percent (96%) in the state general fund.
(3) After June 30, 2018, and before July 1, 2019:
   (A) eight percent (8%) in the motor vehicle highway account; and
   (B) ninety-two percent (92%) in the state general fund.
(4) After June 30, 2019, and before July 1, 2020:
   (A) twelve percent (12%) in the motor vehicle highway account; and
   (B) eighty-eight percent (88%) in the state general fund.
(5) After June 30, 2020, and before July 1, 2021:
   (A) sixteen percent (16%) in the motor vehicle highway account; and
   (B) eighty-four percent (84%) in the state general fund.
(6) After June 30, 2021:
(A) twenty-one and six-tenths percent (21.6%) to the motor
vehicle highway account; and
(B) seventy-eight and four-tenths percent (78.4%) to the
state general fund.
(b) All revenues derived from collection of the adjusted gross income
tax imposed on persons shall be deposited in the state general fund.".
Page 4, delete lines 1 through 26.
Page 12, delete lines 12 through 42, begin a new paragraph and
insert:
"SECTION 33. IC 6-5.5-2-1, AS AMENDED BY P.L.80-2014,
SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
JULY 1, 2017]: Sec. 1. (a) There is imposed on each taxpayer a
franchise tax measured by the taxpayer's apportioned income for the
privilege of exercising its franchise or the corporate privilege of
transacting the business of a financial institution in Indiana. The
amount of the tax for a taxable year shall be determined by multiplying
the applicable rate under subsection (b) times the remainder of:
(1) the taxpayer's apportioned income; minus
(2) the taxpayer's deductible Indiana net operating losses as
determined under this section; minus
(3) the taxpayer's net capital losses minus the taxpayer's net
capital gains computed under the Internal Revenue Code for each
taxable year or part of a taxable year beginning after December
31, 1989, multiplied by the apportionment percentage applicable
to the taxpayer under this chapter for the taxable year of the loss.
A net capital loss for a taxable year is a net capital loss carryover to
each of the five (5) taxable years that follow the taxable year in which
the loss occurred.
(b) The following are the applicable tax rates to be used under
subsection (a):
(1) For taxable years beginning before January 1, 2014, eight and
five-tenths percent (8.5%).
(2) For taxable years beginning after December 31, 2013, and
before January 1, 2015, eight percent (8.0%).
(3) For taxable years beginning after December 31, 2014, and
before January 1, 2016, seven and five-tenths percent (7.5%).
(4) For taxable years beginning after December 31, 2015, and
before January 1, 2017, seven percent (7.0%).
(5) For taxable years beginning after December 31, 2016, and
before January 1, 2019, six and five-tenths percent (6.5%).
(6) For taxable years beginning after December 31, 2018, and
before January 1, 2020, six and twenty-five hundredths percent
(6.25%).
(7) For taxable years beginning after December 31, 2019, and
before January 1, 2021, six percent (6.0%).
(8) For taxable years beginning after December 31, 2020, and before January 1, 2022; five and five-tenths percent (5.5%).
(9) For taxable years beginning after December 31, 2021, and before January 1, 2023; five percent (5.0%).
(10) For taxable years beginning after December 31, 2022; four and nine-tenths percent (4.9%).
(c) The amount of net operating losses deductible under subsection (a) is an amount equal to the net operating losses computed under the Internal Revenue Code, adjusted for the items set forth in IC 6-5.5-1-2, that are:
(1) incurred in each taxable year, or part of a year, beginning after December 31, 1989; and
(2) attributable to Indiana.
(d) The following apply to determining the amount of net operating losses that may be deducted under subsection (a):
(1) The amount of net operating losses that is attributable to Indiana is the taxpayer’s total net operating losses under the Internal Revenue Code for the taxable year of the loss, adjusted for the items set forth in IC 6-5.5-1-2, multiplied by the apportionment percentage applicable to the taxpayer under this chapter for the taxable year of the loss.
(2) A net operating loss for any taxable year is a net operating loss carryover to each of the fifteen (15) taxable years that follow the taxable year in which the loss occurred.
(e) The following provisions apply to a combined return computing the tax on the basis of the income of the unitary group when the return is filed for more than one (1) taxpayer member of the unitary group for any taxable year:
(1) Any net capital loss or net operating loss attributable to Indiana in the combined return shall be prorated between each taxpayer member of the unitary group by the quotient of:
(A) the receipts of that taxpayer member attributable to Indiana under section 4 of this chapter; divided by
(B) the receipts of all taxpayer members of the unitary group attributable to Indiana.
(2) The net capital loss or net operating loss for that year, if any, to be carried forward to any subsequent year shall be limited to the capital gains or apportioned income for the subsequent year of that taxpayer, determined by the same receipts formula set out in subdivision (1).

SECTION 1. IC 6-5.5-8-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2.5. On or before December 1 and June 1 of each year the auditor of state shall transfer from the financial institutions tax fund to the motor vehicle highway account the following applicable percentages of the total financial institutions tax revenue collected
during the preceding state fiscal year:

1. (1) Before July 1, 2019, zero percent (0%).
2. (2) After June 30, 2019, and before July 1, 2020, four percent (4%).
3. (3) After June 30, 2020, and before July 1, 2021, eight percent (8%).
4. (4) After June 30, 2021, and before July 1, 2022, twelve percent (12%).
5. (5) After June 30, 2022, and before July 1, 2023, twenty-three percent (23.0%).
6. (6) After June 30, 2023, twenty-five percent (25%).

Delete pages 13 through 29.

Page 30, delete lines 1 through 38.

Page 32, after line 42, begin a new paragraph and insert:

"SECTION 37. IC 8-10-1-7.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 7.7. (a) As used in this section, "resident of Indiana" means a person who is at least eighteen (18) years of age and is one (1) of the following:

1. (1) A person who has registered a motor vehicle in Indiana.
2. (2) A person who is registered to vote in Indiana.
3. (3) A person who has a child enrolled in an elementary or a secondary school located in Indiana.
4. (4) A person who derives more than one-half (1/2) of the person's gross income (as defined in Section 61 of the Internal Revenue Code) from sources in Indiana, according to the provisions applicable to determining the source of adjusted gross income under IC 6-3-2-2. However, a person who would otherwise be considered a resident of Indiana under this subdivision is not a resident of Indiana if a preponderance of the evidence concerning the factors set forth in subdivisions (1) through (3) proves that the person is not a resident of Indiana.
5. (5) A person who:
   (A) works from an office in Indiana;
   (B) is on the payroll of a business located in Indiana;
   (C) possesses a telephone with a telephone number that has an Indiana area code; or
   (D) has a permanent place of doing business in Indiana; for at least thirteen (13) months before entering into a contract or subcontract under this chapter.

(b) A contract for a public works project under this chapter may not be awarded to a contractor that does not:

1. (1) employ residents of Indiana as at least ninety percent (90%) of the employees of the contractor who will work on the contract; and
2. (2) enter into subcontracts only with subcontractors that
employ residents of Indiana as at least ninety percent (90%) of the employees who will work on the subcontract.

(c) Before August 15, 2018, and before August 15 each year thereafter, the commission shall file with the legislative council a report stating:

(1) for each contractor awarded a contract under this chapter; and

(2) for each subcontractor with which a contractor referred to in subdivision (1) entered into a contract in connection with a contract awarded under this chapter;

the percentage of the employees of the contractor or subcontractor who work on the contract and are residents of Indiana. The report to the legislative council must be in an electronic format under IC 5-14-6.

(d) A contract awarded under this chapter for a public works project is terminated if the commission determines that the contractor has failed to:

(1) employ residents of Indiana as at least ninety percent (90%) of the employees who work on the contract; and

(2) enter into subcontracts only with subcontractors that employ residents of Indiana as at least ninety percent (90%) of the employees who work on the subcontract.

(e) A contractor or subcontractor that fails to employ residents of Indiana as at least ninety percent (90%) of the employees who work on the contract or subcontract commits a Class B infraction for each nonresident of Indiana employed that exceeds the number of nonresident employees permitted by this section.

(f) If:

(1) a contract or subcontract subject to this section is funded in whole or in part with federal funds; and

(2) imposing the requirements of this section would cause the state to lose the federal funds for the contract, as determined by the federal agency providing the funds;

subsections (a) through (e) do not apply.

(g) If an agency of the federal government makes a determination under subsection (f) that causes a contract to be exempted from the requirements of subsections (a) through (e), this section is meant to express the view of the general assembly that expanding employment opportunities for Indiana residents remains a vital part of the state's economy.

(h) A contract exempted from the requirements of subsections (a) through (e) may not reference the employment of Indiana residents. The commission may not consider the number of employment opportunities for Indiana residents when doing any of the following with respect to a contract subject to a contract that is exempted from the requirements of subsections (a) through (e):

(1) Issuing a request for proposals.
(2) Issuing a bulletin inviting bids for the contract.
(3) Prequalifying a contractor for the contract.
(4) Evaluating a bid for the contract.

(i) This section does not apply to contracts entered into to perform work:
(1) resulting from an emergency; or
(2) performed by an artisan or by someone in a specialty area with limited persons able to perform the work.

SECTION 38. IC 8-10-1-7.9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 7.9. (a) As used in this section, "Indiana business" refers to any of the following:

(1) A business whose principal place of business is located in Indiana.
(2) A business that pays a majority of its payroll (in dollar volume) to residents of Indiana.
(3) A business that employs residents of Indiana as a majority of its employees.
(4) A business that makes significant capital investments in Indiana as determined by the Indiana department of administration.
(5) A business that has a substantial positive economic impact on Indiana as determined by the Indiana department of administration.

(b) There is a ten percent (10%) price preference for an Indiana business that:

(1) submits a bid for the performance of work on a public works project; and
(2) claims the preference under subsection (e).

(c) Notwithstanding any statute that requires the award of a contract to the lowest responsive and responsible bidder or the lowest responsive and responsible quoter, but subject to subsection (d), a contract shall be awarded to the lowest responsive and responsible Indiana business that claims the preference provided by this section.

(d) Notwithstanding subsection (c), a contract shall be awarded to the lowest responsive and responsible bidder or quoter, regardless of the preference provided in this section, if the lowest responsive and responsible bidder or quoter is an Indiana business.

(e) To claim the preference provided under this section, a business must do all the following:

(1) State in the business's bid that the business claims the preference provided by this section.

(2) Provide the following information to the commission and the department of administration:

(A) The location of the business's principal place of business. If the business claims the preference as an
Indiana business described in subsection (a)(1), a statement explaining the reasons the business considers the location named as the business’s principal place of business.

(B) The amount of the business’s total payroll and the amount of the business's payroll paid to residents of Indiana.

(C) The number of the business's employees and the number of the business's employees who are residents of Indiana.

(D) If the business claims the preference as an Indiana business described in subsection (a)(4), a description of the capital investments made in Indiana and a statement of the amount of those capital investments.

(E) If the business claims the preference as an Indiana business described in subsection (a)(5), a description of the substantial positive economic impact the business has on Indiana.

SECTION 39. IC 8-10-10 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

Chapter 10. Prohibited Political Contributions
Sec. 1. The definitions in IC 3-5-2 apply to this chapter to the extent they do not conflict with the definitions in this article.

Sec. 2. As used in this chapter, "candidate" refers to any of the following:

(1) A candidate for a state office.

(2) A candidate for a legislative office.

Sec. 3. As used in this chapter, "committee" refers to any of the following:

(1) A candidate's committee.

(2) A committee organized by a legislative caucus of the house of representatives of the general assembly.

(3) A committee organized by a legislative caucus of the senate of the general assembly.

Sec. 4. As used in this chapter, "officer" refers only to either of the following:

(1) An individual listed as an officer of a corporation in the corporation's most recent annual report.

(2) An individual who is a successor to an individual described in subdivision (1).

Sec. 5. For purposes of this chapter, a person is considered to have an interest in a contractor if the person satisfies any of the following:

(1) The person holds at least a one percent (1%) interest in the contractor.

(2) The person is an officer of the contractor.

(3) The person is an officer of a person that holds at least a
one percent (1%) interest in the contractor.

(4) The person is a political action committee of the contractor.

Sec. 6. A contractor is considered to have made a contribution if a contribution is made by a person who has an interest in the contractor.

Sec. 7. A contractor or a person who has an interest in a contractor may not make a contribution to a candidate or a committee during the following periods:

(1) The term during which the contractor is a party to a contract entered into under this article.

(2) The three (3) years following the final expiration or termination of the contract described in subdivision (1).

Sec. 8. A person who knowingly or intentionally violates this chapter commits a Level 6 felony.

SECTION 1. IC 8-14-1-3, AS AMENDED BY P.L.2-2014, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3. The money collected for the motor vehicle highway account fund and remaining after refunds and the payment of all expenses incurred in the collection thereof, and after the deduction of the amount appropriated to the department for traffic safety, shall be allocated to and distributed among the department and subdivisions designated as follows:

(1) Of the net amount in the motor vehicle highway account the auditor of state shall set aside for the cities and towns of the state fifteen seventeen percent (15% (17%)) thereof. The sum shall first be allocated equally among the districts maintained by the department. This sum shall then be allocated to the cities and towns of the district upon the basis that the population of each city and town bears to the total population of all the cities and towns in the district and shall be used for the construction or reconstruction and maintenance of streets and alleys and shall be annually budgeted as now provided by law. However, no part of such sum shall be used for any other purpose than for the purposes defined in this chapter. If any funds allocated to any city or town shall be used by any officer or officers of such city or town for any purpose or purposes other than for the purposes as defined in this chapter, such officer or officers shall be liable upon their official bonds to such city or town in such amount so used for other purposes than for the purposes as defined in this chapter, together with the costs of said action and reasonable attorney fees, recoverable in an action or suit instituted in the name of the state of Indiana on the relation of any taxpayer or taxpayers resident of such city or town. A monthly distribution thereof of funds accumulated during the preceding month shall be made by the
(2) Of the net amount in the motor vehicle highway account, the auditor of state shall set aside for the counties of the state thirty-two thirty-six percent (32% (36%)) thereof. However, as to the allocation to cities and towns under subdivision (1) and as to the allocation to counties under this subdivision, in the event that the amount in the motor vehicle highway account fund remaining after refunds and after the payment of all expenses incurred in the collection thereof shall be less than twenty-two million six hundred and fifty thousand dollars ($22,650,000) in any fiscal year, then the amount so set aside in the next calendar year for distributions to counties shall be reduced fifty-four percent (54%) of such deficit and the amount so set aside for distribution in the next calendar year to cities and towns shall be reduced thirteen percent (13%) of such deficit. Such reduced distributions shall begin with the distribution January 1 of each year.

(3) The amount set aside for the counties of the state under the provisions of subdivision (2) shall be allocated monthly in equal amounts to each district maintained by the department. An amount allocated to a district shall be further allocated to each county in the district upon the following basis:

(A) Five percent (5%) of the amount allocated to the counties district to be divided equally among the ninety-two (92) counties in the district.

(B) Sixty-five percent (65%) of the amount allocated to the counties district to be divided among the counties in the district on the basis of the ratio of the actual miles, now traveled and in use, of county roads in each county to the total mileage of county roads in the state district, which shall be annually determined, accurately, by the department and submitted to the auditor of state before April 1 of each year.

(C) Thirty percent (30%) of the amount allocated to the counties district to be divided among the counties in the district on the basis of the ratio of the motor vehicle registrations of each county to the total motor vehicle registration of the state district.

All money so distributed to the several counties of the state shall constitute a special road fund for each of the respective counties and shall be under the exclusive supervision and direction of the board of county commissioners in the construction, reconstruction, maintenance, or repair of the county highways or bridges on such county highways within such county.

(4) Each month the remainder of the net amount in the motor vehicle highway account shall be credited to the state highway fund for the use of the department.
(5) Money in the fund may not be used for any toll road or toll bridge project.
(6) Notwithstanding any other provisions of this section, money in the motor vehicle highway account fund may be appropriated to the Indiana department of transportation from the forty-seven fifty-three percent (47%) (53%) distributed to the political subdivisions of the state to pay the costs incurred by the department in providing services to those subdivisions.
(7) Notwithstanding any other provisions of this section or of IC 8-14-8, for the purpose of maintaining a sufficient working balance in accounts established primarily to facilitate the matching of federal and local money for highway projects, money may be appropriated to the Indiana department of transportation as follows:
   (A) One-half (1/2) from the forty-seven fifty-three percent (47%) (53%) set aside under subdivisions (1) and (2) for counties and for those cities and towns with a population greater than five thousand (5,000).
   (B) One-half (1/2) from the distressed road fund under IC 8-14-8.

SECTION 2. IC 8-14-1-6.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 6.5. (a) The following definitions apply throughout this section:
   (1) "Minority business enterprise" has the meaning set forth in IC 4-13-16.5-1.
   (2) "Veteran business enterprise" means a business enterprise that has a current verification as a veteran owned small business concern under 38 CFR 74 et seq. by the Center of Veterans Enterprise of the United States Department of Veterans Affairs.
   (3) "Women's business enterprise" has the meaning set forth in IC 4-13-16.5-1.3.

(b) The department and each county, city, and town shall establish a program to facilitate participation by:
   (1) minority business enterprises;
   (2) veteran business enterprises; and
   (3) women's business enterprises;
   in any project that is paid for in whole or in part by money distributed from the motor vehicle highway account."

Page 33, between lines 24 and 25, begin a new paragraph and insert:
"SECTION 43. IC 8-14-15-8, AS AMENDED BY P.L.35-2012, SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 8. (a) The trustee shall:
   (1) administer and manage the trust;
   (2) establish a local revolving loan program for transportation..."
project as provided in section 8.5 of this chapter;
(2) (3) invest the money in the trust not needed for the revolving
loan program; and
(3) (4) deposit in the trust loan payments and any interest that
accrues from the investment of these funds.
(b) Notwithstanding IC 5-13, the trustee shall invest the money in
the trust not currently needed to meet the obligations of the trust in the
same manner as money is invested by the Indiana public retirement
system under IC 5-10.3-5. However, the trustee may not invest the
money in the trust in equity securities. The trustee shall also comply
with the prudent investor rule set forth in IC 30-4-3.5. The trustee may
contract with investment management professionals, investment
advisors, and legal counsel to assist in the investment of the trust and
may pay the state expenses incurred under those contracts from the
trust.
(c) IC 4-9.1-1-8 and IC 4-9.1-1-9 do not apply to a trust established
under this chapter.
(d) Money in the trust at the end of a state fiscal year does not revert
to the state general fund.
SECTION 44. IC 8-14-15-8.5 IS ADDED TO THE INDIANA
CODE AS A NEW SECTION TO READ AS FOLLOWS
[EFFECTIVE JULY 1, 2017]: Sec. 8.5. (a) The authority shall
establish a revolving loan program for counties, cities, and towns
to receive money to carry out transportation projects.
(b) The authority shall adopt uniform guidelines for the
revolving loan program. The guidelines must apply uniformly to all
loans and provide for at least the following:
(1) Application procedures.
(2) Transportation project standards for eligibility.
(3) The maximum amount of money for which any county,
city, or town transportation project is eligible.
(4) Whether local matching funds are required.
(5) Loan terms, including the interest rate charged on loans,
which may not exceed an annual rate of three percent (3%).
(6) Other provisions to administer the loan program.
(c) A county, city, or town may use money from a loan for
planning, designing, constructing, renovating, or improving a
transportation project and other activities necessary or convenient
to complete these tasks.".
Page 34, delete lines 30 through 42.
Page 35, delete lines 1 through 40.
Page 36, delete lines 3 through 42.
Page 37, delete lines 1 through 23.
Page 39, between lines 2 and 3, begin a new paragraph and insert:
"SECTION 48. IC 8-23-9-4.6 IS ADDED TO THE INDIANA
CODE AS A NEW SECTION TO READ AS FOLLOWS
Sec. 4.6. (a) As used in this section, "resident of Indiana" means a person who is at least eighteen (18) years of age and is one (1) of the following:

(1) A person who has registered a motor vehicle in Indiana.

(2) A person who is registered to vote in Indiana.

(3) A person who has a child enrolled in an elementary or a secondary school located in Indiana.

(4) A person who derives more than one-half (1/2) of the person's gross income (as defined in Section 61 of the Internal Revenue Code) from sources in Indiana, according to the provisions applicable to determining the source of adjusted gross income under IC 6-3-2-2. However, a person who would otherwise be considered a resident of Indiana under this subdivision is not a resident of Indiana if a preponderance of the evidence concerning the factors set forth in subdivisions (1) through (3) proves that the person is not a resident of Indiana.

(5) A person who:

(A) works from an office in Indiana;

(B) is on the payroll of a business located in Indiana;

(C) possesses a telephone with a telephone number that has an Indiana area code; or

(D) has a permanent place of doing business in Indiana; for at least thirteen (13) months before entering into a contract or subcontract under this chapter.

(b) A contract for a public works project under this chapter may not be awarded to a contractor that does not:

(1) employ residents of Indiana as at least ninety percent (90%) of the employees of the contractor who will work on the contract; and

(2) enter into subcontracts only with subcontractors that employ residents of Indiana as at least ninety percent (90%) of the employees who will work on the subcontract.

(c) Before August 15, 2018, and before August 15 each year thereafter, the department shall file with the legislative council a report stating:

(1) for each contractor awarded a contract under this chapter; and

(2) for each subcontractor with which a contractor referred to in subdivision (1) entered into a contract in connection with a contract awarded under this chapter; the percentage of the employees of the contractor or subcontractor who work on the contract and are residents of Indiana. The report to the legislative council must be in an electronic format under IC 5-14-6.

(d) A contract awarded under this chapter for a public works project is terminated if the department determines that the
contractor has failed to:
(1) employ residents of Indiana as at least ninety percent (90%) of the employees who work on the contract; and
(2) enter into subcontracts only with subcontractors that employ residents of Indiana as at least ninety percent (90%) of the employees who work on the subcontract.

(e) A contractor or subcontractor that fails to employ residents of Indiana as at least ninety percent (90%) of the employees who work on the contract or subcontract commits a Class B infraction for each nonresident of Indiana employed that exceeds the number of nonresident employees permitted by this section.

(f) If:
(1) a contract or subcontract subject to this section is funded in whole or in part with federal funds; and
(2) imposing the requirements of this section would cause the state to lose the federal funds for the contract, as determined by the federal agency providing the funds;

subsections (a) through (e) do not apply.

(g) If an agency of the federal government makes a determination under subsection (f) that causes a contract to be exempted from the requirements of subsections (a) through (e), this section is meant to express the view of the general assembly that expanding employment opportunities for Indiana residents remains a vital part of the state's economy.

(h) A contract exempted from the requirements of subsections (a) through (e) may not reference the employment of Indiana residents. The department may not consider the number of employment opportunities for Indiana residents when doing any of the following with respect to a project subject to a contract that is exempted from the requirements of subsections (a) through (e):
(1) Issuing a request for proposals.
(2) Issuing a bulletin inviting bids for the contract.
(3) Prequalifying a contractor for the contract.
(4) Evaluating a bid for the contract.

(i) This section does not apply to contracts entered into to perform work:
(1) resulting from an emergency; or
(2) performed by an artisan or by someone in a specialty area with limited persons able to perform the work.

SECTION 49. IC 8-23-9-23.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 23.5. (a) As used in this section, "Indiana business" refers to any of the following:
(1) A business whose principal place of business is located in Indiana.
(2) A business that pays a majority of its payroll (in dollar volume) to residents of Indiana.
(3) A business that employs residents of Indiana as a majority of its employees.

(4) A business that makes significant capital investments in Indiana as determined by the Indiana department of administration.

(5) A business that has a substantial positive economic impact on Indiana as determined by the Indiana department of administration.

(b) Except as prohibited by federal law, there is a ten percent (10%) price preference for an Indiana business that:

(1) submits a bid for the performance of work on a highway project; and

(2) claims the preference under subsection (e).

(c) Notwithstanding any statute that requires the award of a contract to the lowest responsive and responsible bidder or the lowest responsive and responsible quoter, but subject to subsection (d) and any federal statute or regulation to the contrary, a contract shall be awarded to the lowest responsive and responsible Indiana business that claims the preference provided by this section.

(d) Notwithstanding subsection (c), a contract shall be awarded to the lowest responsive and responsible bidder or quoter, regardless of the preference provided in this section, if the lowest responsive and responsible bidder or quoter is an Indiana business.

(e) To claim the preference provided under this section, a business must do all the following:

(1) State in the business's bid that the business claims the preference provided by this section.

(2) Provide the following information to the department and the Indiana department of administration:

(A) The location of the business's principal place of business. If the business claims the preference as an Indiana business described in subsection (a)(1), a statement explaining the reasons the business considers the location named as the business's principal place of business.

(B) The amount of the business's total payroll and the amount of the business's payroll paid to residents of Indiana.

(C) The number of the business's employees and the number of the business's employees who are residents of Indiana.

(D) If the business claims the preference as an Indiana business described in subsection (a)(4), a description of the capital investments made in Indiana and a statement of the amount of those capital investments.

(E) If the business claims the preference as an Indiana business described in subsection (a)(5), a description of the substantial positive economic impact the business has on
Indiana.

SECTION 50. IC 8-23-9-55 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 55. (a) Except as provided in subsection (b), money in the state highway fund shall be used for the following:

(1) Operation of the department.
(2) Construction, reconstruction, operation, maintenance, and control of the state highways that are the responsibility of the department and of tollways that are the responsibility of the department under IC 8-15-3.

(b) Money credited to the state highway fund from the motor vehicle highway fund under IC 8-14-1-3(4) after June 30, 2017, must be allocated equally among the districts maintained by the department. At least eighty percent (80%) of the money allocated to a district under this subsection must be used for the construction, reconstruction, operation, maintenance, and control of the state highways, bridges, and tollways under IC 8-15-3 that:

(1) are the responsibility of the department; and
(2) were in existence on July 1, 2017.

SECTION 51. IC 8-23-9-60 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 60. (a) The definitions in IC 3-5-2 apply to this section to the extent they do not conflict with the definitions in this chapter.

(b) The following definitions apply throughout this chapter:

(1) "Candidate" refers to any of the following:
   (A) A candidate for a state office.
   (B) A candidate for a legislative office.
(2) "Committee" refers to any of the following:
   (A) A candidate's committee.
   (B) A committee organized by a legislative caucus of the house of representatives of the general assembly.
   (C) A committee organized by a legislative caucus of the senate of the general assembly.
(3) "Officer" refers only to either of the following:
   (A) An individual listed as an officer of a corporation in the corporation's most recent annual report.
   (B) An individual who is a successor to an individual described in clause (A).
(c) For purposes of this section, a person is considered to have an interest in a contractor if the person satisfies any of the following:

(1) The person holds at least a one percent (1%) interest in the contractor.
(2) The person is an officer of the contractor.
(3) The person is an officer of a person that holds at least a
one percent (1%) interest in the contractor.

(4) The person is a political action committee of the contractor.

(d) A contractor is considered to have made a contribution if a contribution is made by a person who has an interest in the contractor.

(e) A contractor or a person who has an interest in a contractor may not make a contribution to a candidate or a committee during the following periods:

(1) The term during which the contractor is a party to a contract entered into under this article.

(2) The three (3) years following the final expiration or termination of the contract described in subdivision (1).

(f) A person who knowingly or intentionally violates this section commits a Level 6 felony.".

Page 43, delete lines 12 through 42.

Delete page 44.

Page 45, delete lines 1 through 2.

Page 45, delete lines 35 through 42, begin a new paragraph and insert:

"SECTION 55. IC 36-1-8-19 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 19. Notwithstanding any other law, if:

(1) a unit holds money that is designated for the construction or repair of roads or bridges, regardless of the account or fund in which the money is held;

(2) the money is not needed for the construction of a road or bridge for which the unit is responsible; and

(3) the money is not otherwise obligated;

the fiscal body of the unit may expend the money for any infrastructure need of the unit.

SECTION 56. IC 36-1-12-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5.5. (a) As used in this section, "resident of Indiana" means a person who is at least eighteen (18) years of age and is one (1) of the following:

(1) A person who has registered a motor vehicle in Indiana.

(2) A person who is registered to vote in Indiana.

(3) A person who has a child enrolled in an elementary or a secondary school located in Indiana.

(4) A person who derives more than one-half (1/2) of the person's gross income (as defined in Section 61 of the Internal Revenue Code) from sources in Indiana, according to the provisions applicable to determining the source of adjusted gross income under IC 6-3-2-2. However, a person who would otherwise be considered a resident of Indiana under this
subdivision is not a resident of Indiana if a preponderance of
the evidence concerning the factors set forth in subdivisions
(1) through (3) proves that the person is not a resident of
Indiana.

(5) A person who:
   (A) works from an office in Indiana;
   (B) is on the payroll of a business located in Indiana;
   (C) possesses a telephone with a telephone number that has
an Indiana area code; or
   (D) has a permanent place of doing business in Indiana;
for at least thirteen (13) months before entering into a
contract or subcontract under this chapter.

(b) A contract for a public works project under this chapter
may not be awarded to a contractor that does not:
   (1) employ residents of Indiana as at least ninety percent
(90%) of the employees of the contractor who will work on
the contract; and
   (2) enter into subcontracts only with subcontractors that
employ residents of Indiana as at least ninety percent (90%)
of the employees who will work on the subcontract.

(c) A contract awarded under this chapter for a public works
project is terminated if the unit determines that the contractor has
failed to:
   (1) employ residents of Indiana as at least ninety percent
(90%) of the employees who work on the contract; and
   (2) enter into subcontracts only with subcontractors that
employ residents of Indiana as at least ninety percent (90%)
of the employees who work on the subcontract.

(d) A contractor or subcontractor that fails to employ residents
of Indiana as at least ninety percent (90%) of the employees who
work on the contract or subcontract commits a Class B infraction
for each nonresident of Indiana employed that exceeds the number
of nonresident employees permitted by this section.

(e) If:
   (1) a contract or subcontract subject to this section is funded
in whole or in part with federal funds; and
   (2) imposing the requirements of this section would cause the
state to lose the federal funds for the contract, as determined
by the federal agency providing the funds;
subsections (a) through (d) do not apply.

(f) If an agency of the federal government makes a
determination under subsection (e) that causes a contract to be
exempted from the requirements of subsections (a) through (d),
this section is meant to express the view of the general assembly
that expanding employment opportunities for Indiana residents
remains a vital part of the state’s economy.

(g) A contract exempted from the requirements of subsections
(a) through (d) may not reference the employment of Indiana residents. A unit may not consider the number of employment opportunities for Indiana residents when doing any of the following with respect to a project subject to a contract that is exempted from the requirements of subsections (a) through (d):

1. Issuing a request for proposals.
2. Issuing a bulletin inviting bids for the contract.
3. Prequalifying a contractor for the contract.
4. Evaluating a bid for the contract.

(b) This section does not apply to contracts entered into to perform work:

1. resulting from an emergency; or
2. performed by an artisan or by someone in a specialty area with limited persons able to perform the work.

SECTION 57. IC 36-1-12-25 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 25. (a) The definitions in IC 3-5-2 apply to this section to the extent they do not conflict with the definitions in this chapter.

(b) The following definitions apply throughout this chapter:

1. "Candidate" refers to any of the following:
   (A) A candidate for a state office.
   (B) A candidate for a legislative office.

2. "Committee" refers to any of the following:
   (A) A candidate's committee.
   (B) A committee organized by a legislative caucus of the house of representatives of the general assembly.
   (C) A committee organized by a legislative caucus of the senate of the general assembly.

3. "Officer" refers only to either of the following:
   (A) An individual listed as an officer of a corporation in the corporation's most recent annual report.
   (B) An individual who is a successor to an individual described in clause (A).

(c) For purposes of this section, a person is considered to have an interest in a contractor if the person satisfies any of the following:

1. The person holds at least a one percent (1%) interest in the contractor.
2. The person is an officer of the contractor.
3. The person is an officer of a person that holds at least a one percent (1%) interest in the contractor.
4. The person is a political action committee of the contractor.

(d) A contractor is considered to have made a contribution if a contribution is made by a person who has an interest in the contractor.
(e) A contractor or a person who has an interest in a contractor may not make a contribution to a candidate or a committee during the following periods:

(1) The term during which the contractor is a party to a contract entered into under this article.

(2) The three (3) years following the final expiration or termination of the contract described in subdivision (1).

(f) A person who knowingly or intentionally violates this section commits a Level 6 felony.

SECTION 17. IC 36-9-42.2-6.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 6.5. Under the program, an eligible entity may not exchange more than ninety-five percent (95%) of the federal funds allocated to the eligible entity.

SECTION 18. IC 36-9-42.2-8, AS ADDED BY P.L.141-2013, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 8. An exchange agreement must provide the following:

(1) The eligible entity may exchange only federal funds for state funds.

(2) The eligible entity may use state funds only for a capital project that will fulfill the purpose of the original federal project award and that is approved by the department.

(3) If the eligible entity uses state funds to replace local funds in order to use the local funds for purposes unrelated to transportation, the eligible entity:

   (A) must repay the state funds to the department; and

   (B) may not participate in the program during the succeeding fiscal year.

(4) An exchange rate of not less than seventy-five cents ($0.75) one dollar ($1) of state funds for each one dollar ($1) of federal funds.

(5) The eligible entity agrees to provide local matching funds equal to not less than ten percent (10%) of the estimated project cost.

(6) The department will disburse the state funds to the eligible entity on a reimbursement basis.

Delete pages 46 through 49.

Page 50, delete lines 1 through 35, begin a new paragraph and insert:

"SECTION 62. [EFFECTIVE JULY 1, 2017] (a) There is appropriated to the Indiana department of transportation ten million dollars ($10,000,000) from the state general fund for the South Shore extension beginning July 1, 2018, and ending June 30, 2019.

(b) This SECTION expires January 1, 2020."
1 Renumber all SECTIONS consecutively.
(Reference is to HB 1002 as printed February 10, 2017.)

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Representative Forestal