



February 13, 2015

SENATE BILL No. 441

DIGEST OF SB 441 (Updated February 10, 2015 1:44 pm - DI 120)

Citations Affected: IC 6-1.1; IC 6-1.5; IC 6-2.5; IC 6-3; IC 6-3.1; IC 6-3.5; IC 6-5.5; IC 6-6; IC 6-8.1; IC 8-24; noncode.

Synopsis: Eliminates certain tax deductions and credits. Eliminates the World War I veteran property tax deduction for property taxes imposed for an assessment date after 2015. Eliminates the enterprise zone investment deduction for qualified investments made after May 1, 2016. Provides that the equipment eligible for the double direct sales tax exemption includes equipment purchased for the purpose of transporting materials into production activities from an onsite location. Specifies that the double direct sales tax exemption applies to agricultural machinery, tools, and equipment that is acquired for timber harvesting. Increases the maximum amount of the state income tax deduction for federal civil service annuity income to \$8,000 for 2015 and \$16,000 for 2016 and thereafter. Provides that the deduction is also available to a surviving spouse. Extends the sunset date of the venture capital investment tax credit and the Hoosier business investment tax credit from January 1, 2017, to January 1, 2021. Provides that upgrading or building passing lines or automated switches on a rail line is an eligible logistics investment for purposes of the Hoosier business investment tax credit. Eliminates various add backs for purposes of determining Indiana adjusted gross income. Provides that business income is all income apportionable to the state under the Constitution of the United States. Eliminates various income tax deductions and exemptions. Broadens the add back to Indiana adjusted gross income related to intercompany interest expenses. Eliminates various income tax credits. Provides for a tax amnesty program. Makes technical corrections and conforming amendments.

Effective: January 1, 2015 (retroactive); July 1, 2015; January 1, 2016; January 1, 2017.

Hershman, Broden

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

SB 441—LS 7062/DI 120



February 13, 2015

First Regular Session 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 441

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

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

1 SECTION 1. IC 6-1.1-12-17.4, AS AMENDED BY P.L.1-2009,
2 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2015]: Sec. 17.4. **(a) This section applies only to property
4 taxes imposed for an assessment date before January 1, 2016.**
5 ~~(a)~~ **(b)** Except as provided in section 40.5 of this chapter, a World
6 War I veteran who is a resident of Indiana is entitled to have the sum
7 of eighteen thousand seven hundred twenty dollars (\$18,720) deducted
8 from the assessed valuation of the real property (including a mobile
9 home that is assessed as real property), mobile home that is not
10 assessed as real property, or manufactured home that is not assessed as
11 real property the veteran owns or is buying under a contract that
12 requires the veteran to pay property taxes on the real property, if the
13 contract or a memorandum of the contract is recorded in the county
14 recorder's office, if:
15 (1) the real property, mobile home, or manufactured home is the
16 veteran's principal residence;

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1 (2) the assessed valuation of the real property, mobile home, or
 2 manufactured home does not exceed two hundred six thousand
 3 five hundred dollars (\$206,500);

4 (3) the veteran owns the real property, mobile home, or
 5 manufactured home for at least one (1) year before claiming the
 6 deduction; and

7 (4) the veteran:

8 (A) owns the real property, mobile home, or manufactured
 9 home; or

10 (B) is buying the real property, mobile home, or manufactured
 11 home under contract;

12 on the date the statement required by section 17.5 of this chapter
 13 is filed.

14 ~~(b)~~ (c) An individual may not be denied the deduction provided by
 15 this section because the individual is absent from the individual's
 16 principal residence while in a nursing home or hospital.

17 ~~(c)~~ (d) For purposes of this section, if real property, a mobile home,
 18 or a manufactured home is owned by a husband and wife as tenants by
 19 the entirety, only one (1) deduction may be allowed under this section.
 20 However, the deduction provided in this section applies if either spouse
 21 satisfies the requirements prescribed in subsection ~~(a)~~: (b).

22 ~~(d)~~ (e) An individual who has sold real property, a mobile home not
 23 assessed as real property, or a manufactured home not assessed as real
 24 property to another person under a contract that provides that the
 25 contract buyer is to pay the property taxes on the real property, mobile
 26 home, or manufactured home may not claim the deduction provided
 27 under this section with respect to that real property, mobile home, or
 28 manufactured home.

29 (f) **This section expires January 1, 2017.**

30 SECTION 2. IC 6-1.1-12-17.5, AS AMENDED BY P.L.183-2014,
 31 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2015]: Sec. 17.5. (a) Except as provided in section 17.8 of this
 33 chapter and subject to section 45 of this chapter, a veteran who desires
 34 to claim the deduction provided in section 17.4 of this chapter (**before
 35 its expiration**) must file a sworn statement, on forms prescribed by the
 36 department of local government finance, with the auditor of the county
 37 in which the real property, mobile home, or manufactured home is
 38 assessed. With respect to real property, the veteran must complete and
 39 date the statement in the calendar year for which the veteran wishes to
 40 obtain the deduction and file the statement with the county auditor on
 41 or before January 5 of the immediately succeeding calendar year. With
 42 respect to a mobile home that is not assessed as real property or a



1 manufactured home that is not assessed as real property, the statement
 2 must be filed during the twelve (12) months before March 31 of each
 3 year for which the individual wishes to obtain the deduction. The
 4 statement may be filed in person or by mail. If mailed, the mailing must
 5 be postmarked on or before the last day for filing.

6 (b) The statement required under this section shall be in affidavit
 7 form or require verification under penalties of perjury. The statement
 8 shall be filed in duplicate if the veteran has, or is buying under a
 9 contract, real property in more than one (1) county or in more than one
 10 (1) taxing district in the same county. The statement shall contain:

- 11 (1) a description and the assessed value of the real property,
 12 mobile home, or manufactured home;
- 13 (2) the veteran's full name and complete residence address;
- 14 (3) the record number and page where the contract or
 15 memorandum of the contract is recorded, if the individual is
 16 buying the real property, mobile home, or manufactured home on
 17 a contract that provides that the individual is to pay property taxes
 18 on the real property, mobile home, or manufactured home; and
- 19 (4) any additional information ~~which that~~ the department of local
 20 government finance may require.

21 SECTION 3. IC 6-1.1-12-17.8, AS AMENDED BY THE
 22 TECHNICAL CORRECTIONS BILL OF THE 2015 GENERAL
 23 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2015]: Sec. 17.8. (a) An individual who receives a deduction
 25 provided under section 1, 9, 11, 13, 14, 16, 17.4 (**before its**
 26 **expiration**), or 37 of this chapter in a particular year and who remains
 27 eligible for the deduction in the following year is not required to file a
 28 statement to apply for the deduction in the following year. However, for
 29 purposes of a deduction under section 37 of this chapter, the county
 30 auditor may, in the county auditor's discretion, terminate the deduction
 31 for assessment dates after January 15, 2012, if the individual does not
 32 comply with the requirement in IC 6-1.1-22-8.1(b)(9) (**expired**
 33 **January 1, 2015**), as determined by the county auditor, before January
 34 1, 2013. Before the county auditor terminates the deduction because
 35 the taxpayer claiming the deduction did not comply with the
 36 requirement in IC 6-1.1-22-8.1(b)(9) (**expired January 1, 2015**) before
 37 January 1, 2013, the county auditor shall mail notice of the proposed
 38 termination of the deduction to:

- 39 (1) the last known address of each person liable for any property
 40 taxes or special assessment, as shown on the tax duplicate or
 41 special assessment records; or
- 42 (2) the last known address of the most recent owner shown in the



1 transfer book.

2 (b) An individual who receives a deduction provided under section
 3 1, 9, 11, 13, 14, 16, or 17.4 (**before its expiration**) of this chapter in a
 4 particular year and who becomes ineligible for the deduction in the
 5 following year shall notify the auditor of the county in which the real
 6 property, mobile home, or manufactured home for which the individual
 7 claims the deduction is located of the individual's ineligibility in the
 8 year in which the individual becomes ineligible. An individual who
 9 becomes ineligible for a deduction under section 37 of this chapter
 10 shall notify the county auditor of the county in which the property is
 11 located in conformity with section 37 of this chapter.

12 (c) The auditor of each county shall, in a particular year, apply a
 13 deduction provided under section 1, 9, 11, 13, 14, 16, 17.4 (**before its**
 14 **expiration**), or 37 of this chapter to each individual who received the
 15 deduction in the preceding year unless the auditor determines that the
 16 individual is no longer eligible for the deduction.

17 (d) An individual who receives a deduction provided under section
 18 1, 9, 11, 13, 14, 16, 17.4 (**before its expiration**), or 37 of this chapter
 19 for property that is jointly held with another owner in a particular year
 20 and remains eligible for the deduction in the following year is not
 21 required to file a statement to reapply for the deduction following the
 22 removal of the joint owner if:

- 23 (1) the individual is the sole owner of the property following the
- 24 death of the individual's spouse;
- 25 (2) the individual is the sole owner of the property following the
- 26 death of a joint owner who was not the individual's spouse; or
- 27 (3) the individual is awarded sole ownership of the property in a
- 28 divorce decree.

29 However, for purposes of a deduction under section 37 of this chapter,
 30 if the removal of the joint owner occurs before the date that a notice
 31 described in IC 6-1.1-22-8.1(b)(9) (**expired January 1, 2015**) is sent,
 32 the county auditor may, in the county auditor's discretion, terminate the
 33 deduction for assessment dates after January 15, 2012, if the individual
 34 does not comply with the requirement in IC 6-1.1-22-8.1(b)(9)
 35 (**expired January 1, 2015**), as determined by the county auditor,
 36 before January 1, 2013. Before the county auditor terminates the
 37 deduction because the taxpayer claiming the deduction did not comply
 38 with the requirement in IC 6-1.1-22-8.1(b)(9) (**expired January 1,**
 39 **2015**) before January 1, 2013, the county auditor shall mail notice of
 40 the proposed termination of the deduction to the last known address of
 41 each person liable for any property taxes or special assessment, as
 42 shown on the tax duplicate or special assessment records or the last



1 known address of the most recent owner shown in the transfer book.

2 (e) A trust entitled to a deduction under section 9, 11, 13, 14, 16,
3 17.4 **(before its expiration)**, or 37 of this chapter for real property
4 owned by the trust and occupied by an individual in accordance with
5 section 17.9 of this chapter is not required to file a statement to apply
6 for the deduction, if:

7 (1) the individual who occupies the real property receives a
8 deduction provided under section 9, 11, 13, 14, 16, 17.4 **(before**
9 **its expiration)**, or 37 of this chapter in a particular year; and

10 (2) the trust remains eligible for the deduction in the following
11 year.

12 However, for purposes of a deduction under section 37 of this chapter,
13 the individuals that qualify the trust for a deduction must comply with
14 the requirement in IC 6-1.1-22-8.1(b)(9) **(expired January 1, 2015)**
15 before January 1, 2013.

16 (f) A cooperative housing corporation (as defined in 26 U.S.C. 216)
17 that is entitled to a deduction under section 37 of this chapter in the
18 immediately preceding calendar year for a homestead (as defined in
19 section 37 of this chapter) is not required to file a statement to apply for
20 the deduction for the current calendar year if the cooperative housing
21 corporation remains eligible for the deduction for the current calendar
22 year. However, the county auditor may, in the county auditor's
23 discretion, terminate the deduction for assessment dates after January
24 15, 2012, if the individual does not comply with the requirement in
25 IC 6-1.1-22-8.1(b)(9) **(expired January 1, 2015)**, as determined by the
26 county auditor, before January 1, 2013. Before the county auditor
27 terminates a deduction because the taxpayer claiming the deduction did
28 not comply with the requirement in IC 6-1.1-22-8.1(b)(9) **(expired**
29 **January 1, 2015)** before January 1, 2013, the county auditor shall mail
30 notice of the proposed termination of the deduction to:

31 (1) the last known address of each person liable for any property
32 taxes or special assessment, as shown on the tax duplicate or
33 special assessment records; or

34 (2) the last known address of the most recent owner shown in the
35 transfer book.

36 (g) An individual who:

37 (1) was eligible for a homestead credit under IC 6-1.1-20.9
38 (repealed) for property taxes imposed for the March 1, 2007, or
39 January 15, 2008, assessment date; or

40 (2) would have been eligible for a homestead credit under
41 IC 6-1.1-20.9 (repealed) for property taxes imposed for the March
42 1, 2008, or January 15, 2009, assessment date if IC 6-1.1-20.9 had



1 not been repealed;
 2 is not required to file a statement to apply for a deduction under section
 3 37 of this chapter if the individual remains eligible for the deduction in
 4 the current year. An individual who filed for a homestead credit under
 5 IC 6-1.1-20.9 (repealed) for an assessment date after March 1, 2007 (if
 6 the property is real property), or after January 1, 2008 (if the property
 7 is personal property), shall be treated as an individual who has filed for
 8 a deduction under section 37 of this chapter. However, the county
 9 auditor may, in the county auditor's discretion, terminate the deduction
 10 for assessment dates after January 15, 2012, if the individual does not
 11 comply with the requirement in IC 6-1.1-22-8.1(b)(9) (**expired**
 12 **January 1, 2015**), as determined by the county auditor, before January
 13 1, 2013. Before the county auditor terminates the deduction because
 14 the taxpayer claiming the deduction did not comply with the
 15 requirement in IC 6-1.1-22-8.1(b)(9) (**expired January 1, 2015**) before
 16 January 1, 2013, the county auditor shall mail notice of the proposed
 17 termination of the deduction to the last known address of each person
 18 liable for any property taxes or special assessment, as shown on the tax
 19 duplicate or special assessment records, or to the last known address of
 20 the most recent owner shown in the transfer book.

21 (h) If a county auditor terminates a deduction because the taxpayer
 22 claiming the deduction did not comply with the requirement in
 23 IC 6-1.1-22-8.1(b)(9) (**expired January 1, 2015**) before January 1,
 24 2013, the county auditor shall reinstate the deduction if the taxpayer
 25 provides proof that the taxpayer is eligible for the deduction and is not
 26 claiming the deduction for any other property.

27 (i) A taxpayer described in section 37(k) of this chapter is not
 28 required to file a statement to apply for the deduction provided by
 29 section 37 of this chapter for a calendar year beginning after December
 30 31, 2008, if the property owned by the taxpayer remains eligible for the
 31 deduction for that calendar year. However, the county auditor may
 32 terminate the deduction for assessment dates after January 15, 2012, if
 33 the individual residing on the property owned by the taxpayer does not
 34 comply with the requirement in IC 6-1.1-22-8.1(b)(9) (**expired**
 35 **January 1, 2015**), as determined by the county auditor, before January
 36 1, 2013. Before the county auditor terminates a deduction because the
 37 individual residing on the property did not comply with the
 38 requirement in IC 6-1.1-22-8.1(b)(9) (**expired January 1, 2015**) before
 39 January 1, 2013, the county auditor shall mail notice of the proposed
 40 termination of the deduction to:

41 (1) the last known address of each person liable for any property
 42 taxes or special assessment, as shown on the tax duplicate or



1 special assessment records; or
 2 (2) the last known address of the most recent owner shown in the
 3 transfer book.

4 SECTION 4. IC 6-1.1-12-17.9, AS AMENDED BY P.L.101-2008,
 5 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2015]: Sec. 17.9. A trust is entitled to a deduction under
 7 section 9, 11, 13, 14, 16, or 17.4 (**before its expiration**) of this chapter
 8 for real property owned by the trust and occupied by an individual if
 9 the county auditor determines that the individual:

10 (1) upon verification in the body of the deed or otherwise, has
 11 either:

12 (A) a beneficial interest in the trust; or

13 (B) the right to occupy the real property rent free under the
 14 terms of a qualified personal residence trust created by the
 15 individual under United States Treasury Regulation
 16 25.2702-5(c)(2);

17 (2) otherwise qualifies for the deduction; and

18 (3) would be considered the owner of the real property under
 19 IC 6-1.1-1-9(f) or IC 6-1.1-1-9(g).

20 SECTION 5. IC 6-1.1-12-43, AS AMENDED BY P.L.87-2009,
 21 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2015]: Sec. 43. (a) For purposes of this section:

23 (1) "benefit" refers to a deduction under section 1, 9, 11, 13, 14,
 24 16, 17.4 (**before its expiration**), 26, 29, 31, 33, 34, 37, or 37.5 of
 25 this chapter;

26 (2) "closing agent" means a person that closes a transaction;

27 (3) "customer" means an individual who obtains a loan in a
 28 transaction; and

29 (4) "transaction" means a single family residential:

30 (A) first lien purchase money mortgage transaction; or

31 (B) refinancing transaction.

32 (b) Before closing a transaction after December 31, 2004, a closing
 33 agent must provide to the customer the form referred to in subsection
 34 (c).

35 (c) Before June 1, 2004, the department of local government finance
 36 shall prescribe the form to be provided by closing agents to customers
 37 under subsection (b). The department shall make the form available to
 38 closing agents, county assessors, county auditors, and county treasurers
 39 in hard copy and electronic form. County assessors, county auditors,
 40 and county treasurers shall make the form available to the general
 41 public. The form must:

42 (1) on one (1) side:



- 1 (A) list each benefit;
 2 (B) list the eligibility criteria for each benefit; and
 3 (C) indicate that a new application for a deduction under
 4 section 1 of this chapter is required when residential real
 5 property is refinanced;
 6 (2) on the other side indicate:
 7 (A) each action by and each type of documentation from the
 8 customer required to file for each benefit; and
 9 (B) sufficient instructions and information to permit a party to
 10 terminate a standard deduction under section 37 of this chapter
 11 on any property on which the party or the spouse of the party
 12 will no longer be eligible for the standard deduction under
 13 section 37 of this chapter after the party or the party's spouse
 14 begins to reside at the property that is the subject of the
 15 closing, including an explanation of the tax consequences and
 16 applicable penalties, if a party unlawfully claims a standard
 17 deduction under section 37 of this chapter; and
 18 (3) be printed in one (1) of two (2) or more colors prescribed by
 19 the department of local government finance that distinguish the
 20 form from other documents typically used in a closing referred to
 21 in subsection (b).
 22 (d) A closing agent:
 23 (1) may reproduce the form referred to in subsection (c);
 24 (2) in reproducing the form, must use a print color prescribed by
 25 the department of local government finance; and
 26 (3) is not responsible for the content of the form referred to in
 27 subsection (c) and shall be held harmless by the department of
 28 local government finance from any liability for the content of the
 29 form.
 30 (e) This subsection applies to a transaction that is closed after
 31 December 31, 2009. In addition to providing the customer the form
 32 described in subsection (c) before closing the transaction, a closing
 33 agent shall do the following as soon as possible after the closing, and
 34 within the time prescribed by the department of insurance under
 35 IC 27-7-3-15.5:
 36 (1) To the extent determinable, input the information described in
 37 IC 27-7-3-15.5(c)(2) into the system maintained by the
 38 department of insurance under IC 27-7-3-15.5.
 39 (2) Submit the form described in IC 27-7-3-15.5(c) to the data
 40 base described in IC 27-7-3-15.5(c)(2)(D).
 41 (f) A closing agent to which this section applies shall document the
 42 closing agent's compliance with this section with respect to each



1 transaction in the form of verification of compliance signed by the
2 customer.

3 (g) Subject to IC 27-7-3-15.5(d), a closing agent is subject to a civil
4 penalty of twenty-five dollars (\$25) for each instance in which the
5 closing agent fails to comply with this section with respect to a
6 customer. The penalty:

7 (1) may be enforced by the state agency that has administrative
8 jurisdiction over the closing agent in the same manner that the
9 agency enforces the payment of fees or other penalties payable to
10 the agency; and

11 (2) shall be paid into:

12 (A) the state general fund, if the closing agent fails to comply
13 with subsection (b); or

14 (B) the home ownership education account established by
15 IC 5-20-1-27, if the closing agent fails to comply with
16 subsection (e) in a transaction that is closed after December
17 31, 2009.

18 (h) A closing agent is not liable for any other damages claimed by
19 a customer because of:

20 (1) the closing agent's mere failure to provide the appropriate
21 document to the customer under subsection (b); or

22 (2) with respect to a transaction that is closed after December 31,
23 2009, the closing agent's failure to input the information or submit
24 the form described in subsection (e).

25 (i) The state agency that has administrative jurisdiction over a
26 closing agent shall:

27 (1) examine the closing agent to determine compliance with this
28 section; and

29 (2) impose and collect penalties under subsection (g).

30 SECTION 6. IC 6-1.1-12-46, AS ADDED BY P.L.172-2011,
31 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
32 JULY 1, 2015]: Sec. 46. (a) This section applies to real property for an
33 assessment date in 2011 or a later year if:

34 (1) the real property is not exempt from property taxation for the
35 assessment date;

36 (2) title to the real property is transferred after the assessment date
37 and on or before the December 31 that next succeeds the
38 assessment date;

39 (3) the transferee of the real property applies for an exemption
40 under IC 6-1.1-11 for the next succeeding assessment date; and

41 (4) the county property tax assessment board of appeals
42 determines that the real property is exempt from property taxation



- 1 for that next succeeding assessment date.
- 2 (b) For the assessment date referred to in subsection (a)(1), real
3 property is eligible for any deductions for which the transferor under
4 subsection (a)(2) was eligible for that assessment date under the
5 following:
- 6 (1) IC 6-1.1-12-1.
 - 7 (2) IC 6-1.1-12-9.
 - 8 (3) IC 6-1.1-12-11.
 - 9 (4) IC 6-1.1-12-13.
 - 10 (5) IC 6-1.1-12-14.
 - 11 (6) IC 6-1.1-12-16.
 - 12 (7) IC 6-1.1-12-17.4 (**before its expiration**).
 - 13 (8) IC 6-1.1-12-18.
 - 14 (9) IC 6-1.1-12-22.
 - 15 (10) IC 6-1.1-12-37.
 - 16 (11) IC 6-1.1-12-37.5.
- 17 (c) For the payment date applicable to the assessment date referred
18 to in subsection (a)(1), real property is eligible for the credit for
19 excessive residential property taxes under IC 6-1.1-20.6 for which the
20 transferor under subsection (a)(2) would be eligible for that payment
21 date if the transfer had not occurred.
- 22 SECTION 7. IC 6-1.1-45-9, AS AMENDED BY P.L.146-2008,
23 SECTION 304, IS AMENDED TO READ AS FOLLOWS
24 [EFFECTIVE JULY 1, 2015]: Sec. 9. (a) Subject to subsection (c), a
25 taxpayer that makes a qualified investment **before March 2, 2016**, is
26 entitled to a deduction from the assessed value of the taxpayer's
27 enterprise zone property located at the enterprise zone location for
28 which the taxpayer made the qualified investment. The amount of the
29 deduction is equal to the remainder of:
- 30 (1) the total amount of the assessed value of the taxpayer's
31 enterprise zone property assessed at the enterprise zone location
32 on a particular assessment date (**excluding additional**
33 **investments made after March 1, 2016**); minus
 - 34 (2) the total amount of the base year assessed value for the
35 enterprise zone location.
- 36 (b) To receive the deduction allowed under subsection (a) for a
37 particular year, a taxpayer must comply with the conditions set forth in
38 this chapter.
- 39 (c) A taxpayer that makes a qualified investment **before March 2,**
40 **2016**, in an enterprise zone established under IC 5-28-15-11 that is
41 under the jurisdiction of a military base reuse authority board created
42 under IC 36-7-14.5 or IC 36-7-30-3 is entitled to a deduction under this



1 section only if the deduction is approved by the legislative body of the
2 unit that established the military base reuse authority board.

3 (d) Except as provided in subsection (c), a taxpayer that makes a
4 qualified investment **before March 2, 2016**, at an enterprise zone
5 location that is located within an allocation area, as defined by
6 IC 6-1.1-21.2-3, is entitled to a deduction under this section only if the
7 deduction is approved by the:

- 8 (1) fiscal body of the unit, in the case of an allocation area
9 established under IC 6-1.1-39;
- 10 (2) legislative body of the unit described in IC 8-22-3.5-1, in the
11 case of an allocation area located in an airport development zone;
- 12 (3) legislative body of the unit that established the department of
13 redevelopment, in the case of an allocation area established under
14 IC 36-7-14;
- 15 (4) legislative body of the unit that established the redevelopment
16 authority, in the case of an allocation area established under
17 IC 36-7-14.5;
- 18 (5) legislative body of the consolidated city or excluded city that
19 approved the establishment of the allocation area, in the case of
20 an allocation area established under IC 36-7-15.1; or
- 21 (6) legislative body of the unit that established the reuse authority,
22 in the case of an allocation area established under IC 36-7-30.

23 SECTION 8. IC 6-1.1-45-13 IS ADDED TO THE INDIANA CODE
24 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**
25 **1, 2015]: Sec. 13. This chapter expires January 1, 2028.**

26 SECTION 9. IC 6-1.5-5-1, AS AMENDED BY P.L.208-2005,
27 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
28 JULY 1, 2015]: Sec. 1. (a) The Indiana board shall conduct impartial
29 review of all appeals of final determinations of the department of local
30 government finance made under the following:

- 31 (1) IC 6-1.1-8.
- 32 (2) IC 6-1.1-14-11.
- 33 (3) IC 6-1.1-16.
- 34 (4) IC 6-1.1-26-2.
- 35 (5) IC 6-1.1-45-6 (**before its expiration**).

36 (b) Each notice of final determination issued by the department of
37 local government finance under a statute listed in subsection (a) must
38 give the taxpayer notice of:

- 39 (1) the opportunity for review under this section; and
- 40 (2) the procedures the taxpayer must follow in order to obtain
41 review under this section.

42 (c) Except as provided in subsection (e), in order to obtain a review



1 by the Indiana board under this section, the taxpayer must file a petition
 2 for review with the appropriate county assessor not later than forty-five
 3 (45) days after the notice of the department of local government
 4 finance's action is given to the taxpayer.

5 (d) The county assessor shall transmit a petition for review under
 6 subsection (c) to the Indiana board not later than ten (10) days after the
 7 petition is filed.

8 (e) In order to obtain a review by the Indiana board of an appeal of
 9 a final determination of the department of local government finance
 10 under IC 6-1.1-8-30, the public utility company must follow the
 11 procedures in IC 6-1.1-8-30.

12 SECTION 10. IC 6-2.5-5-2 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 2. (a)
 14 Transactions involving agricultural machinery, tools, and equipment
 15 are exempt from the state gross retail tax if the person acquiring that
 16 property acquires it for ~~his~~ **the person's** direct use in the direct
 17 production, extraction, harvesting, or processing of agricultural
 18 commodities **(including timber harvesting), and including**
 19 **equipment purchased for the purpose of transporting materials**
 20 **into such activities from an onsite location.**

21 (b) Transactions involving agricultural machinery or equipment are
 22 exempt from the state gross retail tax if:

23 (1) the person acquiring the property acquires it for use in
 24 conjunction with the production of food and food ingredients or
 25 commodities for sale;

26 (2) the person acquiring the property is occupationally engaged in
 27 the production of food or commodities which ~~he~~ **the person** sells
 28 for human or animal consumption or uses for further food and
 29 food ingredients or commodity production; and

30 (3) the machinery or equipment is designed for use in gathering,
 31 moving, or spreading animal waste.

32 SECTION 11. IC 6-2.5-5-3, AS AMENDED BY P.L.211-2007,
 33 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JANUARY 1, 2016]: Sec. 3. (a) For purposes of this section:

35 (1) the retreading of tires shall be treated as the processing of
 36 tangible personal property; and

37 (2) commercial printing shall be treated as the production and
 38 manufacture of tangible personal property.

39 (b) Except as provided in subsection (c), transactions involving
 40 manufacturing machinery, tools, and equipment are exempt from the
 41 state gross retail tax if the person acquiring that property acquires it for
 42 direct use in the direct production, manufacture, fabrication, assembly,



1 extraction, mining, processing, refining, or finishing of other tangible
 2 personal property, **including equipment purchased for the purpose**
 3 **of transporting materials into such activities from an onsite**
 4 **location.**

5 (c) The exemption provided in subsection (b) does not apply to
 6 transactions involving distribution equipment or transmission
 7 equipment acquired by a public utility engaged in generating
 8 electricity.

9 SECTION 12. IC 6-2.5-5-4 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 4. Transactions
 11 involving tangible personal property are exempt from the state gross
 12 retail tax if the person acquiring the property acquires it for ~~his~~ **the**
 13 **person's** direct use in the direct production of the machinery, tools, or
 14 equipment described in section 2 or 3 of this chapter, **including**
 15 **equipment purchased for the purpose of transporting materials**
 16 **into such activities from an onsite location.**

17 SECTION 13. IC 6-3-1-3.5, AS AMENDED BY P.L.205-2013,
 18 SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 JANUARY 1, 2016]: Sec. 3.5. When used in this article, the term
 20 "adjusted gross income" shall mean the following:

21 (a) In the case of all individuals, "adjusted gross income" (as
 22 defined in Section 62 of the Internal Revenue Code), modified as
 23 follows:

24 (1) Subtract income that is exempt from taxation under this article
 25 by the Constitution and statutes of the United States.

26 (2) Add an amount equal to any deduction or deductions allowed
 27 or allowable pursuant to Section 62 of the Internal Revenue Code
 28 for taxes based on or measured by income and levied at the state
 29 level by any state of the United States.

30 (3) Subtract one thousand dollars (\$1,000), or in the case of a
 31 joint return filed by a husband and wife, subtract for each spouse
 32 one thousand dollars (\$1,000).

33 (4) Subtract one thousand dollars (\$1,000) for:

34 (A) each of the exemptions provided by Section 151(c) of the
 35 Internal Revenue Code;

36 (B) each additional amount allowable under Section 63(f) of
 37 the Internal Revenue Code; and

38 (C) the spouse of the taxpayer if a separate return is made by
 39 the taxpayer and if the spouse, for the calendar year in which
 40 the taxable year of the taxpayer begins, has no gross income
 41 and is not the dependent of another taxpayer.

42 (5) Subtract:



- 1 (A) one thousand five hundred dollars (\$1,500) for each of the
 2 exemptions allowed under Section 151(c)(1)(B) of the Internal
 3 Revenue Code (as effective January 1, 2004); and
 4 (B) five hundred dollars (\$500) for each additional amount
 5 allowable under Section 63(f)(1) of the Internal Revenue Code
 6 if the adjusted gross income of the taxpayer, or the taxpayer
 7 and the taxpayer's spouse in the case of a joint return, is less
 8 than forty thousand dollars (\$40,000).
 9 This amount is in addition to the amount subtracted under
 10 subdivision (4).
 11 ~~(6)~~ Subtract an amount equal to the lesser of:
 12 (A) that part of the individual's adjusted gross income (as
 13 defined in Section 62 of the Internal Revenue Code) for that
 14 taxable year that is subject to a tax that is imposed by a
 15 political subdivision of another state and that is imposed on or
 16 measured by income; or
 17 (B) two thousand dollars (\$2,000).
 18 ~~(7)~~ Add an amount equal to the total capital gain portion of a
 19 lump sum distribution (as defined in Section 402(c)(4)(D) of the
 20 Internal Revenue Code) if the lump sum distribution is received
 21 by the individual during the taxable year and if the capital gain
 22 portion of the distribution is taxed in the manner provided in
 23 Section 402 of the Internal Revenue Code.
 24 ~~(8)~~ ~~(6)~~ Subtract any amounts included in federal adjusted gross
 25 income under Section 111 of the Internal Revenue Code as a
 26 recovery of items previously deducted as an itemized deduction
 27 from adjusted gross income.
 28 ~~(9)~~ ~~(7)~~ Subtract any amounts included in federal adjusted gross
 29 income under the Internal Revenue Code which amounts were
 30 received by the individual as supplemental railroad retirement
 31 annuities under 45 U.S.C. 231 and which are not deductible under
 32 subdivision (1).
 33 ~~(10)~~ ~~(8)~~ Subtract an amount equal to the amount of federal Social
 34 Security and Railroad Retirement benefits included in a taxpayer's
 35 federal gross income by Section 86 of the Internal Revenue Code.
 36 ~~(11)~~ ~~(9)~~ In the case of a nonresident taxpayer or a resident
 37 taxpayer residing in Indiana for a period of less than the taxpayer's
 38 entire taxable year, the total amount of the deductions allowed
 39 pursuant to subdivisions (3), (4), **and** (5) **and** ~~(6)~~ shall be reduced
 40 to an amount which bears the same ratio to the total as the
 41 taxpayer's income taxable in Indiana bears to the taxpayer's total
 42 income.



- 1 ~~(12)~~ **(10)** In the case of an individual who is a recipient of
 2 assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or
 3 IC 12-15-7, subtract an amount equal to that portion of the
 4 individual's adjusted gross income with respect to which the
 5 individual is not allowed under federal law to retain an amount to
 6 pay state and local income taxes.
- 7 ~~(13)~~ **(11)** In the case of an eligible individual, subtract the amount
 8 of a Holocaust victim's settlement payment included in the
 9 individual's federal adjusted gross income.
- 10 ~~(14)~~ **(12)** Subtract an amount equal to the portion of any
 11 premiums paid during the taxable year by the taxpayer for a
 12 qualified long term care policy (as defined in IC 12-15-39.6-5) for
 13 the taxpayer or the taxpayer's spouse, or both.
- 14 ~~(15)~~ **(13)** Subtract an amount equal to the lesser of:
 15 (A) two thousand five hundred dollars (\$2,500); or
 16 (B) the amount of property taxes that are paid during the
 17 taxable year in Indiana by the individual on the individual's
 18 principal place of residence.
- 19 ~~(16)~~ **(14)** Subtract an amount equal to the amount of a September
 20 11 terrorist attack settlement payment included in the individual's
 21 federal adjusted gross income.
- 22 ~~(17)~~ **(15)** Add or subtract the amount necessary to make the
 23 adjusted gross income of any taxpayer that owns property for
 24 which bonus depreciation was allowed in the current taxable year
 25 or in an earlier taxable year equal to the amount of adjusted gross
 26 income that would have been computed had an election not been
 27 made under Section 168(k) of the Internal Revenue Code to apply
 28 bonus depreciation to the property in the year that it was placed
 29 in service.
- 30 ~~(18)~~ **(16)** Add an amount equal to any deduction allowed under
 31 Section 172 of the Internal Revenue Code.
- 32 ~~(19)~~ **(17)** Add or subtract the amount necessary to make the
 33 adjusted gross income of any taxpayer that placed Section 179
 34 property (as defined in Section 179 of the Internal Revenue Code)
 35 in service in the current taxable year or in an earlier taxable year
 36 equal to the amount of adjusted gross income that would have
 37 been computed had an election for federal income tax purposes
 38 not been made for the year in which the property was placed in
 39 service to take deductions under Section 179 of the Internal
 40 Revenue Code in a total amount exceeding twenty-five thousand
 41 dollars (\$25,000).
- 42 ~~(20)~~ **(18)** Add an amount equal to the amount that a taxpayer



- 1 claimed as a deduction for domestic production activities for the
 2 taxable year under Section 199 of the Internal Revenue Code for
 3 federal income tax purposes.
- 4 ~~(21)~~ **(19)** Subtract an amount equal to the amount of the taxpayer's
 5 qualified military income that was not excluded from the
 6 taxpayer's gross income for federal income tax purposes under
 7 Section 112 of the Internal Revenue Code.
- 8 ~~(22)~~ **(20)** Subtract income that is:
- 9 (A) exempt from taxation under IC 6-3-2-21.7; and
 10 (B) included in the individual's federal adjusted gross income
 11 under the Internal Revenue Code.
- 12 ~~(23)~~ Subtract any amount of a credit (including an advance refund
 13 of the credit) that is provided to an individual under 26 U.S.C.
 14 6428 (federal Economic Stimulus Act of 2008) and included in
 15 the individual's federal adjusted gross income.
- 16 ~~(24)~~ Add any amount of unemployment compensation excluded
 17 from federal gross income, as defined in Section 61 of the Internal
 18 Revenue Code, under Section 85(c) of the Internal Revenue Code.
- 19 ~~(25)~~ Add the amount excluded from gross income under Section
 20 108(a)(1)(e) of the Internal Revenue Code for the discharge of
 21 debt on a qualified principal residence.
- 22 ~~(26)~~ **(21)** Add an amount equal to any income not included in
 23 gross income as a result of the deferral of income arising from
 24 business indebtedness discharged in connection with the
 25 reacquisition after December 31, 2008, and before January 1,
 26 2011, of an applicable debt instrument, as provided in Section
 27 108(i) of the Internal Revenue Code. Subtract the amount
 28 necessary from the adjusted gross income of any taxpayer that
 29 added an amount to adjusted gross income in a previous year to
 30 offset the amount included in federal gross income as a result of
 31 the deferral of income arising from business indebtedness
 32 discharged in connection with the reacquisition after December
 33 31, 2008, and before January 1, 2011, of an applicable debt
 34 instrument, as provided in Section 108(i) of the Internal Revenue
 35 Code.
- 36 ~~(27)~~ Add or subtract the amount necessary to make the adjusted
 37 gross income of any taxpayer that claimed the special allowance
 38 for qualified disaster assistance property under Section 168(n) of
 39 the Internal Revenue Code equal to the amount of adjusted gross
 40 income that would have been computed had the special allowance
 41 not been claimed for the property.
- 42 ~~(28)~~ Add or subtract the amount necessary to make the adjusted



1 gross income of any taxpayer that made an election under Section
 2 179C of the Internal Revenue Code to expense costs for qualified
 3 refinery property equal to the amount of adjusted gross income
 4 that would have been computed had an election for federal
 5 income tax purposes not been made for the year.

6 (29) Add or subtract the amount necessary to make the adjusted
 7 gross income of any taxpayer that made an election under Section
 8 181 of the Internal Revenue Code to expense costs for a qualified
 9 film or television production equal to the amount of adjusted
 10 gross income that would have been computed had an election for
 11 federal income tax purposes not been made for the year.

12 (30) Add or subtract the amount necessary to make the adjusted
 13 gross income of any taxpayer that treated a loss from the sale or
 14 exchange of preferred stock in:

15 (A) the Federal National Mortgage Association, established
 16 under the Federal National Mortgage Association Charter Act
 17 (12 U.S.C. 1716 et seq.); or

18 (B) the Federal Home Loan Mortgage Corporation, established
 19 under the Federal Home Loan Mortgage Corporation Act (12
 20 U.S.C. 1451 et seq.);

21 as an ordinary loss under Section 301 of the Emergency
 22 Economic Stabilization Act of 2008 in the current taxable year or
 23 in an earlier taxable year equal to the amount of adjusted gross
 24 income that would have been computed had the loss not been
 25 treated as an ordinary loss.

26 (31) (22) Add the amount excluded from federal gross income
 27 under Section 103 of the Internal Revenue Code for interest
 28 received on an obligation of a state other than Indiana, or a
 29 political subdivision of such a state, that is acquired by the
 30 taxpayer after December 31, 2011.

31 (32) This subdivision does not apply to payments made for
 32 services provided to a business that was enrolled and participated
 33 in the E-Verify program (as defined in IC 22-5-1.7-3) during the
 34 time the taxpayer conducted business in Indiana in the taxable
 35 year. For a taxable year beginning after June 30, 2011, add the
 36 amount of any trade or business deduction allowed under the
 37 Internal Revenue Code for wages, reimbursements, or other
 38 payments made for services provided in Indiana by an individual
 39 for services as an employee, if the individual was, during the
 40 period of service, prohibited from being hired as an employee
 41 under 8 U.S.C. 1324a.

42 (b) In the case of corporations, the same as "taxable income" (as



1 defined in Section 63 of the Internal Revenue Code) adjusted as
2 follows:

3 (1) Subtract income that is exempt from taxation under this article
4 by the Constitution and statutes of the United States.

5 (2) Add an amount equal to any deduction or deductions allowed
6 or allowable pursuant to Section 170 of the Internal Revenue
7 Code.

8 (3) Add an amount equal to any deduction or deductions allowed
9 or allowable pursuant to Section 63 of the Internal Revenue Code
10 for taxes based on or measured by income and levied at the state
11 level by any state of the United States.

12 (4) Subtract an amount equal to the amount included in the
13 corporation's taxable income under Section 78 of the Internal
14 Revenue Code.

15 (5) Add or subtract the amount necessary to make the adjusted
16 gross income of any taxpayer that owns property for which bonus
17 depreciation was allowed in the current taxable year or in an
18 earlier taxable year equal to the amount of adjusted gross income
19 that would have been computed had an election not been made
20 under Section 168(k) of the Internal Revenue Code to apply bonus
21 depreciation to the property in the year that it was placed in
22 service.

23 (6) Add an amount equal to any deduction allowed under Section
24 172 of the Internal Revenue Code.

25 (7) Add or subtract the amount necessary to make the adjusted
26 gross income of any taxpayer that placed Section 179 property (as
27 defined in Section 179 of the Internal Revenue Code) in service
28 in the current taxable year or in an earlier taxable year equal to
29 the amount of adjusted gross income that would have been
30 computed had an election for federal income tax purposes not
31 been made for the year in which the property was placed in
32 service to take deductions under Section 179 of the Internal
33 Revenue Code in a total amount exceeding twenty-five thousand
34 dollars (\$25,000).

35 (8) Add an amount equal to the amount that a taxpayer claimed as
36 a deduction for domestic production activities for the taxable year
37 under Section 199 of the Internal Revenue Code for federal
38 income tax purposes.

39 (9) Add to the extent required by IC 6-3-2-20 the amount of
40 intangible expenses (as defined in IC 6-3-2-20) and any directly
41 related intangible interest expenses (as defined in IC 6-3-2-20) for
42 the taxable year that reduced the corporation's taxable income (as



- 1 defined in Section 63 of the Internal Revenue Code) for federal
 2 income tax purposes.
- 3 (10) Add an amount equal to any deduction for dividends paid (as
 4 defined in Section 561 of the Internal Revenue Code) to
 5 shareholders of a captive real estate investment trust (as defined
 6 in section 34.5 of this chapter).
- 7 (11) Subtract income that is:
- 8 (A) exempt from taxation under IC 6-3-2-21.7; and
 9 (B) included in the corporation's taxable income under the
 10 Internal Revenue Code.
- 11 (12) Add an amount equal to any income not included in gross
 12 income as a result of the deferral of income arising from business
 13 indebtedness discharged in connection with the reacquisition after
 14 December 31, 2008, and before January 1, 2011, of an applicable
 15 debt instrument, as provided in Section 108(i) of the Internal
 16 Revenue Code. Subtract from the adjusted gross income of any
 17 taxpayer that added an amount to adjusted gross income in a
 18 previous year the amount necessary to offset the amount included
 19 in federal gross income as a result of the deferral of income
 20 arising from business indebtedness discharged in connection with
 21 the reacquisition after December 31, 2008, and before January 1,
 22 2011, of an applicable debt instrument, as provided in Section
 23 108(i) of the Internal Revenue Code.
- 24 (13) Add or subtract the amount necessary to make the adjusted
 25 gross income of any taxpayer that claimed the special allowance
 26 for qualified disaster assistance property under Section 168(n) of
 27 the Internal Revenue Code equal to the amount of adjusted gross
 28 income that would have been computed had the special allowance
 29 not been claimed for the property.
- 30 (14) Add or subtract the amount necessary to make the adjusted
 31 gross income of any taxpayer that made an election under Section
 32 179C of the Internal Revenue Code to expense costs for qualified
 33 refinery property equal to the amount of adjusted gross income
 34 that would have been computed had an election for federal
 35 income tax purposes not been made for the year.
- 36 (15) Add or subtract the amount necessary to make the adjusted
 37 gross income of any taxpayer that made an election under Section
 38 181 of the Internal Revenue Code to expense costs for a qualified
 39 film or television production equal to the amount of adjusted
 40 gross income that would have been computed had an election for
 41 federal income tax purposes not been made for the year.
- 42 (16) Add or subtract the amount necessary to make the adjusted



1 gross income of any taxpayer that treated a loss from the sale or
2 exchange of preferred stock in:

3 (A) the Federal National Mortgage Association, established
4 under the Federal National Mortgage Association Charter Act
5 (12 U.S.C. 1716 et seq.); or

6 (B) the Federal Home Loan Mortgage Corporation, established
7 under the Federal Home Loan Mortgage Corporation Act (12
8 U.S.C. 1451 et seq.);

9 as an ordinary loss under Section 301 of the Emergency
10 Economic Stabilization Act of 2008 in the current taxable year or
11 in an earlier taxable year equal to the amount of adjusted gross
12 income that would have been computed had the loss not been
13 treated as an ordinary loss.

14 (17) This subdivision does not apply to payments made for
15 services provided to a business that was enrolled and participated
16 in the E-Verify program (as defined in IC 22-5-1.7-3) during the
17 time the taxpayer conducted business in Indiana in the taxable
18 year. For a taxable year beginning after June 30, 2011, add the
19 amount of any trade or business deduction allowed under the
20 Internal Revenue Code for wages, reimbursements, or other
21 payments made for services provided in Indiana by an individual
22 for services as an employee, if the individual was, during the
23 period of service, prohibited from being hired as an employee
24 under 8 U.S.C. 1324a.

25 (18) (13) Add the amount excluded from federal gross income
26 under Section 103 of the Internal Revenue Code for interest
27 received on an obligation of a state other than Indiana, or a
28 political subdivision of such a state, that is acquired by the
29 taxpayer after December 31, 2011.

30 (c) In the case of life insurance companies (as defined in Section
31 816(a) of the Internal Revenue Code) that are organized under Indiana
32 law, the same as "life insurance company taxable income" (as defined
33 in Section 801 of the Internal Revenue Code), adjusted as follows:

34 (1) Subtract income that is exempt from taxation under this article
35 by the Constitution and statutes of the United States.

36 (2) Add an amount equal to any deduction allowed or allowable
37 under Section 170 of the Internal Revenue Code.

38 (3) Add an amount equal to a deduction allowed or allowable
39 under Section 805 or Section 831(c) of the Internal Revenue Code
40 for taxes based on or measured by income and levied at the state
41 level by any state.

42 (4) Subtract an amount equal to the amount included in the



- 1 company's taxable income under Section 78 of the Internal
2 Revenue Code.
- 3 (5) Add or subtract the amount necessary to make the adjusted
4 gross income of any taxpayer that owns property for which bonus
5 depreciation was allowed in the current taxable year or in an
6 earlier taxable year equal to the amount of adjusted gross income
7 that would have been computed had an election not been made
8 under Section 168(k) of the Internal Revenue Code to apply bonus
9 depreciation to the property in the year that it was placed in
10 service.
- 11 (6) Add an amount equal to any deduction allowed under Section
12 172 or Section 810 of the Internal Revenue Code.
- 13 (7) Add or subtract the amount necessary to make the adjusted
14 gross income of any taxpayer that placed Section 179 property (as
15 defined in Section 179 of the Internal Revenue Code) in service
16 in the current taxable year or in an earlier taxable year equal to
17 the amount of adjusted gross income that would have been
18 computed had an election for federal income tax purposes not
19 been made for the year in which the property was placed in
20 service to take deductions under Section 179 of the Internal
21 Revenue Code in a total amount exceeding twenty-five thousand
22 dollars (\$25,000).
- 23 (8) Add an amount equal to the amount that a taxpayer claimed as
24 a deduction for domestic production activities for the taxable year
25 under Section 199 of the Internal Revenue Code for federal
26 income tax purposes.
- 27 (9) Subtract income that is:
- 28 (A) exempt from taxation under IC 6-3-2-21.7; and
29 (B) included in the insurance company's taxable income under
30 the Internal Revenue Code.
- 31 (10) Add an amount equal to any income not included in gross
32 income as a result of the deferral of income arising from business
33 indebtedness discharged in connection with the reacquisition after
34 December 31, 2008, and before January 1, 2011, of an applicable
35 debt instrument, as provided in Section 108(i) of the Internal
36 Revenue Code. Subtract from the adjusted gross income of any
37 taxpayer that added an amount to adjusted gross income in a
38 previous year the amount necessary to offset the amount included
39 in federal gross income as a result of the deferral of income
40 arising from business indebtedness discharged in connection with
41 the reacquisition after December 31, 2008, and before January 1,
42 2011, of an applicable debt instrument, as provided in Section



- 1 108(i) of the Internal Revenue Code.
- 2 (11) Add or subtract the amount necessary to make the adjusted
- 3 gross income of any taxpayer that claimed the special allowance
- 4 for qualified disaster assistance property under Section 168(n) of
- 5 the Internal Revenue Code equal to the amount of adjusted gross
- 6 income that would have been computed had the special allowance
- 7 not been claimed for the property.
- 8 (12) Add or subtract the amount necessary to make the adjusted
- 9 gross income of any taxpayer that made an election under Section
- 10 179C of the Internal Revenue Code to expense costs for qualified
- 11 refinery property equal to the amount of adjusted gross income
- 12 that would have been computed had an election for federal
- 13 income tax purposes not been made for the year.
- 14 (13) Add or subtract the amount necessary to make the adjusted
- 15 gross income of any taxpayer that made an election under Section
- 16 181 of the Internal Revenue Code to expense costs for a qualified
- 17 film or television production equal to the amount of adjusted
- 18 gross income that would have been computed had an election for
- 19 federal income tax purposes not been made for the year.
- 20 (14) Add or subtract the amount necessary to make the adjusted
- 21 gross income of any taxpayer that treated a loss from the sale or
- 22 exchange of preferred stock in:
- 23 (A) the Federal National Mortgage Association, established
- 24 under the Federal National Mortgage Association Charter Act
- 25 (12 U.S.C. 1716 et seq.); or
- 26 (B) the Federal Home Loan Mortgage Corporation, established
- 27 under the Federal Home Loan Mortgage Corporation Act (12
- 28 U.S.C. 1451 et seq.);
- 29 as an ordinary loss under Section 301 of the Emergency
- 30 Economic Stabilization Act of 2008 in the current taxable year or
- 31 in an earlier taxable year equal to the amount of adjusted gross
- 32 income that would have been computed had the loss not been
- 33 treated as an ordinary loss.
- 34 (15) (11) Add an amount equal to any exempt insurance income
- 35 under Section 953(e) of the Internal Revenue Code that is active
- 36 financing income under Subpart F of Subtitle A, Chapter 1,
- 37 Subchapter N of the Internal Revenue Code.
- 38 (16) This subdivision does not apply to payments made for
- 39 services provided to a business that was enrolled and participated
- 40 in the E-Verify program (as defined in IC 22-5-1.7-3) during the
- 41 time the taxpayer conducted business in Indiana in the taxable
- 42 year. For a taxable year beginning after June 30, 2011, add the



1 amount of any trade or business deduction allowed under the
 2 Internal Revenue Code for wages, reimbursements, or other
 3 payments made for services provided in Indiana by an individual
 4 for services as an employee, if the individual was, during the
 5 period of service, prohibited from being hired as an employee
 6 under 8 U.S.C. 1324a.

7 ~~(17)~~ **(12)** Add the amount excluded from federal gross income
 8 under Section 103 of the Internal Revenue Code for interest
 9 received on an obligation of a state other than Indiana, or a
 10 political subdivision of such a state, that is acquired by the
 11 taxpayer after December 31, 2011.

12 (d) In the case of insurance companies subject to tax under Section
 13 831 of the Internal Revenue Code and organized under Indiana law, the
 14 same as "taxable income" (as defined in Section 832 of the Internal
 15 Revenue Code), adjusted as follows:

16 (1) Subtract income that is exempt from taxation under this article
 17 by the Constitution and statutes of the United States.

18 (2) Add an amount equal to any deduction allowed or allowable
 19 under Section 170 of the Internal Revenue Code.

20 (3) Add an amount equal to a deduction allowed or allowable
 21 under Section 805 or Section 831(c) of the Internal Revenue Code
 22 for taxes based on or measured by income and levied at the state
 23 level by any state.

24 (4) Subtract an amount equal to the amount included in the
 25 company's taxable income under Section 78 of the Internal
 26 Revenue Code.

27 (5) Add or subtract the amount necessary to make the adjusted
 28 gross income of any taxpayer that owns property for which bonus
 29 depreciation was allowed in the current taxable year or in an
 30 earlier taxable year equal to the amount of adjusted gross income
 31 that would have been computed had an election not been made
 32 under Section 168(k) of the Internal Revenue Code to apply bonus
 33 depreciation to the property in the year that it was placed in
 34 service.

35 (6) Add an amount equal to any deduction allowed under Section
 36 172 of the Internal Revenue Code.

37 (7) Add or subtract the amount necessary to make the adjusted
 38 gross income of any taxpayer that placed Section 179 property (as
 39 defined in Section 179 of the Internal Revenue Code) in service
 40 in the current taxable year or in an earlier taxable year equal to
 41 the amount of adjusted gross income that would have been
 42 computed had an election for federal income tax purposes not



- 1 been made for the year in which the property was placed in
 2 service to take deductions under Section 179 of the Internal
 3 Revenue Code in a total amount exceeding twenty-five thousand
 4 dollars (\$25,000).
- 5 (8) Add an amount equal to the amount that a taxpayer claimed as
 6 a deduction for domestic production activities for the taxable year
 7 under Section 199 of the Internal Revenue Code for federal
 8 income tax purposes.
- 9 (9) Subtract income that is:
- 10 (A) exempt from taxation under IC 6-3-2-21.7; and
- 11 (B) included in the insurance company's taxable income under
 12 the Internal Revenue Code.
- 13 (10) Add an amount equal to any income not included in gross
 14 income as a result of the deferral of income arising from business
 15 indebtedness discharged in connection with the reacquisition after
 16 December 31, 2008, and before January 1, 2011, of an applicable
 17 debt instrument, as provided in Section 108(i) of the Internal
 18 Revenue Code. Subtract from the adjusted gross income of any
 19 taxpayer that added an amount to adjusted gross income in a
 20 previous year the amount necessary to offset the amount included
 21 in federal gross income as a result of the deferral of income
 22 arising from business indebtedness discharged in connection with
 23 the reacquisition after December 31, 2008, and before January 1,
 24 2011, of an applicable debt instrument, as provided in Section
 25 108(i) of the Internal Revenue Code.
- 26 (11) Add or subtract the amount necessary to make the adjusted
 27 gross income of any taxpayer that claimed the special allowance
 28 for qualified disaster assistance property under Section 168(n) of
 29 the Internal Revenue Code equal to the amount of adjusted gross
 30 income that would have been computed had the special allowance
 31 not been claimed for the property.
- 32 (12) Add or subtract the amount necessary to make the adjusted
 33 gross income of any taxpayer that made an election under Section
 34 179C of the Internal Revenue Code to expense costs for qualified
 35 refinery property equal to the amount of adjusted gross income
 36 that would have been computed had an election for federal
 37 income tax purposes not been made for the year.
- 38 (13) Add or subtract the amount necessary to make the adjusted
 39 gross income of any taxpayer that made an election under Section
 40 181 of the Internal Revenue Code to expense costs for a qualified
 41 film or television production equal to the amount of adjusted
 42 gross income that would have been computed had an election for



1 federal income tax purposes not been made for the year.

2 (14) Add or subtract the amount necessary to make the adjusted
3 gross income of any taxpayer that treated a loss from the sale or
4 exchange of preferred stock in:

5 (A) the Federal National Mortgage Association, established
6 under the Federal National Mortgage Association Charter Act
7 (12 U.S.C. 1716 et seq.); or

8 (B) the Federal Home Loan Mortgage Corporation, established
9 under the Federal Home Loan Mortgage Corporation Act (12
10 U.S.C. 1451 et seq.);

11 as an ordinary loss under Section 301 of the Emergency
12 Economic Stabilization Act of 2008 in the current taxable year or
13 in an earlier taxable year equal to the amount of adjusted gross
14 income that would have been computed had the loss not been
15 treated as an ordinary loss.

16 (15) (11) Add an amount equal to any exempt insurance income
17 under Section 953(e) of the Internal Revenue Code that is active
18 financing income under Subpart F of Subtitle A, Chapter 1,
19 Subchapter N of the Internal Revenue Code.

20 (16) This subdivision does not apply to payments made for
21 services provided to a business that was enrolled and participated
22 in the E-Verify program (as defined in IC 22-5-1.7-3) during the
23 time the taxpayer conducted business in Indiana in the taxable
24 year. For a taxable year beginning after June 30, 2011, add the
25 amount of any trade or business deduction allowed under the
26 Internal Revenue Code for wages, reimbursements, or other
27 payments made for services provided in Indiana by an individual
28 for services as an employee, if the individual was, during the
29 period of service, prohibited from being hired as an employee
30 under 8 U.S.C. 1324a.

31 (17) (12) Add the amount excluded from federal gross income
32 under Section 103 of the Internal Revenue Code for interest
33 received on an obligation of a state other than Indiana, or a
34 political subdivision of such a state, that is acquired by the
35 taxpayer after December 31, 2011.

36 (e) In the case of trusts and estates, "taxable income" (as defined for
37 trusts and estates in Section 641(b) of the Internal Revenue Code)
38 adjusted as follows:

39 (1) Subtract income that is exempt from taxation under this article
40 by the Constitution and statutes of the United States.

41 (2) Subtract an amount equal to the amount of a September 11
42 terrorist attack settlement payment included in the federal



- 1 adjusted gross income of the estate of a victim of the September
2 11 terrorist attack or a trust to the extent the trust benefits a victim
3 of the September 11 terrorist attack.
- 4 (3) Add or subtract the amount necessary to make the adjusted
5 gross income of any taxpayer that owns property for which bonus
6 depreciation was allowed in the current taxable year or in an
7 earlier taxable year equal to the amount of adjusted gross income
8 that would have been computed had an election not been made
9 under Section 168(k) of the Internal Revenue Code to apply bonus
10 depreciation to the property in the year that it was placed in
11 service.
- 12 (4) Add an amount equal to any deduction allowed under Section
13 172 of the Internal Revenue Code.
- 14 (5) Add or subtract the amount necessary to make the adjusted
15 gross income of any taxpayer that placed Section 179 property (as
16 defined in Section 179 of the Internal Revenue Code) in service
17 in the current taxable year or in an earlier taxable year equal to
18 the amount of adjusted gross income that would have been
19 computed had an election for federal income tax purposes not
20 been made for the year in which the property was placed in
21 service to take deductions under Section 179 of the Internal
22 Revenue Code in a total amount exceeding twenty-five thousand
23 dollars (\$25,000).
- 24 (6) Add an amount equal to the amount that a taxpayer claimed as
25 a deduction for domestic production activities for the taxable year
26 under Section 199 of the Internal Revenue Code for federal
27 income tax purposes.
- 28 (7) Subtract income that is:
- 29 (A) exempt from taxation under IC 6-3-2-21.7; and
30 (B) included in the taxpayer's taxable income under the
31 Internal Revenue Code.
- 32 (8) Add an amount equal to any income not included in gross
33 income as a result of the deferral of income arising from business
34 indebtedness discharged in connection with the reacquisition after
35 December 31, 2008, and before January 1, 2011, of an applicable
36 debt instrument, as provided in Section 108(i) of the Internal
37 Revenue Code. Subtract from the adjusted gross income of any
38 taxpayer that added an amount to adjusted gross income in a
39 previous year the amount necessary to offset the amount included
40 in federal gross income as a result of the deferral of income
41 arising from business indebtedness discharged in connection with
42 the reacquisition after December 31, 2008, and before January 1,



- 1 2011, of an applicable debt instrument, as provided in Section
 2 108(i) of the Internal Revenue Code.
- 3 (9) Add or subtract the amount necessary to make the adjusted
 4 gross income of any taxpayer that claimed the special allowance
 5 for qualified disaster assistance property under Section 168(n) of
 6 the Internal Revenue Code equal to the amount of adjusted gross
 7 income that would have been computed had the special allowance
 8 not been claimed for the property.
- 9 (10) Add or subtract the amount necessary to make the adjusted
 10 gross income of any taxpayer that made an election under Section
 11 179C of the Internal Revenue Code to expense costs for qualified
 12 refinery property equal to the amount of adjusted gross income
 13 that would have been computed had an election for federal
 14 income tax purposes not been made for the year.
- 15 (11) Add or subtract the amount necessary to make the adjusted
 16 gross income of any taxpayer that made an election under Section
 17 181 of the Internal Revenue Code to expense costs for a qualified
 18 film or television production equal to the amount of adjusted
 19 gross income that would have been computed had an election for
 20 federal income tax purposes not been made for the year.
- 21 (12) Add or subtract the amount necessary to make the adjusted
 22 gross income of any taxpayer that treated a loss from the sale or
 23 exchange of preferred stock in:
- 24 (A) the Federal National Mortgage Association; established
 25 under the Federal National Mortgage Association Charter Act
 26 (12 U.S.C. 1716 et seq.); or
- 27 (B) the Federal Home Loan Mortgage Corporation; established
 28 under the Federal Home Loan Mortgage Corporation Act (12
 29 U.S.C. 1451 et seq.);
- 30 as an ordinary loss under Section 301 of the Emergency
 31 Economic Stabilization Act of 2008 in the current taxable year or
 32 in an earlier taxable year equal to the amount of adjusted gross
 33 income that would have been computed had the loss not been
 34 treated as an ordinary loss.
- 35 (13) Add the amount excluded from gross income under Section
 36 108(a)(1)(c) of the Internal Revenue Code for the discharge of
 37 debt on a qualified principal residence:
- 38 (14) This subdivision does not apply to payments made for
 39 services provided to a business that was enrolled and participated
 40 in the E-Verify program (as defined in IC 22-5-1.7-3) during the
 41 time the taxpayer conducted business in Indiana in the taxable
 42 year. For a taxable year beginning after June 30, 2011, add the



1 amount of any trade or business deduction allowed under the
 2 Internal Revenue Code for wages, reimbursements, or other
 3 payments made for services provided in Indiana by an individual
 4 for services as an employee, if the individual was, during the
 5 period of service, prohibited from being hired as an employee
 6 under 8 U.S.C. 1324a.

7 ~~(15)~~ **(9)** Add the amount excluded from federal gross income
 8 under Section 103 of the Internal Revenue Code for interest
 9 received on an obligation of a state other than Indiana, or a
 10 political subdivision of such a state, that is acquired by the
 11 taxpayer after December 31, 2011.

12 SECTION 14. IC 6-3-1-20 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 20. The term
 14 "business income" means **all** income arising from transactions and
 15 activity in the regular course of the taxpayer's trade or business and
 16 includes income from tangible and intangible property if the
 17 acquisition, management, and disposition of the property constitutes
 18 integral parts of the taxpayer's regular trade or business operations.
 19 **that is apportionable to the state under the Constitution of the**
 20 **United States.**

21 SECTION 15. IC 6-3-2-3.7 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JANUARY 1, 2015 (RETROACTIVE)]:
 23 Sec. 3.7. **(a)** Each taxable year, an individual **or the individual's**
 24 **surviving spouse** is entitled to an adjusted gross income tax deduction
 25 equal to the remainder of:

26 (1) the:

27 **(A) first two eight thousand dollars (~~\$2,000~~) (\$8,000), for**
 28 **taxable years beginning after December 31, 2014, and**
 29 **before January 1, 2016; and**

30 **(B) first sixteen thousand dollars (\$16,000), for taxable**
 31 **years beginning after December 31, 2015;**

32 which is received by the individual **or the individual's surviving**
 33 **spouse** during the taxable year from a federal civil service
 34 annuity, and which is included in adjusted gross income under
 35 Section 62 of the Internal Revenue Code; minus

36 (2) the total amount of Social Security benefits and railroad
 37 retirement benefits received by the individual **or the individual's**
 38 **surviving spouse** during the taxable year.

39 **(b) However,** The individual is only entitled to the deduction
 40 provided by this section if the individual is at least sixty-two (62) years
 41 of age before the end of the taxable year. **This subsection does not**
 42 **apply to the individual's surviving spouse.**



1 SECTION 16. IC 6-3-2-4, AS AMENDED BY P.L.6-2012,
 2 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JANUARY 1, 2016]: Sec. 4. (a) Each taxable year, an individual, or the
 4 individual's surviving spouse, is entitled to an adjusted gross income
 5 tax deduction for the first five thousand dollars (\$5,000) of income,
 6 including retirement or survivor's benefits, received during the taxable
 7 year by the individual, or the individual's surviving spouse, for the
 8 individual's service in an active or reserve component of the armed
 9 forces of the United States, including the army, navy, air force, coast
 10 guard, marine corps, merchant marine, Indiana army national guard, or
 11 Indiana air national guard. However, a person who is less than sixty
 12 (60) years of age on the last day of the person's taxable year, is not, for
 13 that taxable year, entitled to a deduction under this section for
 14 retirement or survivor's benefits.

15 (b) An individual whose qualified military income is subtracted
 16 from the individual's federal adjusted gross income under
 17 ~~IC 6-3-1-3.5(a)(2)~~ **IC 6-3-1-3.5(a)(19)** for Indiana individual income
 18 tax purposes is not, for that taxable year, entitled to a deduction under
 19 this section for the individual's qualified military income.

20 SECTION 17. IC 6-3-2-5 IS REPEALED [EFFECTIVE JANUARY
 21 1, 2016]. Sec. 5: (a) For purposes of this section, "insulation" means
 22 any material, commonly used in the building industry, which is
 23 installed for the sole purpose of retarding the passage of heat energy
 24 into or out of a building:

25 (b) A resident individual taxpayer is entitled to a deduction from his
 26 adjusted gross income for a particular taxable year if, during that
 27 taxable year, he installs in his residence new, but not replacement,
 28 insulation; weather stripping; double pane windows; storm doors; or
 29 storm windows. However, a taxpayer does not qualify for this
 30 deduction unless the part of his residence in which he makes the
 31 installation was constructed at least three (3) years before the taxable
 32 year for which the deduction is claimed:

33 (c) The amount of the deduction to which a taxpayer is entitled in
 34 a particular taxable year is the lesser of:

- 35 (1) the amount the taxpayer pays for labor and materials for the
 36 installation that is made during the taxable year; or
 37 (2) one thousand dollars (\$1,000):

38 (d) To obtain the deduction provided by this section, the taxpayer
 39 must file with the department proof of his costs for the installation and
 40 a list of the persons or corporations who supplied labor or materials for
 41 the installation:

42 SECTION 18. IC 6-3-2-5.3 IS REPEALED [EFFECTIVE



1 JANUARY 1, 2016]. Sec. 5-3: (a) This section applies to taxable years
2 beginning after December 31, 2008.

3 (b) As used in this section, "solar powered roof vent or fan" means
4 a roof vent or fan that is powered by solar energy and used to release
5 heat from a building:

6 (c) A resident individual taxpayer is entitled to a deduction from the
7 taxpayer's adjusted gross income for a particular taxable year if, during
8 that taxable year, the taxpayer installs a solar powered roof vent or fan
9 on a building owned or leased by the taxpayer.

10 (d) The amount of the deduction to which a taxpayer is entitled in
11 a particular taxable year is the lesser of:

12 (1) one-half ($1/2$) of the amount the taxpayer pays for labor and
13 materials for the installation of a solar powered roof vent or fan
14 that is installed during the taxable year; or

15 (2) one thousand dollars (\$1,000):

16 (e) To obtain the deduction provided by this section, a taxpayer
17 must file with the department proof of the taxpayer's costs for the
18 installation of a solar powered roof vent or fan and a list of the persons
19 or corporation that supplied labor or materials for the installation of the
20 solar powered roof vent or fan.

21 SECTION 19. IC 6-3-2-13, AS AMENDED BY P.L.98-2008,
22 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
23 JULY 1, 2015]: Sec. 13. (a) As used in this section, "export income"
24 means the gross receipts from the sale, transfer, or exchange of tangible
25 personal property destined for international markets that is:

26 (1) manufactured at a plant located within a maritime opportunity
27 district established under IC 6-1.1-40; and

28 (2) shipped through a port operated by the state.

29 (b) As used in this section, "export sales ratio" means the quotient
30 of:

31 (1) the taxpayer's export income; divided by

32 (2) the taxpayer's gross receipts from the sale, transfer, or
33 exchange of tangible personal property, regardless of its
34 destination.

35 (c) As used in this section, "taxpayer" means a person or corporation
36 that has export income.

37 (d) The ports of Indiana established by IC 8-10-1-3 shall notify the
38 department when a maritime opportunity district is established under
39 IC 6-1.1-40. The notice must include:

40 (1) the resolution passed by the commission to establish the
41 district; and

42 (2) a list of all taxpayers located in the district.



1 (e) The ports of Indiana shall also notify the department of any
 2 subsequent changes in the list of taxpayers located in the district.

3 (f) A taxpayer is entitled to a deduction from the taxpayer's adjusted
 4 gross income in an amount equal to the lesser of:

- 5 (1) the taxpayer's adjusted gross income; or
- 6 (2) the product of the export sales ratio multiplied by the
 7 percentage set forth in subsection (g).

8 (g) The percentage to be used in determining the amount a taxpayer
 9 is entitled to deduct under this section depends upon the number of
 10 years that the taxpayer could have taken a deduction under this section.

11 The percentage to be used in subsection (f) is as follows:

12 YEAR OF DEDUCTION	PERCENTAGE
13 1st through 4th	100%
14 5th	80%
15 6th	60%
16 7th	40%
17 8th	20%
18 9th and thereafter	0%

19 (h) The department shall determine, for each taxpayer claiming a
 20 deduction under this section, the taxpayer's export sales ratio for
 21 purposes of IC 6-1.1-40. The department shall certify the amount of the
 22 ratio to the department of local government finance.

23 **(i) A taxpayer is not entitled to a deduction under this section**
 24 **based on export income received by the taxpayer after December**
 25 **31, 2015.**

26 **(j) This section expires January 1, 2025.**

27 SECTION 20. IC 6-3-2-14.1 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 14.1.
 29 Notwithstanding section 14.5 of this chapter and IC 6-3-4-8.2, a
 30 payment made after June 30, 2002, on prize money received from a
 31 winning lottery ticket purchased under IC 4-30 for a lottery held before
 32 July 1, 2002, is exempt from the adjusted gross income tax and
 33 supplemental net income tax (repealed) imposed by this article.

34 SECTION 21. IC 6-3-2-14.5 IS REPEALED [EFFECTIVE
 35 JANUARY 1, 2016]. Sec. 14.5: The first one thousand two hundred
 36 dollars (\$1,200) of prize money received from a winning lottery ticket
 37 purchased under IC 4-30 is exempt from the adjusted gross income tax
 38 imposed by this article. If the amount of prize money received from a
 39 winning lottery ticket exceeds one thousand two hundred dollars
 40 (\$1,200), the amount of the excess is subject to the adjusted gross
 41 income tax imposed by this article.

42 SECTION 22. IC 6-3-2-17 IS REPEALED [EFFECTIVE



1 JANUARY 1, 2016]. Sec. 17. A reward received by an individual is
 2 exempt from taxation under IC 6-3-1 through IC 6-3-7, in an amount
 3 not to exceed one thousand dollars (\$1,000), if:

4 (1) the reward is for information provided to a law enforcement
 5 official or agency; or to a not-for-profit corporation whose
 6 exclusive purpose is to assist law enforcement officials or
 7 agencies;

8 (2) the information that is provided assists in the arrest,
 9 indictment, or the filing of charges against a person; and

10 (3) the individual is not:

11 (A) compensated for investigating crimes or accidents
 12 (including an employee of, or an individual under contract
 13 with, a law enforcement agency);

14 (B) the person convicted of the crime; or

15 (C) the victim of the crime.

16 SECTION 23. IC 6-3-2-20, AS AMENDED BY P.L.211-2007,
 17 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JANUARY 1, 2016]: Sec. 20. (a) The following definitions apply
 19 throughout this section:

20 (1) "Affiliated group" has the meaning provided in Section 1504
 21 of the Internal Revenue Code, except that the ownership
 22 percentage in Section 1504(a)(2) of the Internal Revenue Code
 23 shall be determined using fifty percent (50%) instead of eighty
 24 percent (80%).

25 (2) "Directly related ~~intangible~~ interest expenses" means interest
 26 expenses that are paid to, or accrued or incurred as a liability to,
 27 a recipient if:

28 (A) the amounts represent, in the hands of the recipient,
 29 income from making one (1) or more loans; and

30 (B) the funds loaned were originally received by the recipient
 31 from the payment of ~~intangible~~ expenses by any of the
 32 following:

33 (i) The taxpayer.

34 (ii) A member of the same affiliated group as the taxpayer.

35 (iii) A foreign corporation.

36 (3) "Foreign corporation" means a corporation that is organized
 37 under the laws of a country other than the United States and
 38 would be a member of the same affiliated group as the taxpayer
 39 if the corporation were organized under the laws of the United
 40 States.

41 (4) "Intangible expenses" means the following amounts to the
 42 extent these amounts are allowed as deductions in determining



1 taxable income under Section 63 of the Internal Revenue Code
 2 before the application of any net operating loss deduction and
 3 special deductions for the taxable year:

4 (A) Expenses, losses, and costs directly for, related to, or in
 5 connection with the acquisition, use, maintenance,
 6 management, ownership, sale, exchange, or any other
 7 disposition of intangible property.

8 (B) Royalty, patent, technical, and copyright fees.

9 (C) Licensing fees.

10 (D) Other substantially similar expenses and costs.

11 (5) "Intangible property" means patents, patent applications, trade
 12 names, trademarks, service marks, copyrights, trade secrets, and
 13 substantially similar types of intangible assets.

14 (6) "Interest expenses" means amounts that are allowed as
 15 deductions under Section 163 of the Internal Revenue Code in
 16 determining taxable income under Section 63 of the Internal
 17 Revenue Code before the application of any net operating loss
 18 deductions and special deductions for the taxable year.

19 (7) "Makes a disclosure" means a taxpayer provides the following
 20 information regarding a transaction with a member of the same
 21 affiliated group or a foreign corporation involving an intangible
 22 expense ~~and any or a~~ directly related ~~intangible~~ interest expense
 23 with the taxpayer's tax return on the forms prescribed by the
 24 department:

25 (A) The name of the recipient.

26 (B) The state or country of domicile of the recipient.

27 (C) The amount paid to the recipient.

28 (D) A copy of federal Form 851, Affiliation Schedule, as filed
 29 with the taxpayer's federal consolidated tax return.

30 (E) The information needed to determine the taxpayer's status
 31 under the exceptions listed in subsection (c).

32 (8) "Recipient" means:

33 (A) a member of the same affiliated group as the taxpayer; or

34 (B) a foreign corporation;

35 to which is paid an item of income that corresponds to an
 36 intangible expense or ~~any~~ directly related ~~intangible~~ interest
 37 expense.

38 (9) "Unrelated party" means a person that, with respect to the
 39 taxpayer, is not a member of the same affiliated group or a foreign
 40 corporation.

41 (b) Except as provided in subsection (c), in determining its adjusted
 42 gross income under IC 6-3-1-3.5(b), a corporation subject to the tax



1 imposed by IC 6-3-2-1 shall add to its taxable income under Section 63
2 of the Internal Revenue Code:

3 (1) **all** intangible expenses; and

4 (2) ~~any~~ **all** directly related ~~intangible~~ interest expenses;
5 paid, accrued, or incurred with one (1) or more members of the same
6 affiliated group or with one (1) or more foreign corporations.

7 (c) The addition of intangible expenses or ~~any~~ directly related
8 ~~intangible~~ interest expenses otherwise required in a taxable year under
9 subsection (b) is not required if one (1) or more of the following apply
10 to the taxable year:

11 (1) The taxpayer and the recipient are both included in the same
12 consolidated tax return filed under IC 6-3-4-14 or in the same
13 combined return filed under IC 6-3-2-2(q) for the taxable year.

14 **(2) If the recipient receives an item of income that
15 corresponds to the directly related interest expenses and the
16 recipient:**

17 **(A) is subject to the financial institutions tax under
18 IC 6-5.5;**

19 **(B) files a return under IC 6-5.5; and**

20 **(C) apportions the items of income that correspond to the
21 intangible expenses and the directly related interest
22 expenses in accordance with IC 6-5.5.**

23 ~~(2)~~ **(3)** The taxpayer makes a disclosure and, at the request of the
24 department, can establish by a preponderance of the evidence
25 that:

26 (A) the item of income corresponding to the intangible
27 expenses ~~and any or the~~ directly related ~~intangible~~ interest
28 expenses was included within the recipient's income that is
29 subject to tax in:

30 (i) a state or possession of the United States; or

31 (ii) a country other than the United States;

32 that is the recipient's commercial domicile and that imposes a
33 net income tax, a franchise tax measured, in whole or in part,
34 by net income, or a value added tax;

35 (B) the transaction giving rise to the intangible expenses ~~and
36 any or the~~ directly related ~~intangible~~ interest expenses
37 between the taxpayer and the recipient was made at a
38 commercially reasonable rate and at terms comparable to an
39 arm's length transaction; and

40 (C) the transactions giving rise to the intangible expenses ~~and
41 any or the~~ directly related ~~intangible~~ interest expenses
42 between the taxpayer and the recipient did not have Indiana



- 1 tax avoidance as a principal purpose.
- 2 ~~(3)~~ (4) The taxpayer makes a disclosure and, at the request of the
- 3 department, can establish by a preponderance of the evidence
- 4 that:
- 5 (A) the recipient regularly engages in transactions ~~involving~~
- 6 ~~intangible property~~ with one (1) or more unrelated parties on
- 7 terms substantially similar to those of the subject transaction;
- 8 and
- 9 (B) the transaction giving rise to the intangible expenses ~~and~~
- 10 ~~any or the~~ directly related ~~intangible~~ interest expenses
- 11 between the taxpayer and the recipient did not have Indiana
- 12 tax avoidance as a principal purpose.
- 13 ~~(4)~~ (5) The taxpayer makes a disclosure and, at the request of the
- 14 department, can establish by a preponderance of the evidence
- 15 that:
- 16 (A) the payment was received from a person or entity that is an
- 17 unrelated party, and on behalf of that unrelated party, paid that
- 18 amount to the recipient in an arm's length transaction; and
- 19 (B) the transaction giving rise to the intangible expenses ~~and~~
- 20 ~~any or the~~ directly related ~~intangible~~ interest expenses
- 21 between the taxpayer and the recipient did not have Indiana
- 22 tax avoidance as a principal purpose.
- 23 ~~(5)~~ (6) The taxpayer makes a disclosure and, at the request of the
- 24 department, can establish by a preponderance of the evidence
- 25 that:
- 26 (A) the recipient paid, accrued, or incurred a liability to an
- 27 unrelated party during the taxable year for an equal or greater
- 28 amount that was directly for, related to, or in connection with
- 29 the same ~~intangible~~ property giving rise to the ~~intangible~~
- 30 expenses; and
- 31 (B) the transactions giving rise to the intangible expenses ~~and~~
- 32 ~~any or the~~ directly related ~~intangible~~ interest expenses
- 33 between the taxpayer and the recipient did not have Indiana
- 34 tax avoidance as a principal purpose.
- 35 ~~(6)~~ (7) The taxpayer makes a disclosure and, at the request of the
- 36 department, can establish by a preponderance of the evidence
- 37 that:
- 38 (A) the recipient is engaged in:
- 39 (i) substantial business activities from the acquisition, use,
- 40 licensing, maintenance, management, ownership, sale,
- 41 exchange, or any other disposition of intangible property; or
- 42 (ii) other substantial business activities separate and apart



1 from the business activities described in item (i);
 2 as evidenced by the maintenance of a permanent office space
 3 and an adequate number of full-time, experienced employees;
 4 (B) the transactions giving rise to the intangible expenses ~~and~~
 5 ~~any or the~~ directly related ~~intangible~~ interest expenses
 6 between the taxpayer and the recipient did not have Indiana
 7 tax avoidance as a principal purpose; and
 8 (C) the ~~transactions were~~ **transaction was** made at a
 9 commercially reasonable rate and at terms comparable to an
 10 arm's length transaction.

11 ~~(7)~~ **(8)** The taxpayer and the department agree, in writing, to the
 12 application or use of an alternative method of allocation or
 13 apportionment under section 2(l) or 2(m) of this chapter.

14 ~~(8)~~ **(9)** Upon request by the taxpayer, the department determines
 15 that the adjustment otherwise required by this section is
 16 unreasonable.

17 (d) For purposes of this section, intangible expenses or directly
 18 related ~~intangible~~ interest expenses shall be considered to be at a
 19 commercially reasonable rate or at terms comparable to an arm's length
 20 transaction if the intangible expenses or directly related ~~intangible~~
 21 interest expenses meet the arm's length standards of United States
 22 Treasury Regulation 1.482-1(b).

23 (e) If intangible expenses or directly related ~~intangible~~ **interest**
 24 expenses are determined not to be at a commercially reasonable rate or
 25 at terms comparable to an arm's length transaction for purposes of this
 26 section, the adjustment required by subsection (b) shall be made only
 27 to the extent necessary to cause the intangible expenses or directly
 28 related ~~intangible~~ interest expenses to be at a commercially reasonable
 29 rate and at terms comparable to an arm's length transaction.

30 (f) For purposes of this section, transactions giving rise to intangible
 31 expenses ~~and any or the~~ directly related ~~intangible~~ interest expenses
 32 between the taxpayer and the recipient shall be considered as having
 33 Indiana tax avoidance as the principal purpose if:

34 (1) there is not one (1) or more valid business purposes that
 35 independently sustain the transaction notwithstanding any tax
 36 benefits associated with the transaction; and

37 (2) the principal purpose of tax avoidance exceeds any other valid
 38 business purpose.

39 SECTION 24. IC 6-3-2-25, AS AMENDED BY P.L.6-2012,
 40 SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JANUARY 1, 2016]: Sec. 25. (a) This section applies only to an
 42 individual who in 2008 paid property taxes that:



- 1 (1) were imposed on the individual's principal place of residence
 2 for the March 1, 2006, assessment date or the January 15, 2007,
 3 assessment date;
 4 (2) are due after December 31, 2007; and
 5 (3) are paid on or before the due date for the property taxes.

6 (b) As used in this section, "adjusted gross income" has the meaning
 7 set forth in IC 6-3-1-3.5.

8 (c) An individual described in subsection (a) is entitled to a
 9 deduction from the individual's adjusted gross income for a taxable
 10 year beginning after December 31, 2007, and before January 1, 2009,
 11 in an amount equal to the amount determined in the following STEPS:

12 STEP ONE: Determine the lesser of:

- 13 (A) two thousand five hundred dollars (\$2,500); or
 14 (B) the total amount of property taxes imposed on the
 15 individual's principal place of residence for the March 1, 2006,
 16 assessment date or the January 15, 2007, assessment date and
 17 paid in 2007 or 2008.

18 STEP TWO: Determine the greater of zero (0) or the result of:

- 19 (A) the STEP ONE result; minus
 20 (B) the total amount of property taxes that:
 21 (i) were imposed on the individual's principal place of
 22 residence for the March 1, 2006, assessment date or the
 23 January 15, 2007, assessment date;
 24 (ii) were paid in 2007; and
 25 (iii) were deducted from the individual's adjusted gross
 26 income under ~~IC 6-3-1-3.5(a)(15)~~ **IC 6-3-1-3.5(a)(13)** by
 27 the individual on the individual's state income tax return for
 28 a taxable year beginning before January 1, 2008.

29 (d) The deduction under this section is in addition to any deduction
 30 that an individual is otherwise entitled to claim under
 31 ~~IC 6-3-1-3.5(a)(15)~~ **IC 6-3-1-3.5(a)(13)**. However, an individual may
 32 not deduct under ~~IC 6-3-1-3.5(a)(15)~~ **IC 6-3-1-3.5(a)(13)** any property
 33 taxes deducted under this section.

34 SECTION 25. IC 6-3-1-15-7 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 7. (a) A taxpayer
 36 that has donated during the taxable year qualified computer equipment
 37 to a service center is entitled to a tax credit as provided in section 8 of
 38 this chapter.

39 (b) **A taxpayer is not entitled to a credit under this chapter for**
 40 **a contribution made in a taxable year beginning after December**
 41 **31, 2015.**

42 (c) **This chapter expires January 1, 2018.**



1 SECTION 26. IC 6-3.1-18-11 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 11. (a) A tax
 3 credit shall be allowable under this chapter only for the taxable year of
 4 the taxpayer in which the contribution qualifying for the credit is paid.

5 (b) **A taxpayer is not entitled to a credit under this chapter for**
 6 **a contribution made in a taxable year beginning after December**
 7 **31, 2015.**

8 (c) **This chapter expires January 1, 2018.**

9 SECTION 27. IC 6-3.1-20-4, AS AMENDED BY P.L.166-2014,
 10 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JANUARY 1, 2016]: Sec. 4. (a) Except as provided in subsection (b),
 12 an individual is entitled to a credit under this chapter if:

13 (1) the individual's Indiana income for the taxable year is less than
 14 eighteen thousand six hundred dollars (\$18,600); and

15 (2) the individual pays property taxes in the taxable year on a
 16 homestead that:

17 (A) the individual:

18 (i) owns; or

19 (ii) is buying under a contract that requires the individual to
 20 pay property taxes on the homestead, if the contract or a
 21 memorandum of the contract is recorded in the county
 22 recorder's office; and

23 (B) is located in a county having a population of more than
 24 four hundred thousand (400,000) but less than seven hundred
 25 thousand (700,000).

26 (b) An individual is not entitled to a credit under this chapter for a
 27 taxable year for property taxes paid on the individual's homestead if the
 28 individual claims the deduction under ~~IC 6-3-1-3.5(a)(15)~~
 29 **IC 6-3-1-3.5(a)(13)** for the homestead for that same taxable year.

30 SECTION 28. IC 6-3.1-24-9, AS AMENDED BY P.L.288-2013,
 31 SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2015]: Sec. 9. (a) The total amount of tax credits that may be
 33 approved by the corporation under this chapter in a particular calendar
 34 year for qualified investment capital provided during that calendar year
 35 may not exceed twelve million five hundred thousand dollars
 36 (\$12,500,000). An amount of an unused credit carried over by a
 37 taxpayer from a previous calendar year may not be considered in
 38 determining the amount of proposed investments that the Indiana
 39 economic development corporation may certify under this chapter.

40 (b) Notwithstanding the other provisions of this chapter, a taxpayer
 41 is not entitled to a credit for providing qualified investment capital to
 42 a qualified Indiana business after December 31, ~~2016~~: **2020**. However,



1 this subsection may not be construed to prevent a taxpayer from
 2 carrying over to a taxable year beginning after December 31, ~~2016~~,
 3 **2020**, an unused tax credit attributable to an investment occurring
 4 before January 1, ~~2017~~. **2021**.

5 SECTION 29. IC 6-3.1-26-8.5, AS ADDED BY P.L.288-2013,
 6 SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JANUARY 1, 2016]: Sec. 8.5. For purposes of this chapter, a "logistics
 8 investment" means an expenditure for one (1) or more of the following
 9 purposes:

10 (1) Making an improvement to real property located in Indiana
 11 that is related to constructing a new, or modernizing an existing,
 12 transportation or logistical distribution facility.

13 (2) Improving the transportation of goods on Indiana highways,
 14 limited to the following:

15 (A) Upgrading terminal facilities that serve tractors (as defined
 16 in IC 9-13-2-180) and semitrailers (as defined in
 17 IC 9-13-2-164).

18 (B) Improving paved access to terminal facilities.

19 (C) Adding new maintenance areas.

20 (D) Purchasing new shop equipment having a useful life of at
 21 least five (5) years, such as diagnostic equipment, oil delivery
 22 systems, air compressors, and truck lifts.

23 (3) Improving the transportation of goods by rail, limited to the
 24 following:

25 (A) Upgrading or building mainline, secondary, yard, and spur
 26 trackage.

27 (B) Upgrading or replacing bridges to obtain higher load
 28 bearing capability.

29 (C) Upgrading or replacing grade crossings to increase
 30 visibility for motorists, including improvements to roadway
 31 surfaces, signage and traffic signals, and signal system
 32 upgrades and replacements to meet Federal Railroad
 33 Administration Positive Train Control regulations.

34 (D) Upgrading fueling facilities, including upgrading fueling
 35 and sanding locomotives or tanks, pumps, piping, containment
 36 areas, track pans, lighting, and security.

37 (E) Upgrading team track facilities, including railroad owned
 38 warehouses, loading docks, and transfer stations for loading
 39 and unloading freight.

40 (F) Upgrading shop facilities, including upgrading structures,
 41 inspection pits, drop pits, cranes, employee fall protection,
 42 lighting, climate control, and break rooms.



- 1 **(G) Upgrading or building passing lines or automated**
 2 **switches on a rail line.**
 3 (4) Improving the transportation of goods by water, limited to the
 4 following:
 5 (A) Upgrading or replacing a permanent waterside dock.
 6 (B) Upgrading or building a new terminal facility that serves
 7 waterborne transportation.
 8 (C) Improving paved access to a waterborne terminal facility.
 9 (D) Purchasing new equipment having a useful life of at least
 10 five (5) years, including diagnostic equipment, an oil delivery
 11 system, an air compressor, or a barge lift.
 12 (5) Improving the transportation of goods by air, limited to the
 13 following:
 14 (A) Upgrading or building a new cargo building, apron,
 15 hangar, warehouse facility, freight forwarding facility,
 16 cross-dock distribution facility, or aircraft maintenance
 17 facility.
 18 (B) Improving paved access to a terminal or cargo facility.
 19 (C) Upgrading a fueling facility.
 20 (6) Improving warehousing and logistical capabilities, limited to
 21 the following:
 22 (A) Upgrading warehousing facilities, including upgrading
 23 loading dock doors and loading dock plates, fueling
 24 equipment, fueling installations, or dolly drop pads for trailers.
 25 (B) Improving logistical distribution by purchasing new
 26 equipment, limited to the following:
 27 (i) Picking modules (systems of racks, conveyors, and
 28 controllers).
 29 (ii) Racking equipment.
 30 (iii) Warehouse management systems, including scanning or
 31 coding equipment.
 32 (iv) Security equipment.
 33 (v) Temperature control and monitoring equipment.
 34 (vi) Dock levelers and pallet levelers and inverters.
 35 (vii) Conveyors and related controllers, scales, and like
 36 equipment.
 37 (viii) Packaging equipment.
 38 (ix) Moving, separating, sorting, and picking equipment.
 39 A logistics investment does not include an expenditure for maintenance
 40 expenses.
 41 SECTION 30. IC 6-3.1-26-26, AS AMENDED BY P.L.137-2012,
 42 SECTION 61, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2015]: Sec. 26. (a) This chapter applies to taxable years
2 beginning after December 31, 2003.

3 (b) Notwithstanding the other provisions of this chapter, the
4 corporation may not approve a credit for a qualified investment made
5 after December 31, ~~2016~~ **2020**. However, this section may not be
6 construed to prevent a taxpayer from carrying an unused tax credit
7 attributable to a qualified investment made before January 1, ~~2017~~,
8 **2021**, forward to a taxable year beginning after December 31, ~~2016~~,
9 **2020**, in the manner provided by section 15 of this chapter.

10 SECTION 31. IC 6-3.5-1.1-7 IS REPEALED [EFFECTIVE
11 JANUARY 1, 2016]. ~~Sec. 7: (a) If for a particular taxable year a county
12 taxpayer is; or a county taxpayer and the taxpayer's spouse who file a
13 joint return are; allowed a credit for the elderly or individuals with a
14 total disability under Section 22 of the Internal Revenue Code; the
15 county taxpayer is; or the county taxpayer and the taxpayer's spouse
16 are; entitled to a credit against the taxpayer's or the taxpayer's and the
17 taxpayer's spouse's county adjusted gross income tax liability for that
18 same taxable year. The amount of the credit equals the lesser of:~~

19 (1) the product of:

20 (A) the taxpayer's or the taxpayer's and the taxpayer's spouse's
21 credit for the elderly or individuals with a total disability for
22 that same taxable year; multiplied by

23 (B) a fraction; the numerator of which is the county adjusted
24 gross income tax rate imposed against the county taxpayer; or
25 the county taxpayer and the taxpayer's spouse; and the
26 denominator of which is fifteen hundredths (0.15); or

27 (2) the amount of county adjusted gross income tax imposed on
28 the county taxpayer; or the county taxpayer and the taxpayer's
29 spouse:

30 (b) If a county taxpayer and the taxpayer's spouse file a joint return
31 and are subject to different county adjusted gross income tax rates for
32 the same taxable year; they shall compute the credit under this section
33 by using the formula provided by subsection (a); except that they shall
34 use the average of the two (2) county adjusted gross income tax rates
35 imposed against them as the numerator referred to in subsection
36 (a)(1)(B):

37 SECTION 32. IC 6-3.5-1.1-18, AS AMENDED BY P.L.146-2008,
38 SECTION 330, IS AMENDED TO READ AS FOLLOWS
39 [EFFECTIVE JANUARY 1, 2016]: Sec. 18. (a) Except as otherwise
40 provided in this chapter, all provisions of the adjusted gross income tax
41 law (IC 6-3) concerning:

42 (1) definitions;

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- 1 (2) declarations of estimated tax;
 2 (3) filing of returns;
 3 (4) remittances;
 4 (5) incorporation of the provisions of the Internal Revenue Code;
 5 (6) penalties and interest;
 6 (7) exclusion of military pay credits for withholding; and
 7 (8) exemptions and deductions;
 8 apply to the imposition, collection, and administration of the tax
 9 imposed by this chapter.
 10 (b) The provisions of ~~IC 6-3-1-3.5(a)(6)~~; IC 6-3-3-3, IC 6-3-3-5, and
 11 IC 6-3-5-1 do not apply to the tax imposed by this chapter.
 12 (c) Notwithstanding subsections (a) and (b), each employer shall
 13 report to the department the amount of withholdings attributable to
 14 each county. This report shall be submitted to the department:
 15 (1) each time the employer remits to the department the tax that
 16 is withheld; and
 17 (2) annually along with the employer's annual withholding report.
 18 SECTION 33. IC 6-3.5-6-22, AS AMENDED BY P.L.146-2008,
 19 SECTION 340, IS AMENDED TO READ AS FOLLOWS
 20 [EFFECTIVE JANUARY 1, 2016]: Sec. 22. (a) Except as otherwise
 21 provided in subsection (b) and the other provisions of this chapter, all
 22 provisions of the adjusted gross income tax law (IC 6-3) concerning:
 23 (1) definitions;
 24 (2) declarations of estimated tax;
 25 (3) filing of returns;
 26 (4) deductions or exemptions from adjusted gross income;
 27 (5) remittances;
 28 (6) incorporation of the provisions of the Internal Revenue Code;
 29 (7) penalties and interest; and
 30 (8) exclusion of military pay credits for withholding;
 31 apply to the imposition, collection, and administration of the tax
 32 imposed by this chapter.
 33 (b) The provisions of ~~IC 6-3-1-3.5(a)(6)~~; IC 6-3-3-3, IC 6-3-3-5, and
 34 IC 6-3-5-1 do not apply to the tax imposed by this chapter.
 35 (c) Notwithstanding subsections (a) and (b), each employer shall
 36 report to the department the amount of withholdings attributable to
 37 each county. This report shall be submitted to the department:
 38 (1) each time the employer remits to the department the tax that
 39 is withheld; and
 40 (2) annually along with the employer's annual withholding report.
 41 SECTION 34. IC 6-3.5-6-24 IS REPEALED [EFFECTIVE
 42 JANUARY 1, 2016]. ~~Sec. 24. (a) If for a particular taxable year a~~



1 county taxpayer is; or a county taxpayer and the taxpayer's spouse who
 2 file a joint return are; allowed a credit for the elderly or individuals
 3 with a total disability under Section 22 of the Internal Revenue Code;
 4 the county taxpayer is; or the county taxpayer and the taxpayer's spouse
 5 are; entitled to a credit against the county option income tax liability for
 6 that same taxable year. The amount of the credit equals the lesser of:

7 (1) the product of:

8 (A) the credit for the elderly or individuals with a total
 9 disability for that same taxable year; multiplied by

10 (B) a fraction; the numerator of which is the county option
 11 income tax rate imposed against the county taxpayer; or the
 12 county taxpayer and the taxpayer's spouse; and the
 13 denominator of which is fifteen-hundredths (0.15); or

14 (2) the amount of county option income tax imposed on the
 15 county taxpayer; or the county taxpayer and the taxpayer's spouse.

16 (b) If a county taxpayer and the taxpayer's spouse file a joint return
 17 and are subject to different county option income tax rates for the same
 18 taxable year; they shall compute the credit under this section by using
 19 the formula provided by subsection (a); except that they shall use the
 20 average of the two (2) county option income tax rates imposed against
 21 them as the numerator referred to in subsection (a)(1)(B).

22 SECTION 35. IC 6-3.5-7-9 IS REPEALED [EFFECTIVE
 23 JANUARY 1, 2016]. Sec. 9: (a) If for a taxable year a county taxpayer
 24 is (or a county taxpayer and a county taxpayer's spouse who file a joint
 25 return are) allowed a credit for the elderly or individuals with a total
 26 disability under Section 22 of the Internal Revenue Code; the county
 27 taxpayer is (or the county taxpayer and the county taxpayer's spouse
 28 are) entitled to a credit against the county taxpayer's (or the county
 29 taxpayer's and the county taxpayer's spouse's) county economic
 30 development income tax liability for that same taxable year. The
 31 amount of the credit equals the lesser of:

32 (1) the product of:

33 (A) the county taxpayer's (or the county taxpayer's and the
 34 county taxpayer's spouse's) credit for the elderly or individuals
 35 with a total disability for that same taxable year; multiplied by

36 (B) a fraction. The numerator of the fraction is the county
 37 economic development income tax rate imposed against the
 38 county taxpayer (or against the county taxpayer and the county
 39 taxpayer's spouse). The denominator of the fraction is
 40 fifteen-hundredths (0.15); or

41 (2) the amount of county economic development income tax
 42 imposed on the county taxpayer (or the county taxpayer and the



1 county taxpayer's spouse):
 2 (b) If a county taxpayer and the county taxpayer's spouse file a joint
 3 return and are subject to different county economic development
 4 income tax rates for the same taxable year, they shall compute the
 5 credit under this section by using the formula provided by subsection
 6 (a); except that they shall use the average of the two (2) county
 7 economic development income tax rates imposed against them as the
 8 numerator referred to in subsection (a)(1)(B):

9 SECTION 36. IC 6-3.5-7-18, AS AMENDED BY P.L.146-2008,
 10 SECTION 348, IS AMENDED TO READ AS FOLLOWS
 11 [EFFECTIVE JANUARY 1, 2016]: Sec. 18. (a) Except as otherwise
 12 provided in this chapter, all provisions of the adjusted gross income tax
 13 law (IC 6-3) concerning:

14 (1) definitions;
 15 (2) declarations of estimated tax;
 16 (3) filing of returns;
 17 (4) remittances;
 18 (5) incorporation of the provisions of the Internal Revenue Code;
 19 (6) penalties and interest;
 20 (7) exclusion of military pay credits for withholding; and
 21 (8) exemptions and deductions;
 22 apply to the imposition, collection, and administration of the tax
 23 imposed by this chapter.

24 (b) The provisions of ~~IC 6-3-1-3.5(a)(6)~~, IC 6-3-3-3, IC 6-3-3-5, and
 25 IC 6-3-5-1 do not apply to the tax imposed by this chapter.

26 (c) Notwithstanding subsections (a) and (b), each employer shall
 27 report to the department the amount of withholdings attributable to
 28 each county. This report shall be submitted to the department:

29 (1) each time the employer remits to the department the tax that
 30 is withheld; and
 31 (2) annually along with the employer's annual withholding report.

32 SECTION 37. IC 6-5.5-1-2, AS AMENDED BY P.L.205-2013,
 33 SECTION 124, IS AMENDED TO READ AS FOLLOWS
 34 [EFFECTIVE JANUARY 1, 2016]: Sec. 2. (a) Except as provided in
 35 subsections (b) through (d), "adjusted gross income" means taxable
 36 income as defined in Section 63 of the Internal Revenue Code, adjusted
 37 as follows:

38 (1) Add the following amounts:
 39 (A) An amount equal to a deduction allowed or allowable
 40 under Section 166, Section 585, or Section 593 of the Internal
 41 Revenue Code.
 42 (B) An amount equal to a deduction allowed or allowable



- 1 under Section 170 of the Internal Revenue Code.
- 2 (C) An amount equal to a deduction or deductions allowed or
3 allowable under Section 63 of the Internal Revenue Code for
4 taxes based on or measured by income and levied at the state
5 level by a state of the United States or levied at the local level
6 by any subdivision of a state of the United States.
- 7 (D) The amount of interest excluded under Section 103 of the
8 Internal Revenue Code or under any other federal law, minus
9 the associated expenses disallowed in the computation of
10 taxable income under Section 265 of the Internal Revenue
11 Code.
- 12 (E) An amount equal to the deduction allowed under Section
13 172 or 1212 of the Internal Revenue Code for net operating
14 losses or net capital losses.
- 15 (F) For a taxpayer that is not a large bank (as defined in
16 Section 585(c)(2) of the Internal Revenue Code), an amount
17 equal to the recovery of a debt, or part of a debt, that becomes
18 worthless to the extent a deduction was allowed from gross
19 income in a prior taxable year under Section 166(a) of the
20 Internal Revenue Code.
- 21 (G) Add the amount necessary to make the adjusted gross
22 income of any taxpayer that owns property for which bonus
23 depreciation was allowed in the current taxable year or in an
24 earlier taxable year equal to the amount of adjusted gross
25 income that would have been computed had an election not
26 been made under Section 168(k) of the Internal Revenue Code
27 to apply bonus depreciation to the property in the year that it
28 was placed in service.
- 29 (H) Add the amount necessary to make the adjusted gross
30 income of any taxpayer that placed Section 179 property (as
31 defined in Section 179 of the Internal Revenue Code) in
32 service in the current taxable year or in an earlier taxable year
33 equal to the amount of adjusted gross income that would have
34 been computed had an election for federal income tax
35 purposes not been made for the year in which the property was
36 placed in service to take deductions under Section 179 of the
37 Internal Revenue Code in a total amount exceeding
38 twenty-five thousand dollars (\$25,000).
- 39 (I) Add an amount equal to the amount that a taxpayer claimed
40 as a deduction for domestic production activities for the
41 taxable year under Section 199 of the Internal Revenue Code
42 for federal income tax purposes.



1 (J) Add an amount equal to any income not included in gross
 2 income as a result of the deferral of income arising from
 3 business indebtedness discharged in connection with the
 4 reacquisition after December 31, 2008, and before January 1,
 5 2011, of an applicable debt instrument, as provided in Section
 6 108(i) of the Internal Revenue Code. Subtract from the
 7 adjusted gross income of any taxpayer that added an amount
 8 to adjusted gross income in a previous year the amount
 9 necessary to offset the amount included in federal gross
 10 income as a result of the deferral of income arising from
 11 business indebtedness discharged in connection with the
 12 reacquisition after December 31, 2008, and before January 1,
 13 2011, of an applicable debt instrument, as provided in Section
 14 108(i) of the Internal Revenue Code.

15 (K) Add or subtract the amount necessary to make the adjusted
 16 gross income of any taxpayer that claimed the special
 17 allowance for qualified disaster assistance property under
 18 Section 168(n) of the Internal Revenue Code equal to the
 19 amount of adjusted gross income that would have been
 20 computed had the special allowance not been claimed for the
 21 property.

22 (L) Add or subtract the amount necessary to make the adjusted
 23 gross income of any taxpayer that made an election under
 24 Section 179C of the Internal Revenue Code to expense costs
 25 for qualified refinery property equal to the amount of adjusted
 26 gross income that would have been computed had an election
 27 for federal income tax purposes not been made for the year.

28 (M) Add or subtract the amount necessary to make the
 29 adjusted gross income of any taxpayer that made an election
 30 under Section 181 of the Internal Revenue Code to expense
 31 costs for a qualified film or television production equal to the
 32 amount of adjusted gross income that would have been
 33 computed had an election for federal income tax purposes not
 34 been made for the year.

35 (N) Add or subtract the amount necessary to make the adjusted
 36 gross income of any taxpayer that treated a loss from the sale
 37 or exchange of preferred stock in:

- 38 (i) the Federal National Mortgage Association, established
 39 under the Federal National Mortgage Association Charter
 40 Act (12 U.S.C. 1716 et seq.); or
 41 (ii) the Federal Home Loan Mortgage Corporation,
 42 established under the Federal Home Loan Mortgage



- 1 Corporation Act (12 U.S.C. 1451 et seq.);
 2 as an ordinary loss under Section 301 of the Emergency
 3 Economic Stabilization Act of 2008 in the current taxable year
 4 or in an earlier taxable year equal to the amount of adjusted
 5 gross income that would have been computed had the loss not
 6 been treated as an ordinary loss.
 7 ~~(O)~~ (K) Add an amount equal to any exempt insurance income
 8 under Section 953(e) of the Internal Revenue Code for active
 9 financing income under Subpart F, Subtitle A, Chapter 1,
 10 Subchapter N of the Internal Revenue Code.
 11 (2) Subtract the following amounts:
 12 (A) Income that the United States Constitution or any statute
 13 of the United States prohibits from being used to measure the
 14 tax imposed by this chapter.
 15 (B) Income that is derived from sources outside the United
 16 States, as defined by the Internal Revenue Code.
 17 (C) An amount equal to a debt or part of a debt that becomes
 18 worthless, as permitted under Section 166(a) of the Internal
 19 Revenue Code.
 20 (D) An amount equal to any bad debt reserves that are
 21 included in federal income because of accounting method
 22 changes required by Section 585(c)(3)(A) or Section 593 of
 23 the Internal Revenue Code.
 24 (E) The amount necessary to make the adjusted gross income
 25 of any taxpayer that owns property for which bonus
 26 depreciation was allowed in the current taxable year or in an
 27 earlier taxable year equal to the amount of adjusted gross
 28 income that would have been computed had an election not
 29 been made under Section 168(k) of the Internal Revenue Code
 30 to apply bonus depreciation.
 31 (F) The amount necessary to make the adjusted gross income
 32 of any taxpayer that placed Section 179 property (as defined
 33 in Section 179 of the Internal Revenue Code) in service in the
 34 current taxable year or in an earlier taxable year equal to the
 35 amount of adjusted gross income that would have been
 36 computed had an election for federal income tax purposes not
 37 been made for the year in which the property was placed in
 38 service to take deductions under Section 179 of the Internal
 39 Revenue Code in a total amount exceeding twenty-five
 40 thousand dollars (\$25,000).
 41 (G) Income that is:
 42 (i) exempt from taxation under IC 6-3-2-21.7; and



- 1 (ii) included in the taxpayer's taxable income under the
2 Internal Revenue Code.
- 3 (H) This clause does not apply to payments made for services
4 provided to a business that was enrolled and participated in the
5 E-Verify program (as defined in IC 22-5-1.7-3) during the time
6 the taxpayer conducted business in Indiana in the taxable year.
7 For a taxable year beginning after June 30, 2011, add the
8 amount of any trade or business deduction allowed under the
9 Internal Revenue Code for wages, reimbursements, or other
10 payments made for services provided in Indiana by an
11 individual for services as an employee, if the individual was,
12 during the period of service, prohibited from being hired as an
13 employee under 8 U.S.C. 1324a.
- 14 (b) In the case of a credit union, "adjusted gross income" for a
15 taxable year means the total transfers to undivided earnings minus
16 dividends for that taxable year after statutory reserves are set aside
17 under IC 28-7-1-24.
- 18 (c) In the case of an investment company, "adjusted gross income"
19 means the company's federal taxable income plus the amount excluded
20 from federal gross income under Section 103 of the Internal Revenue
21 Code for interest received on an obligation of a state other than Indiana,
22 or a political subdivision of such a state, that is acquired by the
23 taxpayer after December 31, 2011, multiplied by the quotient of:
- 24 (1) the aggregate of the gross payments collected by the company
25 during the taxable year from old and new business upon
26 investment contracts issued by the company and held by residents
27 of Indiana; divided by
- 28 (2) the total amount of gross payments collected during the
29 taxable year by the company from the business upon investment
30 contracts issued by the company and held by persons residing
31 within Indiana and elsewhere.
- 32 (d) As used in subsection (c), "investment company" means a
33 person, copartnership, association, limited liability company, or
34 corporation, whether domestic or foreign, that:
- 35 (1) is registered under the Investment Company Act of 1940 (15
36 U.S.C. 80a-1 et seq.); and
- 37 (2) solicits or receives a payment to be made to itself and issues
38 in exchange for the payment:
- 39 (A) a so-called bond;
- 40 (B) a share;
- 41 (C) a coupon;
- 42 (D) a certificate of membership;



1 (E) an agreement;
 2 (F) a pretended agreement; or
 3 (G) other evidences of obligation;
 4 entitling the holder to anything of value at some future date, if the
 5 gross payments received by the company during the taxable year
 6 on outstanding investment contracts, plus interest and dividends
 7 earned on those contracts (by prorating the interest and dividends
 8 earned on investment contracts by the same proportion that
 9 certificate reserves (as defined by the Investment Company Act
 10 of 1940) is to the company's total assets) is at least fifty percent
 11 (50%) of the company's gross payments upon investment
 12 contracts plus gross income from all other sources except
 13 dividends from subsidiaries for the taxable year. The term
 14 "investment contract" means an instrument listed in clauses (A)
 15 through (G).

16 SECTION 38. IC 6-6-5-5 IS AMENDED TO READ AS FOLLOWS
 17 [EFFECTIVE JANUARY 1, 2017]: Sec. 5. (a) The amount of tax
 18 imposed by this chapter shall be based upon the classification of the
 19 vehicle, as provided in section 4 of this chapter, and the age of the
 20 vehicle, in accordance with the schedule set out in subsection (c) or (d).

21 (b) A person who owns a vehicle and who is entitled to a property
 22 tax deduction under IC 6-1.1-12-13, IC 6-1.1-12-14, **or** IC 6-1.1-12-16
 23 ~~or IC 6-1.1-12-17.4~~ is entitled to a credit against the annual license
 24 excise tax as follows: Any remaining deduction from assessed
 25 valuation to which the person is entitled, applicable to property taxes
 26 payable in the year in which the excise tax imposed by this chapter is
 27 due, after allowance of the deduction on real estate and personal
 28 property owned by the person, shall reduce the annual excise tax in the
 29 amount of two dollars (\$2) on each one hundred dollars (\$100) of
 30 taxable value or major portion thereof. The county auditor shall, upon
 31 request, furnish a certified statement to the person verifying the credit
 32 allowable under this section and the statement shall be presented to and
 33 retained by the bureau to support the credit.

34 (c) After January 1, 1996, the tax schedule is as follows:

35 Year of

36 Manufacture	I	II	III	IV	V
37 1st	\$12	\$36	\$50	\$50	\$66
38 2nd	12	30	50	50	57
39 3rd	12	27	42	50	50
40 4th	12	24	33	50	50
41 5th	12	18	24	48	50
42 6th	12	12	18	36	50



1	7th	12	12	12	24	42
2	8th	12	12	12	18	24
3	9th	12	12	12	12	12
4	10th	12	12	12	12	12
5	and thereafter					
6	Year of					
7	Manufacture	VI	VII	VIII	IX	X
8	1st	\$84	\$103	\$123	\$150	\$172
9	2nd	74	92	110	134	149
10	3rd	63	77	93	115	130
11	4th	52	64	78	98	112
12	5th	50	52	64	82	96
13	6th	50	50	50	65	79
14	7th	49	50	50	52	65
15	8th	30	40	50	50	53
16	9th	18	21	34	40	50
17	10th	12	12	12	12	12
18	and thereafter					
19	Year of					
20	Manufacture	XI	XII	XIII	XIV	XV
21	1st	\$207	\$250	\$300	\$350	\$406
22	2nd	179	217	260	304	353
23	3rd	156	189	225	265	307
24	4th	135	163	184	228	257
25	5th	115	139	150	195	210
26	6th	94	114	121	160	169
27	7th	78	94	96	132	134
28	8th	64	65	65	91	91
29	9th	50	50	50	50	50
30	10th	21	26	30	36	42
31	and thereafter					
32	Year of					
33	Manufacture	XVI	XVII			
34	1st	\$469	\$532			
35	2nd	407	461			
36	3rd	355	398			
37	4th	306	347			
38	5th	261	296			
39	6th	214	242			
40	7th	177	192			
41	8th	129	129			
42	9th	63	63			



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and thereafter.

(d) Every vehicle shall be taxed as a vehicle in its first year of manufacture throughout the calendar year in which vehicles of that make and model are first offered for sale in Indiana, except that a vehicle of a make and model first offered for sale in Indiana after August 1 of any year shall continue to be taxed as a vehicle in its first year of manufacture until the end of the calendar year following the year in which it is first offered for sale. Thereafter, the vehicle shall be considered to have aged one (1) year as of January 1 of each year.

SECTION 39. IC 6-6-5.1-13, AS ADDED BY P.L.131-2008, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 13. (a) Subject to any reductions permitted under this chapter, the amount of tax imposed under this chapter on a recreational vehicle or truck camper is prescribed by the schedule set out in subsection (c). The amount of tax imposed by this chapter is determined using:

- (1) the classification of the recreational vehicle or truck camper under section 12 of this chapter; and
- (2) the age of the recreational vehicle or truck camper.

(b) If a person who owns a recreational vehicle or truck camper is entitled to an ad valorem property tax assessed valuation deduction under IC 6-1.1-12-13, IC 6-1.1-12-14, ~~or IC 6-1.1-12-16 or IC 6-1.1-12-17.4~~ in a year in which a tax is imposed by this chapter and any part of the deduction is unused after allowance of the deduction on real property and personal property owned by the person, the person is entitled to a credit that reduces the annual tax imposed by this chapter. The amount of the credit is determined by multiplying the amount of the unused deduction by two (2) and dividing the result by one hundred (100). The county auditor shall, upon request, furnish a certified statement to the person verifying the credit allowable under this subsection. The statement shall be presented to and retained by the bureau to support the credit.

(c) The tax schedule for each class of recreational vehicles and truck campers is as follows:

Year of Manufacture	I	II	III	IV	V
1st	\$15	\$36	\$50	\$59	\$103
2nd	12	31	43	51	91
3rd	12	26	35	41	75
4th	12	20	28	38	62
5th	12	15	20	34	53



1	6th	12	12	15	26	41
2	7th	12	12	12	16	32
3	8th	12	12	12	13	21
4	9th	12	12	12	12	13
5	10th	12	12	12	12	12
6	and thereafter					
7	Year of					
8	Manufacture	VI	VII	VIII		
9	1st	\$164	\$241	\$346		
10	2nd	148	212	302		
11	3rd	131	185	261		
12	4th	110	161	223		
13	5th	89	131	191		
14	6th	68	108	155		
15	7th	53	86	126		
16	8th	36	71	97		
17	9th	23	35	48		
18	10th	12	12	17		
19	and thereafter					
20	Year of					
21	Manufacture	IX	X	XI	XII	
22	1st	\$470	\$667	\$879	\$1,045	
23	2nd	412	572	763	907	
24	3rd	360	507	658	782	
25	4th	307	407	574	682	
26	5th	253	341	489	581	
27	6th	204	279	400	475	
28	7th	163	224	317	377	
29	8th	116	154	214	254	
30	9th	55	70	104	123	
31	10th	25	33	46	55	
32	and thereafter					
33	Year of					
34	Manufacture	XIII	XIV	XV	XVI	XVII
35	1st	\$1,235	\$1,425	\$1,615	\$1,805	\$2,375
36	2nd	1,072	1,236	1,401	1,566	2,060
37	3rd	924	1,066	1,208	1,350	1,777
38	4th	806	929	1,053	1,177	1,549
39	5th	687	793	898	1,004	1,321
40	6th	562	648	734	821	1,080
41	7th	445	514	582	651	856
42	8th	300	346	392	439	577



1	9th	146	168	190	213	280
2	10th	64	74	84	94	123
3	and thereafter.					

4 (d) Each recreational vehicle or truck camper shall be taxed as a
5 recreational vehicle or truck camper in its first year of manufacture
6 throughout the calendar year in which a recreational vehicle or truck
7 camper of that make and model is first offered for sale in Indiana.
8 However, a recreational vehicle or truck camper of a make and model
9 first offered for sale in Indiana after August 1 of any year continues to
10 be taxed as a recreational vehicle or truck camper in its first year of
11 manufacture until the end of the calendar year following the year in
12 which it is first offered for sale. Thereafter, the recreational vehicle or
13 truck camper shall be considered to have aged one (1) year as of
14 January 1 of each year.

15 SECTION 40. IC 6-8.1-3-17, AS AMENDED BY P.L.236-2005,
16 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 JULY 1, 2015]: Sec. 17. (a) Before an original tax appeal is filed with
18 the tax court under IC 33-26, the commissioner may settle any tax
19 liability dispute if a substantial doubt exists as to:

- 20 (1) the constitutionality of the tax under the Constitution of the
- 21 State of Indiana;
- 22 (2) the right to impose the tax;
- 23 (3) the correct amount of tax due;
- 24 (4) the ~~collectibility~~ **collectability** of the tax; or
- 25 (5) whether the taxpayer is a resident or nonresident of Indiana.

26 (b) After an original tax appeal is filed with the tax court under
27 IC 33-26, and notwithstanding IC 4-6-2-11, the commissioner may
28 settle a tax liability dispute with an amount in contention of twenty-five
29 thousand dollars (\$25,000) or less. Notwithstanding IC 6-8.1-7-1(a),
30 the terms of a settlement under this subsection are available for public
31 inspection.

32 (c) The department shall establish an amnesty program for taxpayers
33 having an unpaid tax liability for a listed tax that was due and payable
34 for a tax period ending before ~~July 1, 2004~~. **January 1, 2013**. A
35 taxpayer is not eligible for the amnesty program:

- 36 (1) for any tax liability resulting from the taxpayer's failure to
- 37 comply with IC 6-3-1-3.5(b)(3) with regard to the tax imposed by
- 38 IC 4-33-13 **or IC 4-35-8; or**
- 39 (2) **if the taxpayer participated in any previous amnesty**
- 40 **program under:**
 - 41 (A) **this section (as in effect on December 31, 2014); or**
 - 42 (B) **IC 6-2.5-14.**



1 The time in which a voluntary payment of tax liability may be made (or
 2 the taxpayer may enter into a payment program acceptable to the
 3 department for the payment of the unpaid listed taxes in full in the
 4 manner and time established in a written payment program agreement
 5 between the department and the taxpayer) under the amnesty program
 6 is limited to the period determined by the department, not to exceed
 7 eight (8) regular business weeks ending before the earlier of the date
 8 set by the department or ~~July 1, 2006~~. **January 1, 2017**. The amnesty
 9 program must provide that, upon payment by a taxpayer to the
 10 department of all listed taxes due from the taxpayer for a tax period (or
 11 payment of the unpaid listed taxes in full in the manner and time
 12 established in a written payment program agreement between the
 13 department and the taxpayer), entry into an agreement that the taxpayer
 14 is not eligible for any other amnesty program that may be established
 15 and waives any part of interest and penalties on the same type of listed
 16 tax that is being granted amnesty in the current amnesty program, and
 17 compliance with all other amnesty conditions adopted under a rule of
 18 the department in effect on the date the voluntary payment is made, the
 19 department:

- 20 (1) shall abate and not seek to collect any interest, penalties,
 21 collection fees, or costs that would otherwise be applicable;
 22 (2) shall release any liens imposed;
 23 (3) shall not seek civil or criminal prosecution against any
 24 individual or entity; and
 25 (4) shall not issue, or, if issued, shall withdraw, an assessment, a
 26 demand notice, or a warrant for payment under **IC 6-8.1-5-1**,
 27 **IC 6-8.1-5-3**, **IC 6-8.1-8-2**, or another law against any individual
 28 or entity;

29 for listed taxes due from the taxpayer for the tax period for which
 30 amnesty has been granted to the taxpayer. Amnesty granted under this
 31 subsection is binding on the state and its agents. However, failure to
 32 pay to the department all listed taxes due for a tax period invalidates
 33 any amnesty granted under this subsection for that tax period. The
 34 department shall conduct an assessment of the impact of the tax
 35 amnesty program on tax collections and an analysis of the costs of
 36 administering the tax amnesty program. As soon as practicable after the
 37 end of the tax amnesty period, the department shall submit a copy of
 38 the assessment and analysis to the legislative council in an electronic
 39 format under IC 5-14-6. The department shall enforce an agreement
 40 with a taxpayer that prohibits the taxpayer from receiving amnesty in
 41 another amnesty program.

- 42 (d) For purposes of subsection (c), a liability for a listed tax is due



1 and payable if:

2 (1) the department has issued:

3 (A) an assessment of the listed tax ~~and under IC 6-8.1-5-1;~~

4 **(B) a demand for payment under IC 6-8.1-5-3; or**

5 ~~(B)~~ **(C) a demand notice for payment of the listed tax under**
6 **IC 6-8.1-8-2;**

7 (2) the taxpayer has filed a return or an amended return in which
8 the taxpayer has reported a liability for the listed tax; or

9 (3) the taxpayer has filed a written statement of liability for the
10 listed tax in a form that is satisfactory to the department.

11 SECTION 41. IC 6-8.1-3-24 IS ADDED TO THE INDIANA CODE
12 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
13 1, 2015]: **Sec. 24. (a) The department of state revenue may adopt**
14 **emergency rules under IC 4-22-2-37.1 to carry out a tax amnesty**
15 **program under section 17 of this chapter.**

16 **(b) Notwithstanding IC 4-22-2-37.1(g), an emergency rule**
17 **adopted by the department under IC 4-22-2-37.1 expires on the**
18 **date specified in the emergency rule.**

19 **(c) This section expires July 1, 2017.**

20 SECTION 42. IC 6-8.1-10-12, AS AMENDED BY P.L.1-2009,
21 SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 JULY 1, 2015]: Sec. 12. (a) This section applies to a penalty related to
23 a tax liability to the extent that the:

24 (1) tax liability is for a listed tax;

25 (2) tax liability was due and payable, as determined under
26 IC 6-8.1-3-17(d), for a tax period ending before ~~July 1, 2004;~~

27 **January 1, 2013;**

28 (3) department establishes an amnesty program for the tax
29 liability under IC 6-8.1-3-17(c);

30 (4) individual or entity from which the tax liability is due was
31 eligible to participate in the amnesty program described in
32 subdivision (3); and

33 (5) tax liability is not paid:

34 (A) in conformity with a payment program acceptable to the
35 department that provides for payment of the unpaid listed
36 taxes in full in the manner and time established in a written
37 payment program agreement entered into between the
38 department and the taxpayer under IC 6-8.1-3-17(c); or

39 (B) if clause (A) does not apply, before the end of the amnesty
40 period established by the department.

41 (b) Subject to subsection (c), if a penalty is imposed or otherwise
42 calculated under any combination of:



- 1 (1) IC 6-8.1-1-8;
 2 (2) section 2.1 of this chapter;
 3 (3) section 3 of this chapter;
 4 **(4) section 3.5 of this chapter;**
 5 ~~(4) (5)~~ section 4 of this chapter;
 6 ~~(5) (6)~~ section 5 of this chapter;
 7 ~~(6) (7)~~ section 6 of this chapter;
 8 ~~(7) (8)~~ section 7 of this chapter;
 9 ~~(8) (9)~~ section 9 of this chapter; or
 10 ~~(9) (10)~~ IC 6-6;
 11 an additional penalty is imposed under this section. The amount of the
 12 additional penalty imposed under this section is equal to the sum of the
 13 penalties imposed or otherwise calculated under the provisions listed
 14 in subdivisions (1) through ~~(9)~~: **(10)**.
 15 (c) The additional penalty provided by subsection (b) does not apply
 16 if all of the following apply:
 17 (1) The department imposes a penalty on a taxpayer or otherwise
 18 calculates the penalty under the provisions described in
 19 subsection (b)(1) through ~~(b)(9)~~: **(b)(10)**.
 20 (2) The taxpayer against whom the penalty is imposed:
 21 (A) timely files an original tax appeal in the tax court under
 22 IC 6-8.1-5-1; and
 23 (B) contests the department's imposition of the penalty or the
 24 tax on which the penalty is based.
 25 (3) The taxpayer meets all other jurisdictional requirements to
 26 initiate the original tax appeal.
 27 (4) Either the:
 28 (A) tax court enjoins collection of the penalty or the tax on
 29 which the penalty is based under IC 33-26-6-2; or
 30 (B) department consents to an injunction against collection of
 31 the penalty or tax without entry of an order by the tax court.
 32 (d) The additional penalty provided by subsection (b) does not apply
 33 if the taxpayer:
 34 (1) has a legitimate hold on making the payment as a result of an
 35 audit, bankruptcy, protest, taxpayer advocate action, or another
 36 reason permitted by the department;
 37 (2) had established a payment plan with the department before
 38 ~~May 12, 2005~~; **July 1, 2016**; or
 39 (3) verifies with reasonable particularity that is satisfactory to the
 40 commissioner that the taxpayer did not ever receive notice of the
 41 outstanding tax liability.
 42 SECTION 43. IC 8-24-17-14, AS ADDED BY P.L.182-2009(ss),



1 SECTION 282, IS AMENDED TO READ AS FOLLOWS
 2 [EFFECTIVE JANUARY 1, 2016]: Sec. 14. (a) Except as otherwise
 3 provided in this chapter, all provisions of the adjusted gross income tax
 4 law (IC 6-3) concerning:

- 5 (1) definitions;
- 6 (2) declarations of estimated tax;
- 7 (3) filing of returns;
- 8 (4) remittances;
- 9 (5) incorporation of the provisions of the Internal Revenue Code;
- 10 (6) penalties and interest;
- 11 (7) exclusion of military pay credits for withholding; and
- 12 (8) exemptions and deductions;

13 apply to the imposition, collection, and administration of the
 14 improvement tax.

15 (b) ~~IC 6-3-1-3.5(a)(6)~~; IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not
 16 apply to the improvement tax.

17 (c) Notwithstanding subsections (a) and (b), each employer shall
 18 report to the department the amount of withholdings of the
 19 improvement tax attributable to each county. This report shall be
 20 submitted to the department:

- 21 (1) each time the employer remits to the department the tax that
 22 is withheld; and
- 23 (2) annually along with the employer's annual withholding report.

24 SECTION 44. [EFFECTIVE JULY 1, 2015] (a) **IC 6-3-1-3.5 and**
 25 **IC 6-3-2-13, both as amended by this act, apply to taxable years**
 26 **beginning after December 31, 2015.**

27 (b) **IC 6-3-2-5, IC 6-3-2-5.3, IC 6-3-2-14.5, IC 6-3-2-17,**
 28 **IC 6-3.5-1.1-7, IC 6-3.5-6-24, and IC 6-3.5-7-9, all as repealed by**
 29 **this act, do not apply to taxable years beginning after December 31,**
 30 **2015.**

31 (c) **The legislative council shall provide for the preparation and**
 32 **introduction of legislation in the 2016 session of the general**
 33 **assembly to correct cross references and make other changes, as**
 34 **necessary, to bring provisions that are not added or amended by**
 35 **this act into conformity with this act.**

36 (d) **This SECTION expires July 1, 2018.**

37 SECTION 45. [EFFECTIVE JANUARY 1, 2015
 38 (RETROACTIVE)] (a) **IC 6-3-2-3.7, as amended by this act, applies**
 39 **to taxable years beginning after December 31, 2014.**

40 (b) **This SECTION expires January 1, 2018.**

41 SECTION 46. **An emergency is declared for this act.**



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 441, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 12, delete lines 12 through 42, begin a new paragraph and insert:

"SECTION 10. IC 6-2.5-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 2. (a) Transactions involving agricultural machinery, tools, and equipment are exempt from the state gross retail tax if the person acquiring that property acquires it for ~~his~~ **the person's** direct use in the direct production, extraction, harvesting, or processing of agricultural commodities **(including timber harvesting), and including equipment purchased for the purpose of transporting materials into such activities from an onsite location.**

(b) Transactions involving agricultural machinery or equipment are exempt from the state gross retail tax if:

- (1) the person acquiring the property acquires it for use in conjunction with the production of food and food ingredients or commodities for sale;
- (2) the person acquiring the property is occupationally engaged in the production of food or commodities which ~~he~~ **the person** sells for human or animal consumption or uses for further food and food ingredients or commodity production; and
- (3) the machinery or equipment is designed for use in gathering, moving, or spreading animal waste.

SECTION 11. IC 6-2.5-5-3, AS AMENDED BY P.L.211-2007, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 3. (a) For purposes of this section:

- (1) the retreading of tires shall be treated as the processing of tangible personal property; and
- (2) commercial printing shall be treated as the production and manufacture of tangible personal property.

(b) Except as provided in subsection (c), transactions involving manufacturing machinery, tools, and equipment are exempt from the state gross retail tax if the person acquiring that property acquires it for direct use in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, **including equipment purchased for the purpose of transporting materials into such activities from an onsite**



location.

(c) The exemption provided in subsection (b) does not apply to transactions involving distribution equipment or transmission equipment acquired by a public utility engaged in generating electricity.

SECTION 12. IC 6-2.5-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 4. Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring the property acquires it for ~~his~~ **the person's** direct use in the direct production of the machinery, tools, or equipment described in section 2 or 3 of this chapter, **including equipment purchased for the purpose of transporting materials into such activities from an onsite location."**

Delete pages 13 through 19.

Page 20, delete lines 1 through 38.

Page 35, after line 42, begin a new paragraph and insert:

"SECTION 23. IC 6-3-2-3.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015 (RETROACTIVE)]: Sec. 3.7. (a) Each taxable year, an individual **or the individual's surviving spouse** is entitled to an adjusted gross income tax deduction equal to the remainder of:

(1) the:

(A) first ~~two~~ **eight** thousand dollars (~~\$2,000~~) (**\$8,000**), for **taxable years beginning after December 31, 2014, and before January 1, 2016; and**

(B) **first sixteen thousand dollars (\$16,000), for taxable years beginning after December 31, 2015;**

which is received by the individual **or the individual's surviving spouse** during the taxable year from a federal civil service annuity, and which is included in adjusted gross income under Section 62 of the Internal Revenue Code; minus

(2) the total amount of Social Security benefits and railroad retirement benefits received by the individual **or the individual's surviving spouse** during the taxable year.

(b) ~~However,~~ The individual is only entitled to the deduction provided by this section if the individual is at least sixty-two (62) years of age before the end of the taxable year. **This subsection does not apply to the individual's surviving spouse."**

Page 44, delete lines 34 through 42.

Page 45, delete lines 1 through 31.

Page 46, delete lines 28 through 42, begin a new paragraph and insert:



"SECTION 36. IC 6-3.1-24-9, AS AMENDED BY P.L.288-2013, SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 9. (a) The total amount of tax credits that may be approved by the corporation under this chapter in a particular calendar year for qualified investment capital provided during that calendar year may not exceed twelve million five hundred thousand dollars (\$12,500,000). An amount of an unused credit carried over by a taxpayer from a previous calendar year may not be considered in determining the amount of proposed investments that the Indiana economic development corporation may certify under this chapter.

(b) Notwithstanding the other provisions of this chapter, a taxpayer is not entitled to a credit for providing qualified investment capital to a qualified Indiana business after December 31, ~~2016~~; **2020**. However, this subsection may not be construed to prevent a taxpayer from carrying over to a taxable year beginning after December 31, ~~2016~~; **2020**, an unused tax credit attributable to an investment occurring before January 1, ~~2017~~; **2021**.

SECTION 37. IC 6-3.1-26-8.5, AS ADDED BY P.L.288-2013, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 8.5. For purposes of this chapter, a "logistics investment" means an expenditure for one (1) or more of the following purposes:

- (1) Making an improvement to real property located in Indiana that is related to constructing a new, or modernizing an existing, transportation or logistical distribution facility.
- (2) Improving the transportation of goods on Indiana highways, limited to the following:
 - (A) Upgrading terminal facilities that serve tractors (as defined in IC 9-13-2-180) and semitrailers (as defined in IC 9-13-2-164).
 - (B) Improving paved access to terminal facilities.
 - (C) Adding new maintenance areas.
 - (D) Purchasing new shop equipment having a useful life of at least five (5) years, such as diagnostic equipment, oil delivery systems, air compressors, and truck lifts.
- (3) Improving the transportation of goods by rail, limited to the following:
 - (A) Upgrading or building mainline, secondary, yard, and spur trackage.
 - (B) Upgrading or replacing bridges to obtain higher load bearing capability.
 - (C) Upgrading or replacing grade crossings to increase



visibility for motorists, including improvements to roadway surfaces, signage and traffic signals, and signal system upgrades and replacements to meet Federal Railroad Administration Positive Train Control regulations.

(D) Upgrading fueling facilities, including upgrading fueling and sanding locomotives or tanks, pumps, piping, containment areas, track pans, lighting, and security.

(E) Upgrading team track facilities, including railroad owned warehouses, loading docks, and transfer stations for loading and unloading freight.

(F) Upgrading shop facilities, including upgrading structures, inspection pits, drop pits, cranes, employee fall protection, lighting, climate control, and break rooms.

(G) Upgrading or building passing lines or automated switches on a rail line.

(4) Improving the transportation of goods by water, limited to the following:

(A) Upgrading or replacing a permanent waterside dock.

(B) Upgrading or building a new terminal facility that serves waterborne transportation.

(C) Improving paved access to a waterborne terminal facility.

(D) Purchasing new equipment having a useful life of at least five (5) years, including diagnostic equipment, an oil delivery system, an air compressor, or a barge lift.

(5) Improving the transportation of goods by air, limited to the following:

(A) Upgrading or building a new cargo building, apron, hangar, warehouse facility, freight forwarding facility, cross-dock distribution facility, or aircraft maintenance facility.

(B) Improving paved access to a terminal or cargo facility.

(C) Upgrading a fueling facility.

(6) Improving warehousing and logistical capabilities, limited to the following:

(A) Upgrading warehousing facilities, including upgrading loading dock doors and loading dock plates, fueling equipment, fueling installations, or dolly drop pads for trailers.

(B) Improving logistical distribution by purchasing new equipment, limited to the following:

(i) Picking modules (systems of racks, conveyors, and controllers).

(ii) Racking equipment.



- (iii) Warehouse management systems, including scanning or coding equipment.
- (iv) Security equipment.
- (v) Temperature control and monitoring equipment.
- (vi) Dock levelers and pallet levelers and inverters.
- (vii) Conveyors and related controllers, scales, and like equipment.
- (viii) Packaging equipment.
- (ix) Moving, separating, sorting, and picking equipment.

A logistics investment does not include an expenditure for maintenance expenses.

SECTION 38. IC 6-3.1-26-26, AS AMENDED BY P.L.137-2012, SECTION 61, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 26. (a) This chapter applies to taxable years beginning after December 31, 2003.

(b) Notwithstanding the other provisions of this chapter, the corporation may not approve a credit for a qualified investment made after December 31, ~~2016~~ **2020**. However, this section may not be construed to prevent a taxpayer from carrying an unused tax credit attributable to a qualified investment made before January 1, ~~2017~~, **2021**, forward to a taxable year beginning after December 31, ~~2016~~, **2020**, in the manner provided by section 15 of this chapter."

Page 47, delete lines 1 through 3.

Page 63, delete lines 18 through 25.

Page 63, after line 38, begin a new paragraph and insert:

"SECTION 53. [EFFECTIVE JANUARY 1, 2015 (RETROACTIVE)] **(a) IC 6-3-2-3.7, as amended by this act, applies to taxable years beginning after December 31, 2014.**

(b) This SECTION expires January 1, 2018.

SECTION 54. **An emergency is declared for this act."**

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 441 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 7, Nays 4.

