PROPOSED AMENDMENT
HB 1001 # 24

DIGEST

Federal funding loss protection fund. Establishes the federal funding loss protection fund to set aside money that will allow the state to maintain necessary funds against the risk of any loss in federal funding. Requires the budget agency to monitor how decreases in the amount of federal funds available to the state impact the state. Allows the governor to recommend to the budget committee that a decrease in the tax rate imposed on the adjusted gross income set to take effect instead be delayed for not more than two calendar years.

Page 74, between lines 18 and 19, begin a new paragraph and insert:

"SECTION 37. IC 4-12-19.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]:

Chapter 19.5. Federal Funding Loss Protection Fund

Sec. 1. As used in this chapter, "fund" means the federal funding loss protection fund established by section 3 of this chapter.

Sec. 2. As used in this chapter, "department" means the Indiana department of state revenue.

Sec. 3. (a) The federal funding loss protection fund is established to set aside money that will allow the state to maintain necessary funds against the risk of any loss or diminution in the level of federal funding compared to the level of federal funding received in the state fiscal years beginning after June 30, 2023, and ending before July 1, 2025.

(b) The fund shall be administered by the budget agency. The fund consists of:

(1) transfers of amounts determined under section 6 of this chapter;

(2) appropriations from the general assembly;

(3) gifts and grants to the fund; and

(4) deposits of interest under subsection (c).

(c) The treasurer of state shall invest the money in the fund not

currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

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

Sec. 4. (a) The budget agency shall closely monitor the amount of federal funds available to the state and how any changes, or potential changes, impact the state budget, the balance of the state general fund, the state's combined reserve balance and surplus money, and the state's ability to adequately provide services to the citizens of Indiana.

(b) Each month, or upon the request of the governor or the budget committee, the budget agency shall provide a report concerning the information described in subsection (a), including any recommended action, to the governor and the budget committee.

Sec. 5. As determined necessary by the governor, the governor may submit a proposed plan to the budget committee to delay, for not more than two (2) calendar years, a decrease in the tax rate imposed on the adjusted gross income of individuals set to take effect under IC 6-3-2-1(a)(7) or IC 6-3-2-1(a)(8), as applicable. The department, after review by the budget committee, shall execute the plan for the delay in the decrease in the tax rate imposed on the adjusted gross income on individuals under IC 6-3-2-1(a) in the manner recommended by the governor.

Sec. 6. If a decrease in the adjusted gross income tax rate is delayed under section 5 of this chapter, the department shall determine the amount of revenue collected by the state that is attributable to the part of the tax rate that would have been decreased, if not for the application of this chapter, and deposit the amount in the fund.

Sec. 7. The budget agency may transfer money from the fund as necessary for the use or purpose of any state agency.".

Page 95, between lines 45 and 46, begin a new paragraph and insert:

"SECTION 45. IC 6-3-2-1, AS AMENDED BY P.L.201-2023, SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 1. (a) Each taxable year, a tax at the following rate of adjusted gross income is imposed upon the adjusted gross income of every resident person, and on that part of the adjusted gross income derived from sources within Indiana of every nonresident person:

(1) For taxable years beginning before January 1, 2015, three and four-tenths percent (3.4%).

(2) For taxable years beginning after December 31, 2014, and before January 1, 2017, three and three-tenths percent (3.3%).

(3) For taxable years beginning after December 31, 2016, and before January 1, 2023, three and twenty-three hundredths percent (3.23%).

(4) For taxable years beginning after December 31, 2022, and before January 1, 2024, three and fifteen hundredths percent (3.15%).

(5) For taxable years beginning after December 31, 2023, and before January 1, 2025, three and five-hundredths percent (3.05%).

(6) For taxable years beginning after December 31, 2024, and before January 1, 2026, three percent (3%).

(7) **Subject to subsection IC 4-12-19.5-5,** for taxable years beginning after December 31, 2025, and before January 1, 2027, two and ninety-five hundredths percent (2.95%).

(8) **Subject to subsection IC 4-12-19.5-5,** for taxable years beginning after December 31, 2026, two and nine-tenths percent (2.9%).

(b) Except as provided in section 1.5 of this chapter (before its expiration), each taxable year, a tax at the following rate of adjusted gross income is imposed on that part of the adjusted gross income derived from sources within Indiana of every corporation:

(1) Before July 1, 2012, eight and five-tenths percent (8.5%).

(2) After June 30, 2012, and before July 1, 2013, eight percent (8.0%).

(3) After June 30, 2013, and before July 1, 2014, seven and five-tenths percent (7.5%).

(4) After June 30, 2014, and before July 1, 2015, seven percent (7.0%).

(5) After June 30, 2015, and before July 1, 2016, six and five-tenths percent (6.5%).

(6) After June 30, 2016, and before July 1, 2017, six and twenty-five hundredths percent (6.25%).

(7) After June 30, 2017, and before July 1, 2018, six percent (6.0%).

(8) After June 30, 2018, and before July 1, 2019, five and

seventy-five hundredths percent (5.75%).

(9) After June 30, 2019, and before July 1, 2020, five and five-tenths percent (5.5%).

(10) After June 30, 2020, and before July 1, 2021, five and twenty-five hundredths percent (5.25%).

(11) After June 30, 2021, four and nine-tenths percent (4.9%).

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

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

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

STEP THREE: Divide the sum of the amounts determined under STEPS ONE and TWO by the number of days in the taxpayer's tax period.

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

Renumber all SECTIONS consecutively.

(Reference is to HB 1001 as introduced.)