

SENATE BILL No. 441

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-1.5-5-1; IC 6-2.5; IC 6-3; IC 6-3.1; IC 6-3.5; IC 6-5.5-1-2; IC 6-6; IC 6-8.1; IC 8-24-17-14; IC 21-12-7-4.

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. Eliminates the double direct test for the gross retail tax exemption for various transactions involving various types of tangible personal property. Specifies that the exemption applies if the tangible personal property is acquired for direct use or consumption in the production of tangible personal property when the person acquiring the property is occupationally engaged in the business of producing tangible personal property. 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: July 1, 2015; January 1, 2016; January 1, 2017.

Hershman

January 12, 2015, read first time and referred to Committee on Tax & Fiscal Policy.



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;



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 6-2.5-4-2 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 2. (a) A person is
 14 a retail merchant making a retail transaction when ~~he~~ **the person** is
 15 making wholesale sales.

16 (b) For purposes of this section, a person is making wholesale sales
 17 when ~~he~~ **the person**:

18 (1) sells tangible personal property, other than capital assets or
 19 depreciable property, to a person who purchases the property for
 20 the purpose of reselling it without changing its form;

21 (2) sells tangible personal property to a person who purchases the
 22 property for direct **use or** consumption ~~as a material~~ in the ~~direct~~
 23 production of other tangible personal property produced by the
 24 person in ~~his~~ **the person's** business of ~~manufacturing, processing,~~
 25 ~~refining, repairing, mining, agriculture, or horticulture;~~
 26 **producing other tangible personal property that is for sale;**

27 (3) sells tangible personal property to a person who purchases the
 28 property for incorporation as a material or integral part of tangible
 29 personal property produced by the person in ~~his~~ **the person's**
 30 business of ~~manufacturing, assembling, constructing, refining, or~~
 31 ~~processing;~~ **producing other tangible personal property that is**
 32 **for sale;**

33 (4) sells drugs, medical or dental preparations, or other similar
 34 materials to a person who purchases the materials for direct **use**
 35 **or** consumption in professional use by a physician, hospital,
 36 embalmer, funeral director, or tonsorial parlor;

37 (5) sells tangible personal property to a person who purchases the
 38 property for direct **use or** consumption in ~~his~~ **the person's**
 39 business of industrial cleaning; or

40 (6) sells tangible personal property to a person who purchases the
 41 property for direct **use or** consumption in the person's business in
 42 the direct rendering of public utility service.



1 (c) Notwithstanding any provision of this article, a person is not
2 making a retail transaction when ~~he:~~ **the person:**

- 3 (1) acquires tangible personal property owned by another person;
4 (2) provides industrial processing or servicing, including
5 enameling or plating, on the property; and
6 (3) transfers the property back to the owner to be sold by that
7 owner either in the same form or as a part of other tangible
8 personal property produced by that owner in ~~his~~ **the owner's**
9 business of manufacturing, assembling, constructing, refining, or
10 processing.

11 SECTION 11. IC 6-2.5-4-5, AS AMENDED BY P.L.288-2013,
12 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 JANUARY 1, 2016]: Sec. 5. (a) As used in this section, a "power
14 subsidiary" means a corporation which is owned or controlled by one
15 (1) or more public utilities that furnish or sell electrical energy, natural
16 or artificial gas, water, steam, or steam heat and which produces power
17 exclusively for the use of those public utilities.

18 (b) A power subsidiary or a person engaged as a public utility is a
19 retail merchant making a retail transaction when the subsidiary or
20 person furnishes or sells electrical energy, natural or artificial gas,
21 water, steam, or steam heating service to a person for commercial or
22 domestic consumption.

23 (c) Notwithstanding subsection (b), a power subsidiary or a person
24 engaged as a public utility is not a retail merchant making a retail
25 transaction in any of the following transactions:

- 26 (1) The power subsidiary or person provides, installs, constructs,
27 services, or removes tangible personal property which is used in
28 connection with the furnishing of the services or commodities
29 listed in subsection (b).
30 (2) The power subsidiary or person sells the services or
31 commodities listed in subsection (b) to another public utility or
32 power subsidiary described in this section or a person described
33 in section 6 of this chapter.
34 (3) The power subsidiary or person sells the services or
35 commodities listed in subsection (b) to a person for ~~use in~~
36 ~~manufacturing, mining, production, processing (after December~~
37 ~~31, 2012); repairing (after December 31, 2012); refining; the~~
38 **person's direct use or consumption in the production of the**
39 **tangible personal property that is for sale or for use or**
40 **consumption in the production of other tangible personal**
41 **property or recycling (as defined in IC 6-2.5-5-45.8). ~~or~~**
42 ~~extraction; mineral extraction; irrigation; agriculture; floriculture~~



1 ~~(after December 31, 2012); arboriculture (after December 31,~~
 2 ~~2012); or horticulture.~~ However, this exclusion for sales of the
 3 services and commodities only applies if the services are
 4 consumed as an essential and integral part of ~~an integrated a~~
 5 process that produces tangible personal property and those sales
 6 are separately metered for the excepted uses listed in ~~this~~
 7 ~~subdivision; IC 6-2.5-5-6.1 or IC 6-2.5-5-45.8,~~ or if those sales
 8 are not separately metered but are predominately used by the
 9 purchaser for the excepted uses listed in ~~this subdivision:~~
 10 **IC 6-2.5-5-6.1 or IC 6-2.5-5-45.8.**

11 (4) The power subsidiary or person sells the services or
 12 commodities listed in subsection (b) and all the following
 13 conditions are satisfied:

14 (A) The services or commodities are sold to a business that:

- 15 (i) relocates all or part of its operations to a facility; or
 16 (ii) expands all or part of its operations in a facility;

17 located in a military base (as defined in IC 36-7-30-1(c)), a
 18 military base reuse area established under IC 36-7-30, the part
 19 of an economic development area established under
 20 IC 36-7-14.5-12.5 that is or formerly was a military base (as
 21 defined in IC 36-7-30-1(c)), or a qualified military base
 22 enhancement area established under IC 36-7-34.

23 (B) The business uses the services or commodities in the
 24 facility described in clause (A) not later than five (5) years
 25 after the operations that are relocated to the facility or
 26 expanded in the facility commence.

27 (C) The sales of the services or commodities are separately
 28 metered for use by the relocated or expanded operations.

29 (D) In the case of a business that uses the services or
 30 commodities in a qualified military base enhancement area
 31 established under IC 36-7-34-4(1), the business must satisfy at
 32 least one (1) of the following criteria:

33 (i) The business is a participant in the technology transfer
 34 program conducted by the qualified military base (as defined
 35 in IC 36-7-34-3).

36 (ii) The business is a United States Department of Defense
 37 contractor.

38 (iii) The business and the qualified military base have a
 39 mutually beneficial relationship evidenced by a
 40 memorandum of understanding between the business and
 41 the United States Department of Defense.

42 (E) In the case of a business that uses the services or



1 commodities in a qualified military base enhancement area
 2 established under IC 36-7-34-4(2), the business must satisfy at
 3 least one (1) of the following criteria:

4 (i) The business is a participant in the technology transfer
 5 program conducted by the qualified military base (as defined
 6 in IC 36-7-34-3).

7 (ii) The business and the qualified military base have a
 8 mutually beneficial relationship evidenced by a
 9 memorandum of understanding between the business and
 10 the qualified military base (as defined in IC 36-7-34-3).

11 However, this subdivision does not apply to a business that
 12 substantially reduces or ceases its operations at another location
 13 in Indiana in order to relocate its operations in an area described
 14 in this subdivision, unless the department determines that the
 15 business had existing operations in the area described in this
 16 subdivision and that the operations relocated to the area are an
 17 expansion of the business's operations in the area.

18 SECTION 12. IC 6-2.5-5-1 IS REPEALED [EFFECTIVE
 19 JANUARY 1, 2016]. Sec. 1: Transactions involving animals; feed;
 20 seed; plants; fertilizer; insecticides; fungicides; and other tangible
 21 personal property are exempt from the state gross retail tax if:

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

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

30 SECTION 13. IC 6-2.5-5-2 IS REPEALED [EFFECTIVE
 31 JANUARY 1, 2016]. Sec. 2: (a) Transactions involving agricultural
 32 machinery; tools; and equipment are exempt from the state gross retail
 33 tax if the person acquiring that property acquires it for his direct use in
 34 the direct production; extraction; harvesting; or processing of
 35 agricultural commodities.

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

38 (1) the person acquiring the property acquires it for use in
 39 conjunction with the production of food and food ingredients or
 40 commodities for sale;

41 (2) the person acquiring the property is occupationally engaged in
 42 the production of food or commodities which he sells for human



1 or animal consumption or uses for further food and food
 2 ingredients or commodity production; and
 3 (3) the machinery or equipment is designed for use in gathering,
 4 moving, or spreading animal waste.

5 SECTION 14. IC 6-2.5-5-3 IS REPEALED [EFFECTIVE
 6 JANUARY 1, 2016]. Sec. 3: (a) For purposes of this section:

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

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

11 (b) Except as provided in subsection (c), transactions involving
 12 manufacturing machinery, tools, and equipment are exempt from the
 13 state gross retail tax if the person acquiring that property acquires it for
 14 direct use in the direct production, manufacture, fabrication, assembly,
 15 extraction, mining, processing, refining, or finishing of other tangible
 16 personal property.

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

21 SECTION 15. IC 6-2.5-5-4 IS REPEALED [EFFECTIVE
 22 JANUARY 1, 2016]. Sec. 4: Transactions involving tangible personal
 23 property are exempt from the state gross retail tax if the person
 24 acquiring the property acquires it for his direct use in the direct
 25 production of the machinery, tools, or equipment described in section
 26 2 or 3 of this chapter.

27 SECTION 16. IC 6-2.5-5-5.1 IS REPEALED [EFFECTIVE
 28 JANUARY 1, 2016]. Sec. 5.1: (a) As used in this section, "tangible
 29 personal property" includes electrical energy, natural or artificial gas,
 30 water, steam, and steam heat.

31 (b) Transactions involving tangible personal property are exempt
 32 from the state gross retail tax if the person acquiring the property
 33 acquires it for direct consumption as a material to be consumed in the
 34 direct production of other tangible personal property in the person's
 35 business of manufacturing, processing, refining, repairing, mining,
 36 agriculture, horticulture, floriculture, or arboriculture. This exemption
 37 includes transactions involving acquisitions of tangible personal
 38 property used in commercial printing.

39 (c) A refund claim based on the exemption provided by this section
 40 for electrical energy, natural or artificial gas, water, steam, and steam
 41 heat may not cover transactions that occur more than thirty-six (36)
 42 months before the date of the refund claim.



1 SECTION 17. IC 6-2.5-5-6 IS REPEALED [EFFECTIVE
 2 JANUARY 1, 2016]. Sec. 6: Transactions involving tangible personal
 3 property are exempt from the state gross retail tax if the person
 4 acquiring the property acquires it for incorporation as a material part
 5 of other tangible personal property which the purchaser manufactures;
 6 assembles; refines; or processes for sale in his business. This
 7 exemption includes transactions involving acquisitions of tangible
 8 personal property used in commercial printing.

9 SECTION 18. IC 6-2.5-5-6.1 IS ADDED TO THE INDIANA
 10 CODE AS A NEW SECTION TO READ AS FOLLOWS
 11 [EFFECTIVE JANUARY 1, 2016]: Sec. 6.1. (a) The following
 12 definitions apply throughout this section:

13 (1) "Direct use or consumption in the production of tangible
 14 personal property" means used or consumed in those
 15 activities and operations that constitute an integral and
 16 essential part of the production process, as contrasted with
 17 and distinguished from those activities or operations that are
 18 incidental or remote to production. Property that is not
 19 considered to be in the direct use or consumption in the
 20 production of tangible personal property is set forth in
 21 subsection (d).

22 (2) "Finished goods" means tangible personal property that
 23 will be for sale and that is created as a result of production.

24 (3) "Occupationally engaged" means intending to engage in
 25 the industrial or commercial production of tangible personal
 26 property for a profit. The term does not include intending to
 27 engage in production for pleasure or as a hobby.

28 (4) "Production" means the creation of marketable goods
 29 through a process in which a substantial change or
 30 transformation places tangible personal property in a form,
 31 composition, or character different from that in which it was
 32 acquired.

33 (5) "Raw materials" means tangible personal property found
 34 in its natural, modified, or semiprocessed state that will be
 35 directly used or consumed as an input in the production of
 36 other tangible personal property.

37 (6) "Tangible personal property" has the meaning set forth in
 38 IC 6-2.5-1-27 and includes electrical energy, natural or
 39 artificial gas, water, steam, and steam heat.

40 (b) Except as provided in subsection (c), transactions involving
 41 tangible personal property are exempt from the state gross retail
 42 tax if:



1 (1) the person acquiring the property acquires it for the
 2 person's direct use or consumption in the production of
 3 tangible personal property that is for sale or for use or
 4 consumption in the production of other tangible personal
 5 property; and

6 (2) the person acquiring the property is occupationally
 7 engaged in the business of producing tangible personal
 8 property that is for sale.

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

13 (d) Property that is not considered to be in the direct use or
 14 consumption in the production of tangible personal property
 15 includes, but is not limited to, property used or consumed for any
 16 of the following:

17 (1) To heat, cool, or illuminate office buildings.

18 (2) For janitorial or general cleaning supplies.

19 (3) For the personal comfort of personnel.

20 (4) To plan or schedule work.

21 (5) For inventory control.

22 (6) In marketing, general management, supervision, training,
 23 accounting, and administration.

24 (7) To distribute, acquire, deliver, or transport raw materials
 25 or finished goods.

26 (8) For any other activities or operations incidental or remote
 27 to production.

28 (e) The following shall be treated as the production of tangible
 29 personal property:

30 (1) Retreading tires.

31 (2) Commercial printing.

32 SECTION 19. IC 6-2.5-5-31 IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 31. (a) As used
 34 in this section, "free distribution newspaper" means any community
 35 newspaper, shopping paper, shoppers' consumer paper, pennysaver,
 36 shopping guide, town crier, dollar stretcher, or other similar publication
 37 which:

38 (1) is distributed to the public on a community-wide basis, free of
 39 charge;

40 (2) is published at stated intervals of at least once a month;

41 (3) has continuity as to title and general nature of content from
 42 issue to issue;



1 (4) does not constitute a book, either singly or when successive
2 issues are put together;

3 (5) contains advertisements from numerous unrelated advertisers
4 in each issue;

5 (6) contains news of general or community interest, community
6 notices, or editorial commentary by different authors, in each
7 issue; and

8 (7) is not owned by, or under the control of, the owners or lessees
9 of a shopping center, a merchant's association, or a business that
10 sells property or services (other than advertising) whose
11 advertisements for their sales of property or services constitute the
12 predominant advertising in the publication.

13 (b) The term "free distribution newspaper" does not include mail
14 order catalogs or other catalogs, advertising fliers, travel brochures,
15 house organs, theater programs, telephone directories, restaurant
16 guides, shopping center advertising sheets, and similar publications.

17 ~~(c) Transactions involving manufacturing machinery, tools and
18 equipment, and other tangible personal property are exempt from the
19 state gross retail tax if the person acquiring that property acquires it for
20 his direct use or for his direct consumption as a material to be
21 consumed, in the direct production or publication of a free distribution
22 newspaper, or for incorporation as a material part of a free distribution
23 newspaper published by that person.~~

24 ~~(c)~~ (c) Transactions involving a sale of a free distribution
25 newspaper, or of printing services performed in publishing a free
26 distribution newspaper, are exempt from the state gross retail tax if the
27 purchaser is the publisher of the free distribution newspaper.

28 SECTION 20. IC 6-2.5-5-45.8, AS ADDED BY P.L.137-2012,
29 SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
30 JANUARY 1, 2016]: Sec. 45.8. (a) For purposes of this section,
31 IC 6-2.5-4-5, and section 30 of this chapter, the following definitions
32 apply:

33 (1) "Recycling" means the processing of recycling materials and
34 other tangible personal property into a product for sale if the
35 product is predominantly composed of recycling materials. The
36 term does not include **any of** the following:

37 (A) The demolition of improvements to real estate.

38 (B) The processing of tangible personal property primarily for
39 disposal in a licensed solid waste disposal facility rather than
40 for sale.

41 (C) The collection of recycling materials. ~~by licensed motor
42 vehicles.~~



- 1 (2) "Recycling materials" means tangible personal property,
 2 including metal, paper, glass, plastic, textile, or rubber, that:
 3 (A) is considered "scrap" by industry standards or has no more
 4 than scrap value;
 5 (B) is a byproduct of another person's manufacturing or
 6 production process;
 7 (C) was previously manufactured or incorporated into a
 8 product;
 9 (D) would otherwise reasonably be expected to be destined for
 10 disposal in a licensed solid waste disposal facility; or
 11 (E) has been removed or diverted from the solid waste stream
 12 for sale, use, or reuse as raw materials, regardless of whether
 13 or not the materials require subsequent processing or
 14 separation from each other.
- 15 (3) "Processing of recycling materials" means
 16 ~~(A) the activities involved in collecting or otherwise receiving~~
 17 ~~recycling materials and other tangible personal property; and~~
 18 ~~(B) creating a product for sale by changing the original form,~~
 19 use, or composition of the property (whether manually,
 20 mechanically, chemically, or otherwise) through weighing,
 21 sorting, grading, separating, shredding, crushing, compacting,
 22 breaking, cutting, baling, shearing, torching, wire-stripping, or
 23 other means.
- 24 (b) Transactions involving machinery, tools, and equipment are
 25 exempt from the state gross retail tax if:
 26 (1) the person acquiring that property acquires it for direct use **or**
 27 **consumption** in the ~~direct~~ processing of recycling materials; and
 28 (2) the person acquiring that property is occupationally engaged
 29 in recycling.
- 30 (c) Transactions involving recycling materials and other tangible
 31 personal property to be **used or** consumed in the processing of
 32 recycling materials or to become a part of the product produced by the
 33 processing of recycling materials are exempt from the state gross retail
 34 tax if:
 35 (1) the person acquiring that property acquires it for direct use **or**
 36 **consumption** in the ~~direct~~ processing of recycling materials; and
 37 (2) the person acquiring that property is occupationally engaged
 38 in recycling.
- 39 SECTION 21. IC 6-3-1-3.5, AS AMENDED BY P.L.205-2013,
 40 SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JANUARY 1, 2016]: Sec. 3.5. When used in this article, the term
 42 "adjusted gross income" shall mean the following:



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

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

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

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

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

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

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

18 (C) the spouse of the taxpayer if a separate return is made by
19 the taxpayer and if the spouse, for the calendar year in which
20 the taxable year of the taxpayer begins, has no gross income
21 and is not the dependent of another taxpayer.

22 (5) Subtract:

23 (A) one thousand five hundred dollars (\$1,500) for each of the
24 exemptions allowed under Section 151(c)(1)(B) of the Internal
25 Revenue Code (as effective January 1, 2004); and

26 (B) five hundred dollars (\$500) for each additional amount
27 allowable under Section 63(f)(1) of the Internal Revenue Code
28 if the adjusted gross income of the taxpayer, or the taxpayer
29 and the taxpayer's spouse in the case of a joint return, is less
30 than forty thousand dollars (\$40,000).

31 This amount is in addition to the amount subtracted under
32 subdivision (4).

33 (6) Subtract an amount equal to the lesser of:

34 (A) that part of the individual's adjusted gross income (as
35 defined in Section 62 of the Internal Revenue Code) for that
36 taxable year that is subject to a tax that is imposed by a
37 political subdivision of another state and that is imposed on or
38 measured by income; or

39 (B) two thousand dollars (\$2,000).

40 (7) Add an amount equal to the total capital gain portion of a
41 lump sum distribution (as defined in Section 402(c)(4)(D) of the
42 Internal Revenue Code) if the lump sum distribution is received



- 1 by the individual during the taxable year and if the capital gain
 2 portion of the distribution is taxed in the manner provided in
 3 Section 402 of the Internal Revenue Code.
- 4 ~~(8)~~ **(6)** Subtract any amounts included in federal adjusted gross
 5 income under Section 111 of the Internal Revenue Code as a
 6 recovery of items previously deducted as an itemized deduction
 7 from adjusted gross income.
- 8 ~~(9)~~ **(7)** Subtract any amounts included in federal adjusted gross
 9 income under the Internal Revenue Code which amounts were
 10 received by the individual as supplemental railroad retirement
 11 annuities under 45 U.S.C. 231 and which are not deductible under
 12 subdivision (1).
- 13 ~~(10)~~ **(8)** Subtract an amount equal to the amount of federal Social
 14 Security and Railroad Retirement benefits included in a taxpayer's
 15 federal gross income by Section 86 of the Internal Revenue Code.
- 16 ~~(11)~~ **(9)** In the case of a nonresident taxpayer or a resident
 17 taxpayer residing in Indiana for a period of less than the taxpayer's
 18 entire taxable year, the total amount of the deductions allowed
 19 pursuant to subdivisions (3), (4), **and** (5) ~~and~~ (6) shall be reduced
 20 to an amount which bears the same ratio to the total as the
 21 taxpayer's income taxable in Indiana bears to the taxpayer's total
 22 income.
- 23 ~~(12)~~ **(10)** In the case of an individual who is a recipient of
 24 assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or
 25 IC 12-15-7, subtract an amount equal to that portion of the
 26 individual's adjusted gross income with respect to which the
 27 individual is not allowed under federal law to retain an amount to
 28 pay state and local income taxes.
- 29 ~~(13)~~ **(11)** In the case of an eligible individual, subtract the amount
 30 of a Holocaust victim's settlement payment included in the
 31 individual's federal adjusted gross income.
- 32 ~~(14)~~ **(12)** Subtract an amount equal to the portion of any
 33 premiums paid during the taxable year by the taxpayer for a
 34 qualified long term care policy (as defined in IC 12-15-39.6-5) for
 35 the taxpayer or the taxpayer's spouse, or both.
- 36 ~~(15)~~ **(13)** Subtract an amount equal to the lesser of:
 37 (A) two thousand five hundred dollars (\$2,500); or
 38 (B) the amount of property taxes that are paid during the
 39 taxable year in Indiana by the individual on the individual's
 40 principal place of residence.
- 41 ~~(16)~~ **(14)** Subtract an amount equal to the amount of a September
 42 11 terrorist attack settlement payment included in the individual's



- 1 federal adjusted gross income.
- 2 ~~(17)~~ **(15)** Add or subtract the amount necessary to make the
- 3 adjusted gross income of any taxpayer that owns property for
- 4 which bonus depreciation was allowed in the current taxable year
- 5 or in an earlier taxable year equal to the amount of adjusted gross
- 6 income that would have been computed had an election not been
- 7 made under Section 168(k) of the Internal Revenue Code to apply
- 8 bonus depreciation to the property in the year that it was placed
- 9 in service.
- 10 ~~(18)~~ **(16)** Add an amount equal to any deduction allowed under
- 11 Section 172 of the Internal Revenue Code.
- 12 ~~(19)~~ **(17)** Add or subtract the amount necessary to make the
- 13 adjusted gross income of any taxpayer that placed Section 179
- 14 property (as defined in Section 179 of the Internal Revenue Code)
- 15 in service in the current taxable year or in an earlier taxable year
- 16 equal to the amount of adjusted gross income that would have
- 17 been computed had an election for federal income tax purposes
- 18 not been made for the year in which the property was placed in
- 19 service to take deductions under Section 179 of the Internal
- 20 Revenue Code in a total amount exceeding twenty-five thousand
- 21 dollars (\$25,000).
- 22 ~~(20)~~ **(18)** Add an amount equal to the amount that a taxpayer
- 23 claimed as a deduction for domestic production activities for the
- 24 taxable year under Section 199 of the Internal Revenue Code for
- 25 federal income tax purposes.
- 26 ~~(21)~~ **(19)** Subtract an amount equal to the amount of the taxpayer's
- 27 qualified military income that was not excluded from the
- 28 taxpayer's gross income for federal income tax purposes under
- 29 Section 112 of the Internal Revenue Code.
- 30 ~~(22)~~ **(20)** Subtract income that is:
- 31 (A) exempt from taxation under IC 6-3-2-21.7; and
- 32 (B) included in the individual's federal adjusted gross income
- 33 under the Internal Revenue Code.
- 34 ~~(23)~~ Subtract any amount of a credit (including an advance refund
- 35 of the credit) that is provided to an individual under 26 U.S.C.
- 36 6428 (federal Economic Stimulus Act of 2008) and included in
- 37 the individual's federal adjusted gross income.
- 38 ~~(24)~~ Add any amount of unemployment compensation excluded
- 39 from federal gross income, as defined in Section 61 of the Internal
- 40 Revenue Code, under Section 85(c) of the Internal Revenue Code.
- 41 ~~(25)~~ Add the amount excluded from gross income under Section
- 42 108(a)(1)(e) of the Internal Revenue Code for the discharge of



- 1 debt on a qualified principal residence:
- 2 ~~(26)~~ (21) Add an amount equal to any income not included in
- 3 gross income as a result of the deferral of income arising from
- 4 business indebtedness discharged in connection with the
- 5 reacquisition after December 31, 2008, and before January 1,
- 6 2011, of an applicable debt instrument, as provided in Section
- 7 108(i) of the Internal Revenue Code. Subtract the amount
- 8 necessary from the adjusted gross income of any taxpayer that
- 9 added an amount to adjusted gross income in a previous year to
- 10 offset the amount included in federal gross income as a result of
- 11 the deferral of income arising from business indebtedness
- 12 discharged in connection with the reacquisition after December
- 13 31, 2008, and before January 1, 2011, of an applicable debt
- 14 instrument, as provided in Section 108(i) of the Internal Revenue
- 15 Code.
- 16 (27) Add or subtract the amount necessary to make the adjusted
- 17 gross income of any taxpayer that claimed the special allowance
- 18 for qualified disaster assistance property under Section 168(n) of
- 19 the Internal Revenue Code equal to the amount of adjusted gross
- 20 income that would have been computed had the special allowance
- 21 not been claimed for the property:
- 22 (28) Add or subtract the amount necessary to make the adjusted
- 23 gross income of any taxpayer that made an election under Section
- 24 179C of the Internal Revenue Code to expense costs for qualified
- 25 refinery property equal to the amount of adjusted gross income
- 26 that would have been computed had an election for federal
- 27 income tax purposes not been made for the year.
- 28 (29) Add or subtract the amount necessary to make the adjusted
- 29 gross income of any taxpayer that made an election under Section
- 30 181 of the Internal Revenue Code to expense costs for a qualified
- 31 film or television production equal to the amount of adjusted
- 32 gross income that would have been computed had an election for
- 33 federal income tax purposes not been made for the year.
- 34 (30) Add or subtract the amount necessary to make the adjusted
- 35 gross income of any taxpayer that treated a loss from the sale or
- 36 exchange of preferred stock in:
- 37 (A) the Federal National Mortgage Association, established
- 38 under the Federal National Mortgage Association Charter Act
- 39 (12 U.S.C. 1716 et seq.); or
- 40 (B) the Federal Home Loan Mortgage Corporation, established
- 41 under the Federal Home Loan Mortgage Corporation Act (12
- 42 U.S.C. 1451 et seq.);



1 as an ordinary loss under Section 301 of the Emergency
 2 Economic Stabilization Act of 2008 in the current taxable year or
 3 in an earlier taxable year equal to the amount of adjusted gross
 4 income that would have been computed had the loss not been
 5 treated as an ordinary loss.

6 ~~(31)~~ **(22)** Add the amount excluded from federal gross income
 7 under Section 103 of the Internal Revenue Code for interest
 8 received on an obligation of a state other than Indiana, or a
 9 political subdivision of such a state, that is acquired by the
 10 taxpayer after December 31, 2011.

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

22 (b) In the case of corporations, the same as "taxable income" (as
 23 defined in Section 63 of the Internal Revenue Code) adjusted as
 24 follows:

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

27 (2) Add an amount equal to any deduction or deductions allowed
 28 or allowable pursuant to Section 170 of the Internal Revenue
 29 Code.

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

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

37 (5) Add or subtract the amount necessary to make the adjusted
 38 gross income of any taxpayer that owns property for which bonus
 39 depreciation was allowed in the current taxable year or in an
 40 earlier taxable year equal to the amount of adjusted gross income
 41 that would have been computed had an election not been made
 42 under Section 168(k) of the Internal Revenue Code to apply bonus



- 1 depreciation to the property in the year that it was placed in
 2 service.
- 3 (6) Add an amount equal to any deduction allowed under Section
 4 172 of the Internal Revenue Code.
- 5 (7) Add or subtract the amount necessary to make the adjusted
 6 gross income of any taxpayer that placed Section 179 property (as
 7 defined in Section 179 of the Internal Revenue Code) in service
 8 in the current taxable year or in an earlier taxable year equal to
 9 the amount of adjusted gross income that would have been
 10 computed had an election for federal income tax purposes not
 11 been made for the year in which the property was placed in
 12 service to take deductions under Section 179 of the Internal
 13 Revenue Code in a total amount exceeding twenty-five thousand
 14 dollars (\$25,000).
- 15 (8) Add an amount equal to the amount that a taxpayer claimed as
 16 a deduction for domestic production activities for the taxable year
 17 under Section 199 of the Internal Revenue Code for federal
 18 income tax purposes.
- 19 (9) Add to the extent required by IC 6-3-2-20 the amount of
 20 intangible expenses (as defined in IC 6-3-2-20) and any directly
 21 related intangible interest expenses (as defined in IC 6-3-2-20) for
 22 the taxable year that reduced the corporation's taxable income (as
 23 defined in Section 63 of the Internal Revenue Code) for federal
 24 income tax purposes.
- 25 (10) Add an amount equal to any deduction for dividends paid (as
 26 defined in Section 561 of the Internal Revenue Code) to
 27 shareholders of a captive real estate investment trust (as defined
 28 in section 34.5 of this chapter).
- 29 (11) Subtract income that is:
- 30 (A) exempt from taxation under IC 6-3-2-21.7; and
- 31 (B) included in the corporation's taxable income under the
 32 Internal Revenue Code.
- 33 (12) Add an amount equal to any income not included in gross
 34 income as a result of the deferral of income arising from business
 35 indebtedness discharged in connection with the reacquisition after
 36 December 31, 2008, and before January 1, 2011, of an applicable
 37 debt instrument, as provided in Section 108(i) of the Internal
 38 Revenue Code. Subtract from the adjusted gross income of any
 39 taxpayer that added an amount to adjusted gross income in a
 40 previous year the amount necessary to offset the amount included
 41 in federal gross income as a result of the deferral of income
 42 arising from business indebtedness discharged in connection with



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



1 payments made for services provided in Indiana by an individual
 2 for services as an employee; if the individual was, during the
 3 period of service, prohibited from being hired as an employee
 4 under 8 U.S.C. 1324a.

5 ~~(+8)~~ (13) Add the amount excluded from federal gross income
 6 under Section 103 of the Internal Revenue Code for interest
 7 received on an obligation of a state other than Indiana, or a
 8 political subdivision of such a state, that is acquired by the
 9 taxpayer after December 31, 2011.

10 (c) In the case of life insurance companies (as defined in Section
 11 816(a) of the Internal Revenue Code) that are organized under Indiana
 12 law, the same as "life insurance company taxable income" (as defined
 13 in Section 801 of the Internal Revenue Code), adjusted as follows:

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

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

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

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

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

33 (6) Add an amount equal to any deduction allowed under Section
 34 172 or Section 810 of the Internal Revenue Code.

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



- 1 Revenue Code in a total amount exceeding twenty-five thousand
 2 dollars (\$25,000).
- 3 (8) Add an amount equal to the amount that a taxpayer claimed as
 4 a deduction for domestic production activities for the taxable year
 5 under Section 199 of the Internal Revenue Code for federal
 6 income tax purposes.
- 7 (9) Subtract income that is:
 8 (A) exempt from taxation under IC 6-3-2-21.7; and
 9 (B) included in the insurance company's taxable income under
 10 the Internal Revenue Code.
- 11 (10) 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 (11) 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 (12) 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 (13) 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 (14) 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 ~~(15)~~ **(11)** Add an amount equal to any exempt insurance income
15 under Section 953(e) of the Internal Revenue Code that is active
16 financing income under Subpart F of Subtitle A, Chapter 1,
17 Subchapter N of the Internal Revenue Code.

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

29 ~~(17)~~ **(12)** Add the amount excluded from federal gross income
30 under Section 103 of the Internal Revenue Code for interest
31 received on an obligation of a state other than Indiana, or a
32 political subdivision of such a state, that is acquired by the
33 taxpayer after December 31, 2011.

34 (d) In the case of insurance companies subject to tax under Section
35 831 of the Internal Revenue Code and organized under Indiana law, the
36 same as "taxable income" (as defined in Section 832 of the Internal
37 Revenue Code), adjusted as follows:

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

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

42 (3) Add an amount equal to a deduction allowed or allowable



- 1 under Section 805 or Section 831(c) of the Internal Revenue Code
2 for taxes based on or measured by income and levied at the state
3 level by any state.
- 4 (4) Subtract an amount equal to the amount included in the
5 company's taxable income under Section 78 of the Internal
6 Revenue Code.
- 7 (5) Add or subtract the amount necessary to make the adjusted
8 gross income of any taxpayer that owns property for which bonus
9 depreciation was allowed in the current taxable year or in an
10 earlier taxable year equal to the amount of adjusted gross income
11 that would have been computed had an election not been made
12 under Section 168(k) of the Internal Revenue Code to apply bonus
13 depreciation to the property in the year that it was placed in
14 service.
- 15 (6) Add an amount equal to any deduction allowed under Section
16 172 of the Internal Revenue Code.
- 17 (7) Add or subtract the amount necessary to make the adjusted
18 gross income of any taxpayer that placed Section 179 property (as
19 defined in Section 179 of the Internal Revenue Code) in service
20 in the current taxable year or in an earlier taxable year equal to
21 the amount of adjusted gross income that would have been
22 computed had an election for federal income tax purposes not
23 been made for the year in which the property was placed in
24 service to take deductions under Section 179 of the Internal
25 Revenue Code in a total amount exceeding twenty-five thousand
26 dollars (\$25,000).
- 27 (8) Add an amount equal to the amount that a taxpayer claimed as
28 a deduction for domestic production activities for the taxable year
29 under Section 199 of the Internal Revenue Code for federal
30 income tax purposes.
- 31 (9) Subtract income that is:
- 32 (A) exempt from taxation under IC 6-3-2-21.7; and
33 (B) included in the insurance company's taxable income under
34 the Internal Revenue Code.
- 35 (10) Add an amount equal to any income not included in gross
36 income as a result of the deferral of income arising from business
37 indebtedness discharged in connection with the reacquisition after
38 December 31, 2008, and before January 1, 2011, of an applicable
39 debt instrument, as provided in Section 108(i) of the Internal
40 Revenue Code. Subtract from the adjusted gross income of any
41 taxpayer that added an amount to adjusted gross income in a
42 previous year the amount necessary to offset the amount included



1 in federal gross income as a result of the deferral of income
 2 arising from business indebtedness discharged in connection with
 3 the reacquisition after December 31, 2008, and before January 1,
 4 2011, of an applicable debt instrument, as provided in Section
 5 108(i) of the Internal Revenue Code.

6 (11) Add or subtract the amount necessary to make the adjusted
 7 gross income of any taxpayer that claimed the special allowance
 8 for qualified disaster assistance property under Section 168(n) of
 9 the Internal Revenue Code equal to the amount of adjusted gross
 10 income that would have been computed had the special allowance
 11 not been claimed for the property.

12 (12) Add or subtract the amount necessary to make the adjusted
 13 gross income of any taxpayer that made an election under Section
 14 179C of the Internal Revenue Code to expense costs for qualified
 15 refinery property equal to the amount of adjusted gross income
 16 that would have been computed had an election for federal
 17 income tax purposes not been made for the year.

18 (13) Add or subtract the amount necessary to make the adjusted
 19 gross income of any taxpayer that made an election under Section
 20 181 of the Internal Revenue Code to expense costs for a qualified
 21 film or television production equal to the amount of adjusted
 22 gross income that would have been computed had an election for
 23 federal income tax purposes not been made for the year.

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

27 (A) the Federal National Mortgage Association, established
 28 under the Federal National Mortgage Association Charter Act
 29 (12 U.S.C. 1716 et seq.); or

30 (B) the Federal Home Loan Mortgage Corporation, established
 31 under the Federal Home Loan Mortgage Corporation Act (12
 32 U.S.C. 1451 et seq.);

33 as an ordinary loss under Section 301 of the Emergency
 34 Economic Stabilization Act of 2008 in the current taxable year or
 35 in an earlier taxable year equal to the amount of adjusted gross
 36 income that would have been computed had the loss not been
 37 treated as an ordinary loss.

38 (15) (11) Add an amount equal to any exempt insurance income
 39 under Section 953(e) of the Internal Revenue Code that is active
 40 financing income under Subpart F of Subtitle A, Chapter 1,
 41 Subchapter N of the Internal Revenue Code.

42 (16) This subdivision does not apply to payments made for



1 services provided to a business that was enrolled and participated
 2 in the E-Verify program (as defined in IC 22-5-1.7-3) during the
 3 time the taxpayer conducted business in Indiana in the taxable
 4 year. For a taxable year beginning after June 30, 2011, add the
 5 amount of any trade or business deduction allowed under the
 6 Internal Revenue Code for wages, reimbursements, or other
 7 payments made for services provided in Indiana by an individual
 8 for services as an employee, if the individual was, during the
 9 period of service, prohibited from being hired as an employee
 10 under 8 U.S.C. 1324a.

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

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

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

21 (2) Subtract an amount equal to the amount of a September 11
 22 terrorist attack settlement payment included in the federal
 23 adjusted gross income of the estate of a victim of the September
 24 11 terrorist attack or a trust to the extent the trust benefits a victim
 25 of the September 11 terrorist attack.

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

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

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



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



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

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

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

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

15 (13) Add the amount excluded from gross income under Section
 16 108(a)(1)(c) of the Internal Revenue Code for the discharge of
 17 debt on a qualified principal residence.

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

29 (15) (9) Add the amount excluded from federal gross income
 30 under Section 103 of the Internal Revenue Code for interest
 31 received on an obligation of a state other than Indiana, or a
 32 political subdivision of such a state, that is acquired by the
 33 taxpayer after December 31, 2011.

34 SECTION 22. IC 6-3-1-20 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 20. The term
 36 "business income" means **all** income arising from transactions and
 37 activity in the regular course of the taxpayer's trade or business and
 38 includes income from tangible and intangible property if the
 39 acquisition, management, and disposition of the property constitutes
 40 integral parts of the taxpayer's regular trade or business operations.
 41 **that is apportionable to the state under the Constitution of the**
 42 **United States.**



1 SECTION 23. 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 24. 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 25. 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 26. 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 27. 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 28. 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 29. 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 30. 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 31. 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 32. IC 6-3-3-5.1, AS AMENDED BY P.L.2-2007,
 35 SECTION 122, IS AMENDED TO READ AS FOLLOWS
 36 [EFFECTIVE JANUARY 1, 2016]: Sec. 5.1. (a) At the election of the
 37 taxpayer, a credit against the adjusted gross income tax imposed by
 38 IC 6-3-1 through IC 6-3-7 for the taxable year, is permitted in an
 39 amount (subject to the applicable limitations provided by this section)
 40 equal to fifty percent (50%) of the aggregate amount of contributions
 41 made by the taxpayer during the taxable year to the twenty-first century
 42 scholars program support fund established under IC 21-12-7-1.



1 (b) In the case of a taxpayer other than a corporation, the amount
2 allowable as a credit under this section for any taxable year may not
3 exceed:

- 4 (1) one hundred dollars (\$100) in the case of a single return; or
5 (2) two hundred dollars (\$200) in the case of a joint return.

6 (c) In the case of a taxpayer that is a corporation, the amount
7 allowable as a credit under this section for any taxable year may not
8 exceed the lesser of the following amounts:

- 9 (1) Ten percent (10%) of the corporation's total adjusted gross
10 income tax under IC 6-3-1 through IC 6-3-7 for the taxable year
11 (as determined without regard to any credits against that tax).
12 (2) One thousand dollars (\$1,000).

13 (d) The credit permitted under this section may not exceed the
14 amount of the adjusted gross income tax imposed by IC 6-3-1 through
15 IC 6-3-7 for the taxable year, reduced by the sum of all credits (as
16 determined without regard to this section) allowed by IC 6-3-1 through
17 IC 6-3-7.

18 **(e) A taxpayer is not entitled to a credit under this section for a**
19 **contribution made in a taxable year beginning after December 31,**
20 **2015.**

21 **(f) This section expires January 1, 2018.**

22 SECTION 33. IC 6-3.1-9-6 IS AMENDED TO READ AS
23 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 6. (a) A tax credit
24 shall be allowable under this chapter only for the taxable year of the
25 taxpayer in which the contribution qualifying for the credit is paid or
26 permanently set aside in a special account for the approved program or
27 purpose.

28 **(b) A taxpayer is not entitled to a credit under this chapter for**
29 **contributions made or permanently set aside in a taxable year**
30 **beginning after December 31, 2015.**

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

32 SECTION 34. IC 6-3.1-15-7 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 7. (a) A taxpayer
34 that has donated during the taxable year qualified computer equipment
35 to a service center is entitled to a tax credit as provided in section 8 of
36 this chapter.

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

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

41 SECTION 35. IC 6-3.1-18-11 IS AMENDED TO READ AS
42 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 11. (a) A tax



1 credit shall be allowable under this chapter only for the taxable year of
2 the taxpayer in which the contribution qualifying for the credit is paid.

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

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

7 SECTION 36. IC 6-3.1-20-4, AS AMENDED BY P.L.166-2014,
8 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
9 JANUARY 1, 2016]: Sec. 4. (a) Except as provided in subsection (b),
10 an individual is entitled to a credit under this chapter if:

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

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

15 (A) the individual:

16 (i) owns; or

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

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

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

28 SECTION 37. IC 6-3.1-30-11, AS ADDED BY P.L.193-2005,
29 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
30 JANUARY 1, 2016]: Sec. 11. (a) If the credit provided by this chapter
31 exceeds the taxpayer's state tax liability for the taxable year for which
32 the credit is first claimed, the excess may be carried forward to
33 succeeding taxable years and used as a credit against the taxpayer's
34 state tax liability during those taxable years. Each time that the credit
35 is carried forward to a succeeding taxable year, the credit is to be
36 reduced by the amount that was used as a credit during the immediately
37 preceding taxable year. The credit provided by this chapter may be
38 carried forward and applied to succeeding taxable years for nine (9)
39 taxable years following the unused credit year.

40 (b) A taxpayer is not entitled to any carryback or refund of any
41 unused credit.

42 **(c) A taxpayer is not entitled to a credit under this chapter for**



1 relocation costs incurred in a taxable year beginning after
2 December 31, 2015.

3 **(d) This chapter expires January 1, 2025.**

4 SECTION 38. IC 6-3.5-1.1-7 IS REPEALED [EFFECTIVE
5 JANUARY 1, 2016]. Sec. 7: (a) If for a particular taxable year a county
6 taxpayer is; or a county taxpayer and the taxpayer's spouse who file a
7 joint return are; allowed a credit for the elderly or individuals with a
8 total disability under Section 22 of the Internal Revenue Code; the
9 county taxpayer is; or the county taxpayer and the taxpayer's spouse
10 are; entitled to a credit against the taxpayer's or the taxpayer's and the
11 taxpayer's spouse's county adjusted gross income tax liability for that
12 same taxable year. The amount of the credit equals the lesser of:

13 (1) the product of:

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

17 (B) a fraction; the numerator of which is the county adjusted
18 gross income tax rate imposed against the county taxpayer; or
19 the county taxpayer and the taxpayer's spouse; and the
20 denominator of which is fifteen hundredths (0.15); or

21 (2) the amount of county adjusted gross income tax imposed on
22 the county taxpayer; or the county taxpayer and the taxpayer's
23 spouse.

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

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

- 36 (1) definitions;
37 (2) declarations of estimated tax;
38 (3) filing of returns;
39 (4) remittances;
40 (5) incorporation of the provisions of the Internal Revenue Code;
41 (6) penalties and interest;
42 (7) exclusion of military pay credits for withholding; and



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



1 (1) the product of:

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

4 (B) a fraction; the numerator of which is the county option
5 income tax rate imposed against the county taxpayer; or the
6 county taxpayer and the taxpayer's spouse; and the
7 denominator of which is fifteen-hundredths (0.15); or

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

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

16 SECTION 42. IC 6-3.5-7-9 IS REPEALED [EFFECTIVE
17 JANUARY 1, 2016]. Sec. 9: (a) If for a taxable year a county taxpayer
18 is (or a county taxpayer and a county taxpayer's spouse who file a joint
19 return are) allowed a credit for the elderly or individuals with a total
20 disability under Section 22 of the Internal Revenue Code; the county
21 taxpayer is (or the county taxpayer and the county taxpayer's spouse
22 are) entitled to a credit against the county taxpayer's (or the county
23 taxpayer's and the county taxpayer's spouse's) county economic
24 development income tax liability for that same taxable year. The
25 amount of the credit equals the lesser of:

26 (1) the product of:

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

30 (B) a fraction: The numerator of the fraction is the county
31 economic development income tax rate imposed against the
32 county taxpayer (or against the county taxpayer and the county
33 taxpayer's spouse): The denominator of the fraction is
34 fifteen-hundredths (0.15); or

35 (2) the amount of county economic development income tax
36 imposed on the county taxpayer (or the county taxpayer and the
37 county taxpayer's spouse):

38 (b) If a county taxpayer and the county taxpayer's spouse file a joint
39 return and are subject to different county economic development
40 income tax rates for the same taxable year; they shall compute the
41 credit under this section by using the formula provided by subsection
42 (a); except that they shall use the average of the two (2) county



1 economic development income tax rates imposed against them as the
 2 numerator referred to in subsection (a)(1)(B):

3 SECTION 43. IC 6-3.5-7-18, AS AMENDED BY P.L.146-2008,
 4 SECTION 348, IS AMENDED TO READ AS FOLLOWS
 5 [EFFECTIVE JANUARY 1, 2016]: Sec. 18. (a) Except as otherwise
 6 provided in this chapter, all provisions of the adjusted gross income tax
 7 law (IC 6-3) concerning:

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

16 apply to the imposition, collection, and administration of the tax
 17 imposed by this chapter.

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

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

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

26 SECTION 44. IC 6-5.5-1-2, AS AMENDED BY P.L.205-2013,
 27 SECTION 124, IS AMENDED TO READ AS FOLLOWS
 28 [EFFECTIVE JANUARY 1, 2016]: Sec. 2. (a) Except as provided in
 29 subsections (b) through (d), "adjusted gross income" means taxable
 30 income as defined in Section 63 of the Internal Revenue Code, adjusted
 31 as follows:

- 32 (1) Add the following amounts:
 - 33 (A) An amount equal to a deduction allowed or allowable
 34 under Section 166, Section 585, or Section 593 of the Internal
 35 Revenue Code.
 - 36 (B) An amount equal to a deduction allowed or allowable
 37 under Section 170 of the Internal Revenue Code.
 - 38 (C) An amount equal to a deduction or deductions allowed or
 39 allowable under Section 63 of the Internal Revenue Code for
 40 taxes based on or measured by income and levied at the state
 41 level by a state of the United States or levied at the local level
 42 by any subdivision of a state of the United States.



- 1 (D) The amount of interest excluded under Section 103 of the
2 Internal Revenue Code or under any other federal law, minus
3 the associated expenses disallowed in the computation of
4 taxable income under Section 265 of the Internal Revenue
5 Code.
- 6 (E) An amount equal to the deduction allowed under Section
7 172 or 1212 of the Internal Revenue Code for net operating
8 losses or net capital losses.
- 9 (F) For a taxpayer that is not a large bank (as defined in
10 Section 585(c)(2) of the Internal Revenue Code), an amount
11 equal to the recovery of a debt, or part of a debt, that becomes
12 worthless to the extent a deduction was allowed from gross
13 income in a prior taxable year under Section 166(a) of the
14 Internal Revenue Code.
- 15 (G) Add the amount necessary to make the adjusted gross
16 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
19 income that would have been computed had an election not
20 been made under Section 168(k) of the Internal Revenue Code
21 to apply bonus depreciation to the property in the year that it
22 was placed in service.
- 23 (H) Add the amount necessary to make the adjusted gross
24 income of any taxpayer that placed Section 179 property (as
25 defined in Section 179 of the Internal Revenue Code) in
26 service in the current taxable year or in an earlier taxable year
27 equal to the amount of adjusted gross income that would have
28 been computed had an election for federal income tax
29 purposes not been made for the year in which the property was
30 placed in service to take deductions under Section 179 of the
31 Internal Revenue Code in a total amount exceeding
32 twenty-five thousand dollars (\$25,000).
- 33 (I) Add an amount equal to the amount that a taxpayer claimed
34 as a deduction for domestic production activities for the
35 taxable year under Section 199 of the Internal Revenue Code
36 for federal income tax purposes.
- 37 (J) Add an amount equal to any income not included in gross
38 income as a result of the deferral of income arising from
39 business indebtedness discharged in connection with the
40 reacquisition after December 31, 2008, and before January 1,
41 2011, of an applicable debt instrument, as provided in Section
42 108(i) of the Internal Revenue Code. Subtract from the



1 adjusted gross income of any taxpayer that added an amount
 2 to adjusted gross income in a previous year the amount
 3 necessary to offset the amount included in federal gross
 4 income as a result of the deferral of income arising from
 5 business indebtedness discharged in connection with the
 6 reacquisition after December 31, 2008, and before January 1,
 7 2011, of an applicable debt instrument, as provided in Section
 8 108(i) of the Internal Revenue Code.

9 ~~(K)~~ Add or subtract the amount necessary to make the adjusted
 10 gross income of any taxpayer that claimed the special
 11 allowance for qualified disaster assistance property under
 12 Section 168(n) of the Internal Revenue Code equal to the
 13 amount of adjusted gross income that would have been
 14 computed had the special allowance not been claimed for the
 15 property:

16 ~~(L)~~ Add or subtract the amount necessary to make the adjusted
 17 gross income of any taxpayer that made an election under
 18 Section 179C of the Internal Revenue Code to expense costs
 19 for qualified refinery property equal to the amount of adjusted
 20 gross income that would have been computed had an election
 21 for federal income tax purposes not been made for the year:

22 ~~(M)~~ Add or subtract the amount necessary to make the
 23 adjusted gross income of any taxpayer that made an election
 24 under Section 181 of the Internal Revenue Code to expense
 25 costs for a qualified film or television production equal to the
 26 amount of adjusted gross income that would have been
 27 computed had an election for federal income tax purposes not
 28 been made for the year:

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

32 (i) the Federal National Mortgage Association, established
 33 under the Federal National Mortgage Association Charter
 34 Act (12 U.S.C. 1716 et seq.); or

35 (ii) the Federal Home Loan Mortgage Corporation,
 36 established under the Federal Home Loan Mortgage
 37 Corporation Act (12 U.S.C. 1451 et seq.);

38 as an ordinary loss under Section 301 of the Emergency
 39 Economic Stabilization Act of 2008 in the current taxable year
 40 or in an earlier taxable year equal to the amount of adjusted
 41 gross income that would have been computed had the loss not
 42 been treated as an ordinary loss:



- 1 ~~(J)~~ **(K)** Add an amount equal to any exempt insurance income
 2 under Section 953(e) of the Internal Revenue Code for active
 3 financing income under Subpart F, Subtitle A, Chapter 1,
 4 Subchapter N of the Internal Revenue Code.
- 5 (2) Subtract the following amounts:
- 6 (A) Income that the United States Constitution or any statute
 7 of the United States prohibits from being used to measure the
 8 tax imposed by this chapter.
- 9 (B) Income that is derived from sources outside the United
 10 States, as defined by the Internal Revenue Code.
- 11 (C) An amount equal to a debt or part of a debt that becomes
 12 worthless, as permitted under Section 166(a) of the Internal
 13 Revenue Code.
- 14 (D) An amount equal to any bad debt reserves that are
 15 included in federal income because of accounting method
 16 changes required by Section 585(c)(3)(A) or Section 593 of
 17 the Internal Revenue Code.
- 18 (E) The amount necessary to make the adjusted gross income
 19 of any taxpayer that owns property for which bonus
 20 depreciation was allowed in the current taxable year or in an
 21 earlier taxable year equal to the amount of adjusted gross
 22 income that would have been computed had an election not
 23 been made under Section 168(k) of the Internal Revenue Code
 24 to apply bonus depreciation.
- 25 (F) The amount necessary to make the adjusted gross income
 26 of any taxpayer that placed Section 179 property (as defined
 27 in Section 179 of the Internal Revenue Code) in service in the
 28 current taxable year or in an earlier taxable year equal to the
 29 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
 34 thousand dollars (\$25,000).
- 35 (G) Income that is:
- 36 (i) exempt from taxation under IC 6-3-2-21.7; and
- 37 (ii) included in the taxpayer's taxable income under the
 38 Internal Revenue Code.
- 39 ~~(H)~~ This clause does not apply to payments made for services
 40 provided to a business that was enrolled and participated in the
 41 E-Verify program (as defined in IC 22-5-1.7-3) during the time
 42 the taxpayer conducted business in Indiana in the taxable year.



1 For a taxable year beginning after June 30, 2011, add the
 2 amount of any trade or business deduction allowed under the
 3 Internal Revenue Code for wages, reimbursements, or other
 4 payments made for services provided in Indiana by an
 5 individual for services as an employee, if the individual was;
 6 during the period of service, prohibited from being hired as an
 7 employee under 8 U.S.C. 1324a.

8 (b) In the case of a credit union, "adjusted gross income" for a
 9 taxable year means the total transfers to undivided earnings minus
 10 dividends for that taxable year after statutory reserves are set aside
 11 under IC 28-7-1-24.

12 (c) In the case of an investment company, "adjusted gross income"
 13 means the company's federal taxable income plus the amount excluded
 14 from federal gross income under Section 103 of the Internal Revenue
 15 Code for interest received on an obligation of a state other than Indiana,
 16 or a political subdivision of such a state, that is acquired by the
 17 taxpayer after December 31, 2011, multiplied by the quotient of:

- 18 (1) the aggregate of the gross payments collected by the company
 19 during the taxable year from old and new business upon
 20 investment contracts issued by the company and held by residents
 21 of Indiana; divided by
 22 (2) the total amount of gross payments collected during the
 23 taxable year by the company from the business upon investment
 24 contracts issued by the company and held by persons residing
 25 within Indiana and elsewhere.

26 (d) As used in subsection (c), "investment company" means a
 27 person, copartnership, association, limited liability company, or
 28 corporation, whether domestic or foreign, that:

- 29 (1) is registered under the Investment Company Act of 1940 (15
 30 U.S.C. 80a-1 et seq.); and
 31 (2) solicits or receives a payment to be made to itself and issues
 32 in exchange for the payment:
 33 (A) a so-called bond;
 34 (B) a share;
 35 (C) a coupon;
 36 (D) a certificate of membership;
 37 (E) an agreement;
 38 (F) a pretended agreement; or
 39 (G) other evidences of obligation;

40 entitling the holder to anything of value at some future date, if the
 41 gross payments received by the company during the taxable year
 42 on outstanding investment contracts, plus interest and dividends



1 earned on those contracts (by prorating the interest and dividends
 2 earned on investment contracts by the same proportion that
 3 certificate reserves (as defined by the Investment Company Act
 4 of 1940) is to the company's total assets) is at least fifty percent
 5 (50%) of the company's gross payments upon investment
 6 contracts plus gross income from all other sources except
 7 dividends from subsidiaries for the taxable year. The term
 8 "investment contract" means an instrument listed in clauses (A)
 9 through (G).

10 SECTION 45. IC 6-6-5-5 IS AMENDED TO READ AS FOLLOWS
 11 [EFFECTIVE JANUARY 1, 2017]: Sec. 5. (a) The amount of tax
 12 imposed by this chapter shall be based upon the classification of the
 13 vehicle, as provided in section 4 of this chapter, and the age of the
 14 vehicle, in accordance with the schedule set out in subsection (c) or (d).

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

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

29 Year of

30 Manufacture	I	II	III	IV	V
31 1st	\$12	\$36	\$50	\$50	\$66
32 2nd	12	30	50	50	57
33 3rd	12	27	42	50	50
34 4th	12	24	33	50	50
35 5th	12	18	24	48	50
36 6th	12	12	18	36	50
37 7th	12	12	12	24	42
38 8th	12	12	12	18	24
39 9th	12	12	12	12	12
40 10th	12	12	12	12	12
41 and thereafter					
42 Year of					



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



1 August 1 of any year shall continue to be taxed as a vehicle in its first
 2 year of manufacture until the end of the calendar year following the
 3 year in which it is first offered for sale. Thereafter, the vehicle shall be
 4 considered to have aged one (1) year as of January 1 of each year.

5 SECTION 46. IC 6-6-5.1-13, AS ADDED BY P.L.131-2008,
 6 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JANUARY 1, 2017]: Sec. 13. (a) Subject to any reductions permitted
 8 under this chapter, the amount of tax imposed under this chapter on a
 9 recreational vehicle or truck camper is prescribed by the schedule set
 10 out in subsection (c). The amount of tax imposed by this chapter is
 11 determined using:

12 (1) the classification of the recreational vehicle or truck camper
 13 under section 12 of this chapter; and

14 (2) the age of the recreational vehicle or truck camper.

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

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

30 Year of						
31 Manufacture	I	II	III	IV	V	
32 1st	\$15	\$36	\$50	\$59	\$103	
33 2nd	12	31	43	51	91	
34 3rd	12	26	35	41	75	
35 4th	12	20	28	38	62	
36 5th	12	15	20	34	53	
37 6th	12	12	15	26	41	
38 7th	12	12	12	16	32	
39 8th	12	12	12	13	21	
40 9th	12	12	12	12	13	
41 10th	12	12	12	12	12	
42 and thereafter						



1	Year of					
2	Manufacture	VI	VII	VIII		
3	1st	\$164	\$241	\$346		
4	2nd	148	212	302		
5	3rd	131	185	261		
6	4th	110	161	223		
7	5th	89	131	191		
8	6th	68	108	155		
9	7th	53	86	126		
10	8th	36	71	97		
11	9th	23	35	48		
12	10th	12	12	17		
13	and thereafter					
14	Year of					
15	Manufacture	IX	X	XI	XII	
16	1st	\$470	\$667	\$879	\$1,045	
17	2nd	412	572	763	907	
18	3rd	360	507	658	782	
19	4th	307	407	574	682	
20	5th	253	341	489	581	
21	6th	204	279	400	475	
22	7th	163	224	317	377	
23	8th	116	154	214	254	
24	9th	55	70	104	123	
25	10th	25	33	46	55	
26	and thereafter					
27	Year of					
28	Manufacture	XIII	XIV	XV	XVI	XVII
29	1st	\$1,235	\$1,425	\$1,615	\$1,805	\$2,375
30	2nd	1,072	1,236	1,401	1,566	2,060
31	3rd	924	1,066	1,208	1,350	1,777
32	4th	806	929	1,053	1,177	1,549
33	5th	687	793	898	1,004	1,321
34	6th	562	648	734	821	1,080
35	7th	445	514	582	651	856
36	8th	300	346	392	439	577
37	9th	146	168	190	213	280
38	10th	64	74	84	94	123
39	and thereafter.					
40	(d) Each recreational vehicle or truck camper shall be taxed as a					
41	recreational vehicle or truck camper in its first year of manufacture					
42	throughout the calendar year in which a recreational vehicle or truck					



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

9 SECTION 47. IC 6-8.1-3-17, AS AMENDED BY P.L.236-2005,
 10 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2015]: Sec. 17. (a) Before an original tax appeal is filed with
 12 the tax court under IC 33-26, the commissioner may settle any tax
 13 liability dispute if a substantial doubt exists as to:

- 14 (1) the constitutionality of the tax under the Constitution of the
- 15 State of Indiana;
- 16 (2) the right to impose the tax;
- 17 (3) the correct amount of tax due;
- 18 (4) the ~~collectibility~~ **collectability** of the tax; or
- 19 (5) whether the taxpayer is a resident or nonresident of Indiana.

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

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

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

37 The time in which a voluntary payment of tax liability may be made (or
 38 the taxpayer may enter into a payment program acceptable to the
 39 department for the payment of the unpaid listed taxes in full in the
 40 manner and time established in a written payment program agreement
 41 between the department and the taxpayer) under the amnesty program
 42 is limited to the period determined by the department, not to exceed



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

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

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

36 (d) For purposes of subsection (c), a liability for a listed tax is due
 37 and payable if:

- 38 (1) the department has issued:
 39 (A) an assessment of the listed tax ~~and under IC 6-8.1-5-1;~~
 40 **(B) a demand for payment under IC 6-8.1-5-3;** or
 41 ~~(B)~~ **(C) a demand notice for payment of the listed tax under**
 42 **IC 6-8.1-8-2;**



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

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

5 SECTION 48. IC 6-8.1-3-24 IS ADDED TO THE INDIANA CODE
 6 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 7 1, 2015]: **Sec. 24. (a) The department of state revenue may adopt
 8 emergency rules under IC 4-22-2-37.1 to carry out a tax amnesty
 9 program under section 17 of this chapter.**

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

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

14 SECTION 49. IC 6-8.1-10-12, AS AMENDED BY P.L.1-2009,
 15 SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JULY 1, 2015]: **Sec. 12. (a) This section applies to a penalty related to
 17 a tax liability to the extent that the:**

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

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

21 **January 1, 2013;**

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

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

27 (5) tax liability is not paid:

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

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

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

37 (1) IC 6-8.1-1-8;

38 (2) section 2.1 of this chapter;

39 (3) section 3 of this chapter;

40 **(4) section 3.5 of this chapter;**

41 ~~(5) section 4 of this chapter;~~

42 ~~(6) section 5 of this chapter;~~



- 1 ~~(6)~~ (7) section 6 of this chapter;
 2 ~~(7)~~ (8) section 7 of this chapter;
 3 ~~(8)~~ (9) section 9 of this chapter; or
 4 ~~(9)~~ (10) IC 6-6;
 5 an additional penalty is imposed under this section. The amount of the
 6 additional penalty imposed under this section is equal to the sum of the
 7 penalties imposed or otherwise calculated under the provisions listed
 8 in subdivisions (1) through ~~(9)~~: **(10)**.
 9 (c) The additional penalty provided by subsection (b) does not apply
 10 if all of the following apply:
 11 (1) The department imposes a penalty on a taxpayer or otherwise
 12 calculates the penalty under the provisions described in
 13 subsection (b)(1) through ~~(b)(9)~~: **(b)(10)**.
 14 (2) The taxpayer against whom the penalty is imposed:
 15 (A) timely files an original tax appeal in the tax court under
 16 IC 6-8.1-5-1; and
 17 (B) contests the department's imposition of the penalty or the
 18 tax on which the penalty is based.
 19 (3) The taxpayer meets all other jurisdictional requirements to
 20 initiate the original tax appeal.
 21 (4) Either the:
 22 (A) tax court enjoins collection of the penalty or the tax on
 23 which the penalty is based under IC 33-26-6-2; or
 24 (B) department consents to an injunction against collection of
 25 the penalty or tax without entry of an order by the tax court.
 26 (d) The additional penalty provided by subsection (b) does not apply
 27 if the taxpayer:
 28 (1) has a legitimate hold on making the payment as a result of an
 29 audit, bankruptcy, protest, taxpayer advocate action, or another
 30 reason permitted by the department;
 31 (2) had established a payment plan with the department before
 32 ~~May 12, 2005~~; **July 1, 2016**; or
 33 (3) verifies with reasonable particularity that is satisfactory to the
 34 commissioner that the taxpayer did not ever receive notice of the
 35 outstanding tax liability.
 36 SECTION 50. IC 8-24-17-14, AS ADDED BY P.L.182-2009(ss),
 37 SECTION 282, IS AMENDED TO READ AS FOLLOWS
 38 [EFFECTIVE JANUARY 1, 2016]: Sec. 14. (a) Except as otherwise
 39 provided in this chapter, all provisions of the adjusted gross income tax
 40 law (IC 6-3) concerning:
 41 (1) definitions;
 42 (2) declarations of estimated tax;



- 1 (3) filing of returns;
 2 (4) remittances;
 3 (5) incorporation of the provisions of the Internal Revenue Code;
 4 (6) penalties and interest;
 5 (7) exclusion of military pay credits for withholding; and
 6 (8) exemptions and deductions;
 7 apply to the imposition, collection, and administration of the
 8 improvement tax.
 9 (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
 10 apply to the improvement tax.
 11 (c) Notwithstanding subsections (a) and (b), each employer shall
 12 report to the department the amount of withholdings of the
 13 improvement tax attributable to each county. This report shall be
 14 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 51. IC 21-12-7-4, AS ADDED BY P.L.2-2007,
 19 SECTION 253, IS AMENDED TO READ AS FOLLOWS
 20 [EFFECTIVE JULY 1, 2015]: Sec. 4. **(a) This section does not apply**
 21 **to contributions to the fund made in a taxable year beginning after**
 22 **December 31, 2015.**
 23 **(b)** A contributor to the fund is entitled to an income tax credit
 24 under IC 6-3-3-5.1.
 25 **(c) This section expires January 1, 2019.**
 26 SECTION 52. [EFFECTIVE JULY 1, 2015] **(a) IC 6-3-1-3.5 and**
 27 **IC 6-3-2-13, both as amended by this act, apply to taxable years**
 28 **beginning after December 31, 2015.**
 29 **(b) IC 6-3-2-5, IC 6-3-2-5.3, IC 6-3-2-14.5, IC 6-3-2-17,**
 30 **IC 6-3.5-1.1-7, IC 6-3.5-6-24, and IC 6-3.5-7-9, all as repealed by**
 31 **this act, do not apply to taxable years beginning after December 31,**
 32 **2015.**
 33 **(c) The legislative council shall provide for the preparation and**
 34 **introduction of legislation in the 2016 session of the general**
 35 **assembly to correct cross references and make other changes, as**
 36 **necessary, to bring provisions that are not added or amended by**
 37 **this act into conformity with this act.**
 38 **(d) This SECTION expires July 1, 2018.**

