

SENATE BILL No. 91

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4-30; IC 6-1.1; IC 6-2.1-3-36; IC 6-3; IC 6-3.5.

Synopsis: Renaissance zones. Establishes the renaissance zone board. Requires the board to designate areas within Indiana as renaissance zones. Provides relief from property taxes, the gross income tax, the adjusted gross income tax, the supplemental net income tax, the county adjusted gross income tax, the county option income tax, and the county economic development income tax to individuals residing in a renaissance zone and businesses located in a renaissance zone. Provides that real and personal property located in a renaissance zone may be assessed for payment of ad valorem property taxes committed to funding or paying bonded indebtedness or lease rentals in leases in which the original term is for at least five years.

Effective: July 1, 1998.

Long

January 8, 1998, read first time and referred to Committee on Governmental and Regulatory Affairs.



Introduced

Second Regular Session 110th General Assembly (1998)

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 1997 General Assembly.

SENATE BILL No. 91

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

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

1 SECTION 1. IC 4-4-30 IS ADDED TO THE INDIANA CODE AS
2 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 1998]:

4 **Chapter 30. Renaissance Zones**
5 **Sec. 1. The general assembly finds and declares that there exists**
6 **in Indiana a continuing need for programs to assist certain local**
7 **governmental units in encouraging economic development, the**
8 **consequent job creation and retention, and ancillary economic**
9 **growth in Indiana. To achieve these purposes, it is necessary to**
10 **assist and encourage the creation of renaissance zones and provide**
11 **temporary relief from certain taxes within the renaissance zones.**

12 **Sec. 2. As used in this chapter, "board" refers to the renaissance**
13 **zone board established in section 8 of this chapter.**

14 **Sec. 3. As used in this chapter, "development plan" means a**
15 **written plan that addresses the criteria described in section 10 of**
16 **this chapter and includes all of the following:**

17 (1) A map of the proposed renaissance zone that indicates the



1 geographic boundaries, the total area, and the present use and
2 conditions generally of the land and structures within those
3 boundaries.

4 (2) Evidence of community support and commitment from
5 residential and business interests within the community.

6 (3) A description of the methods proposed to increase
7 economic opportunity and expansion, facilitate infrastructure
8 improvement, and identify job training opportunities.

9 (4) A description of current social, economic, and
10 demographic characteristics of the proposed renaissance zone
11 and anticipated improvements in education, health, human
12 services, public safety, and employment if the renaissance
13 zone is created.

14 (5) Any other information required by the board.

15 Sec. 4. As used in this chapter, "executive" has the meaning set
16 forth in IC 36-1-2-5.

17 Sec. 5. As used in this chapter, "local governmental unit" means
18 a county, city, or town.

19 Sec. 6. As used in this chapter, "person" means an individual,
20 partnership, corporation, association, limited liability company,
21 governmental entity, or other legal entity.

22 Sec. 7. As used in this chapter, "urban area" means an
23 urbanized area as determined by the Economics and Statistics
24 Administration, United States Bureau of the Census, according to
25 the 1990 census.

26 Sec. 8. (a) There is created a nine (9) member renaissance zone
27 board. The presence of at least five (5) members is required to have
28 a quorum for board meetings.

29 (b) The board consists of the following members:

30 (1) The lieutenant governor.

31 (2) The director of the budget agency.

32 (3) The treasurer of state.

33 (4) Two (2) state senators appointed by the president pro
34 tempore of the senate.

35 (5) Two (2) state representatives appointed by the speaker of
36 the house.

37 (6) One (1) elected local official appointed by the president
38 pro tempore of the senate.

39 (7) One (1) elected local official appointed by the speaker of
40 the house.

41 (c) An appointing legislator shall fill any vacancy under
42 subsection (b)(4) or (b)(5) as it occurs for the remainder of the



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term.

(d) The lieutenant governor shall serve as the chairperson of the board.

(e) The department of commerce shall serve as the staff of the board.

(f) A nonlegislative member is entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

(g) A legislative member is entitled to reimbursement as provided by law for traveling expenses and other expenses actually incurred in connection with the member's duties.

Sec. 9. (a) The board has the following powers in addition to other powers that are contained in this chapter:

(1) To review and approve or reject all applicants for renaissance zone designation, according to the criteria for designation set forth in this chapter.

(2) To approve or reject the geographic boundaries and the total area of the renaissance zone as submitted in the application.

(3) To approve or reject the duration of renaissance zone status as submitted in the application.

(b) The board may not do the following:

(1) Consider an application for renaissance zone designation if the application was submitted after September 30, 1998.

(2) Notwithstanding subsection (a), alter the geographic boundaries of a renaissance zone or the duration of the renaissance zone status described in an application for renaissance zone designation unless the local governmental unit or units in which the renaissance zone is to be located consent by resolution to the alteration.

(3) Designate a renaissance zone before November 1, 1998, or after December 31, 1998.

Sec. 10. (a) The board shall consider the following criteria in designating a renaissance zone:

(1) Evidence of adverse economic and socioeconomic conditions within the proposed renaissance zone.

(2) The viability of the development plan.

(3) Whether the development plan is creative and innovative in comparison with other applications.

(4) The public and private commitment to and other resources



1 available for the proposed renaissance zone.

2 (5) How renaissance zone designation would relate to a
3 broader plan for the community as a whole.

4 (6) The level of demonstrated cooperation from surrounding
5 communities.

6 (7) How the local regulatory burden will be eased for
7 businesses operating in the proposed renaissance zone.

8 (8) The public and private commitment to improving
9 abandoned real property.

10 (9) Any other information required by the board.

11 (b) The board may not designate an area as a renaissance zone
12 unless, as a part of the application, the local governmental unit or
13 units provide a resolution from the legislative body of each unit in
14 which the proposed renaissance zone is to be located stating that if
15 the renaissance zone designation is granted, persons and property
16 within the renaissance zone are exempt from taxes levied by that
17 local governmental unit as provided in this chapter.

18 **Sec. 11. (a) One (1) or more local governmental units may apply**
19 **to the board to designate the local governmental unit or units as a**
20 **renaissance zone if all of the following criteria are met:**

21 (1) The geographic area of the proposed renaissance zone is
22 located within the boundaries of the local governmental unit
23 or units that apply.

24 (2) The application includes a development plan.

25 (3) The proposed renaissance zone is not more than five
26 thousand (5,000) acres in size.

27 (4) The proposed renaissance zone does not contain more than
28 six (6) distinct geographic areas. The minimum size of a
29 distinct geographic area is as follows:

30 (A) For a distinct geographic area that is wholly or partly
31 within a city with a population of more than five hundred
32 thousand (500,000), the distinct geographic area may not
33 be less than thirty (30) acres.

34 (B) For a distinct geographic area that is wholly or partly
35 within a local governmental unit with a population of more
36 than thirty-five thousand (35,000), the distinct geographic
37 area may not be less than twenty (20) acres.

38 (C) For a distinct geographic area that is wholly or partly
39 within a local governmental unit with a population of not
40 more than thirty-five thousand (35,000), the distinct
41 geographic area may not be less than ten (10) acres.

42 (5) Not more than fifty percent (50%) of the real property in



1 each distinct geographic area is owned by the same person.

2 (6) The application includes a proposed duration of
3 renaissance zone status of not more than fifteen (15) years.

4 (7) The written approval of the executive of the local
5 governmental unit or units in which the proposed renaissance
6 zone is located.

7 (b) A local governmental unit may not be a part of more than
8 one (1) renaissance zone.

9 (c) A local governmental unit may not submit more than one (1)
10 application to the board for designation as a renaissance zone. A
11 resolution provided by a local governmental unit under section 10
12 of this chapter does not constitute an application of a unit for a
13 renaissance zone under this act.

14 **Sec. 12.** The board may not designate more than eleven (11)
15 renaissance zones within Indiana. The board shall submit a list of
16 the renaissance zones designated by the board to the general
17 assembly.

18 **Sec. 13.** (a) Except as provided in section 14 of this chapter, an
19 individual who is a resident of a renaissance zone or a business that
20 is located and conducts business activity inside a renaissance zone
21 shall receive the exemption, deduction, or credit as provided in the
22 following for the period provided in section 9(a)(3) of this chapter:

23 (1) IC 6-2.1-3-36 (the gross income tax).

24 (2) IC 6-3-2-19 (the adjusted gross income tax and county
25 income taxes).

26 (3) IC 6-3-8-7 (the supplemental net income tax).

27 (b) Except as provided in section 14 of this chapter, real
28 property and personal property located inside a renaissance zone
29 are exempt from taxation under IC 6-1.1 for the period provided
30 in section 9(a)(3) of this chapter. However, real property and
31 personal property are not exempt from ad valorem property tax
32 levies committed to pay or fund either:

33 (1) bonded indebtedness; or

34 (2) lease rentals under a lease with an original term of at least
35 five (5) years.

36 (c) During the last three (3) years that the taxpayer is eligible for
37 an exemption, deduction, or credit described in subsections (a) and
38 (b), the exemption, deduction, or credit shall be reduced by the
39 following percentages:

40 (1) Twenty-five percent (25%) for the year that is two (2)
41 years before the final year of designation as a renaissance
42 zone.



1 (2) Fifty percent (50%) for the year that immediately
2 precedes the final year of designation as a renaissance zone.

3 (3) Seventy-five percent (75%) for the final year of
4 designation as a renaissance zone.

5 **Sec. 14. (a) An individual who is a resident of a renaissance**
6 **zone, a business that is located and conducts business activity inside**
7 **a renaissance zone, or a person that owns property located inside**
8 **a renaissance zone is not eligible for the exemption, deduction, or**
9 **credits described in section 13 of this chapter if the individual,**
10 **business, or person is:**

11 (1) delinquent for:

12 (A) a property tax assessed and imposed under IC 6-1.1; or

13 (B) a listed tax under IC 6-8.1; or

14 (2) not in substantial compliance with all applicable state and
15 local zoning, building, and housing laws, ordinances, and
16 codes for residential rental property located inside a
17 renaissance zone.

18 (b) A business located in a local governmental unit that locates
19 from outside a renaissance zone into a renaissance zone in that
20 same local governmental unit may not receive the exemptions,
21 deductions, or credits described in section 13 of this chapter unless
22 the legislative body of the local governmental unit in which the
23 renaissance zone is located approves the relocation of the business.

24 (c) If a business relocates more than twenty-five (25) full-time
25 equivalent jobs from one (1) or more local governmental units
26 other than a local governmental unit in which a renaissance zone
27 is located to a local governmental unit inside a renaissance zone,
28 the business shall notify the department of commerce and the local
29 governmental unit from which the jobs are being relocated of the
30 relocation. The business is not eligible for the exemptions,
31 deductions, or credits described in section 13 of this chapter if the
32 local governmental unit from which the jobs are being relocated
33 adopts a resolution objecting to the relocation of the jobs within
34 sixty (60) days after the notification by the business. The business
35 becomes eligible for the exemptions, deductions, or credits
36 described in section 13 of this chapter when the local governmental
37 unit that objected to the relocation rescinds its objection by
38 resolution. A local governmental unit that objects to the relocation
39 of jobs shall file a copy of all resolutions of objection and rescission
40 with the department of state revenue, the department of commerce,
41 and the local governmental unit into which the jobs are
42 transferred.



1 (d) An individual who is a resident of a renaissance zone is
2 eligible for an exemption, deduction, or credit described in section
3 13 of this chapter until the department of state revenue determines
4 that the aggregate state and local tax revenue foregone as a result
5 of all exemptions, deductions, or credits granted under this act to
6 that individual reaches ten million dollars (\$10,000,000).

7 Sec. 15. (a) The department of commerce shall prescribe the
8 form of the application for a renaissance zone designation.

9 (b) The department of commerce shall contract with a state
10 university to prepare an annual report to the general assembly on
11 the economic effects of this chapter in each renaissance zone. The
12 report shall include, but is not limited to, the following
13 information:

14 (1) The number of new jobs created.

15 (2) The percentage change in assessed value.

16 (3) The average wage of new jobs created.

17 (4) The percentage change of adjusted gross income of
18 residents.

19 Sec. 16. The department of state revenue shall adopt rules and
20 prescribe forms and returns necessary to implement this chapter.

21 Sec. 17. The state board of tax commissioners shall adopt rules
22 and prescribe forms and returns necessary to implement this
23 chapter.

24 Sec. 18. The board shall conduct all business at public meetings
25 held in compliance with the public meeting law under IC 5-14-1.5.

26 SECTION 2. IC 6-1.1-10-42 IS ADDED TO THE INDIANA CODE
27 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
28 1, 1998]: Sec. 42. (a) Except as provided in subsection (b), real
29 property and personal property located inside a renaissance zone
30 are exempt from property taxation under this article.

31 (b) Real property and personal property located inside a
32 renaissance zone shall be assessed for the payment of ad valorem
33 property tax levies committed to pay or fund either:

34 (1) bonded indebtedness; or

35 (2) lease rentals under a lease with an original term of at least
36 five (5) years.

37 SECTION 3. IC 6-1.1-11-3, AS AMENDED BY P.L.6-1997,
38 SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
39 JULY 1, 1998]: Sec. 3. (a) The owner of tangible property who wishes
40 to obtain an exemption from property taxation shall file a certified
41 application in duplicate with the auditor of the county in which the
42 property is located. The application must be filed annually on or before



1 May 15 on forms prescribed by the state board of tax commissioners.
 2 Except as provided in sections 1, 3.5, ~~and 4~~, **and 4.5** of this chapter, the
 3 application applies only for the taxes imposed for the year for which the
 4 application is filed.

5 (b) The authority for signing an exemption application may not be
 6 delegated by the owner of the property to any other person except by an
 7 executed power of attorney.

8 (c) An exemption application which is required under this chapter
 9 shall contain the following information:

10 (1) A description of the property claimed to be exempt in
 11 sufficient detail to afford identification.

12 (2) A statement showing the ownership, possession, and use of the
 13 property.

14 (3) The grounds for claiming the exemption.

15 (4) The full name and address of the applicant.

16 (5) Any additional information which the state board of tax
 17 commissioners may require.

18 SECTION 4. IC 6-1.1-11-4.5 IS ADDED TO THE INDIANA
 19 CODE AS A NEW SECTION TO READ AS FOLLOWS
 20 [EFFECTIVE JULY 1, 1998]: **Sec. 4.5. (a) An owner of real property
 21 or personal property located inside a renaissance zone who wishes
 22 to obtain the exemption provided under IC 6-1.1-10-42 must file a
 23 certified application in duplicate with the auditor of the county in
 24 which the property is located. The application must be filed on or
 25 before February 15 on forms prescribed by the state board of tax
 26 commissioners.**

27 (b) The authority for signing an exemption application may not
 28 be delegated by the owner of the property to any other person
 29 except by an executed power of attorney.

30 (c) An exemption application required under this section must
 31 contain the following information:

32 (1) A description of the property claimed as exempt in
 33 sufficient detail to enable identification.

34 (2) A statement showing the ownership of the property.

35 (3) The grounds for claiming the exemption.

36 (4) The full name and address of the applicant.

37 (5) Any additional information the state board of tax
 38 commissioners may require.

39 (d) The owner of real property or personal property located
 40 inside a renaissance zone is not required to file an additional
 41 application as long as the owner remains eligible for a renaissance
 42 zone tax exemption under IC 6-1.1-10-42.



1 SECTION 5. IC 6-2.1-3-36 IS ADDED TO THE INDIANA CODE
2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 1998]: **Sec. 36. (a) Gross income derived from sources inside a
4 renaissance zone is exempt from the gross income tax.**

5 **(b) As used in this section, "gross income derived from sources
6 inside a renaissance zone" means:**

7 **(1) gross income from real or tangible personal property
8 located inside a renaissance zone;**

9 **(2) income from doing business inside a renaissance zone;**

10 **(3) income from a trade or profession conducted inside a
11 renaissance zone;**

12 **(4) compensation for labor or services rendered inside a
13 renaissance zone; and**

14 **(5) income from stocks, bonds, notes, bank deposits, patents,
15 copyrights, secret processes and formulas, good will,
16 trademarks, trade brands, franchises, and other intangible
17 personal property having a situs inside a renaissance zone.**

18 **However, for nonbusiness income described in subsection (i), only
19 so much of the income as is allocated to a renaissance zone under
20 subsections (j) through (m) is considered derived from sources
21 inside a renaissance zone. For business income, only so much of the
22 income as is apportioned to a renaissance zone under subsection (d)
23 is considered derived from sources inside a renaissance zone.**

24 **(c) As used in this section, "renaissance zone" means a
25 renaissance zone created under IC 4-4-30.**

26 **(d) If business income derived from sources inside a renaissance
27 zone cannot be separated from the business income derived from
28 sources outside the renaissance zone, the business income derived
29 from sources inside the renaissance zone is determined by
30 multiplying the business income derived from sources both inside
31 and outside the renaissance zone by a fraction. The numerator of
32 the fraction is the property factor described in subsection (e), plus
33 the payroll factor described in subsection (f), plus the sales factor
34 described in subsection (g). The denominator of the fraction is
35 three (3).**

36 **(e) The property factor is a fraction. The numerator of the
37 fraction is the average value of the taxpayer's real property and
38 tangible personal property owned or rented and used in a
39 renaissance zone during the taxable year. The denominator of the
40 fraction is the average value of all the taxpayer's real property and
41 tangible personal property owned or rented and used during the
42 taxable year. Property owned by the taxpayer is valued at its**



1 original cost. Property rented by the taxpayer is valued at eight (8)
 2 times the net annual rental rate. Net annual rental rate is the
 3 annual rental rate paid by the taxpayer less any annual rental rate
 4 received by the taxpayer from subrentals. The average of property
 5 is determined by averaging the values at the beginning and ending
 6 of the taxable year, but the department may require the averaging
 7 of monthly values during the taxable year if reasonably required
 8 to reflect properly the average value of the taxpayer's property.

9 (f) The payroll factor is a fraction, the numerator of which is the
 10 total amount paid in a renaissance zone during the taxable year by
 11 the taxpayer for compensation, and the denominator of which is
 12 the total compensation paid everywhere during the taxable year by
 13 the taxpayer. Compensation is paid in a renaissance zone if:

14 (1) the individual's service is performed entirely within the
 15 renaissance zone;

16 (2) the individual's service is performed both inside and
 17 outside the renaissance zone, but the service performed
 18 outside the renaissance zone is incidental to the individual's
 19 service inside the renaissance zone; or

20 (3) some of the service is performed inside the renaissance
 21 zone and:

22 (A) the base of operations or, if there is no base of
 23 operations, the place from which the service is directed or
 24 controlled, is inside the renaissance zone; or

25 (B) there is no base of operations or place from which the
 26 service is directed or controlled, but the individual is a
 27 resident of the renaissance zone.

28 (g) The sales factor is a fraction. The numerator of the fraction
 29 is the total sales of the taxpayer inside a renaissance zone during
 30 the taxable year. The denominator of the fraction is the total sales
 31 of the taxpayer everywhere during the taxable year. Sales of
 32 tangible personal property are in a renaissance zone if:

33 (1) the property is delivered or shipped to a purchaser, other
 34 than the United States government, inside the renaissance
 35 zone, regardless of the f.o.b. point or other conditions of the
 36 sale; or

37 (2) the property is shipped from an office, store, warehouse,
 38 factory, or other place of storage inside the renaissance zone
 39 and either the purchaser is the United States government or
 40 the taxpayer is not taxable in the state of the purchaser.

41 (h) Sales, other than sales of tangible personal property, are
 42 inside a renaissance zone if:



- 1 (1) the income-producing activity is performed inside the
2 renaissance zone; or
- 3 (2) the income-producing activity is performed both inside
4 and outside the renaissance zone and a greater proportion of
5 the income-producing activity is performed inside the
6 renaissance zone than outside the renaissance zone, based on
7 costs of performance.
- 8 (i) Rents and royalties from real or tangible personal property,
9 capital gains, interest, dividends, or patent or copyright royalties,
10 to the extent that they constitute nonbusiness income, are allocated
11 as provided in subsections (j) through (m).
- 12 (j) Net rents and royalties from:
- 13 (1) real property located inside a renaissance zone are
14 allocable to the renaissance zone; and
- 15 (2) tangible personal property are allocated to a renaissance
16 zone to the extent that the property is used inside the
17 renaissance zone.
- 18 The extent of use of tangible personal property inside a renaissance
19 zone is determined by multiplying the rents and royalties by a
20 fraction. The numerator of the fraction is the number of days of
21 physical location of the property inside the renaissance zone during
22 the rental or royalty period in the taxable year. The denominator
23 of the fraction is the number of days of physical location of the
24 property everywhere during all rental or royalty periods in the
25 taxable year. If the physical location of the property during the
26 rental or royalty period is unknown or is not ascertainable by the
27 taxpayer, tangible personal property is used where the royalty
28 payor obtained possession of the property.
- 29 (k) Capital gains and losses from sales of:
- 30 (1) real property located inside a renaissance zone are
31 allocable to the renaissance zone;
- 32 (2) tangible personal property are allocable to a renaissance
33 zone if the property had a situs inside the renaissance zone at
34 the time of the sale; and
- 35 (3) intangible personal property are allocable to a renaissance
36 zone if the taxpayer's commercial domicile is inside the
37 renaissance zone.
- 38 (l) Interest and dividends are allocable to a renaissance zone if
39 the taxpayer's commercial domicile is inside the renaissance zone.
- 40 (m) Patent and copyright royalties are allocable to a renaissance
41 zone to the extent that the patent or copyright is used by the
42 taxpayer inside the renaissance zone. A patent is used inside a



1 renaissance zone to the extent that it is used in production,
 2 fabrication, manufacturing, or other processing inside the
 3 renaissance zone or to the extent that a patented product is
 4 produced inside the renaissance zone. If the basis of receipts from
 5 patent royalties does not permit allocation to renaissance zones or
 6 if the accounting procedures do not reflect location of use, the
 7 patent is used at the location of the taxpayer's commercial
 8 domicile. A copyright is used inside a renaissance zone to the extent
 9 that printing or other publication originates inside the renaissance
 10 zone. If the basis of receipts from copyright royalties does not
 11 permit allocation to renaissance zones or if the accounting
 12 procedures do not reflect location of use, the copyright is used at
 13 the location of the taxpayer's commercial domicile.

14 (n) If the allocation and apportionment provisions of this section
 15 do not fairly represent the taxpayer's income derived from sources
 16 inside a renaissance zone, the taxpayer may petition for or the
 17 department may require, with respect to all or any part of the
 18 taxpayer's business activity:

19 (1) a separate accounting;

20 (2) the exclusion of any one (1) or more of the factors listed in
 21 this section;

22 (3) the inclusion of one (1) or more additional factors that will
 23 fairly represent the taxpayer's income derived from sources
 24 inside the renaissance zone; or

25 (4) the employment of any other method to effectuate an
 26 equitable allocation and apportionment of the taxpayer's
 27 income.

28 (o) In the case of at least two (2) organizations, trades, or
 29 businesses owned or controlled directly or indirectly by the same
 30 interests, the department shall distribute, apportion, or allocate the
 31 income derived from sources inside a renaissance zone among
 32 those organizations, trades, or businesses in order to fairly reflect
 33 and report the income derived from sources inside the renaissance
 34 zone by various taxpayers.

35 (p) A taxpayer that:

36 (1) does not own, rent, or lease real property outside a
 37 renaissance zone that is an integral part of its trade or
 38 business; and

39 (2) is not owned or controlled directly or indirectly by a
 40 taxpayer that owns, rents, or leases real property outside a
 41 renaissance zone;

42 is exempt from the allocation and apportionment provisions of this



1 **section.**

2 SECTION 6. IC 6-3-2-19 IS ADDED TO THE INDIANA CODE
3 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
4 1, 1998]: **Sec. 19. (a) Income received by an individual who resides
5 inside a renaissance zone is exempt from taxation under IC 6-3-1
6 through IC 6-3-7. An individual must reside inside a renaissance
7 zone one hundred eighty-three (183) days before the individual is
8 eligible for an exemption under this section.**

9 **(b) The employer of an individual who qualifies for an
10 exemption under this section may not withhold taxes imposed
11 under the following statutes with respect to the individual:**

- 12 (1) IC 6-3 (the adjusted gross income tax).
13 (2) IC 6-3.5-1.1 (the county adjusted gross income tax).
14 (3) IC 6-3.5-6 (the county option income tax).
15 (4) IC 6-3.5-7 (the county economic development income tax).

16 **(c) The department shall adopt rules and prescribe forms
17 necessary to implement this section.**

18 SECTION 7. IC 6-3-8-2 IS AMENDED TO READ AS FOLLOWS
19 [EFFECTIVE JULY 1, 1998]: Sec. 2. (a) As used in this chapter, the
20 term "corporation" shall mean and apply to corporations and shall also
21 mean and apply to banks and trust companies, national banking
22 associations, mutual savings banks, and savings and loan associations
23 not subject to taxation under the financial institutions tax (IC 6-5.5) and
24 domestic insurance companies organized under the laws of the state of
25 Indiana notwithstanding that such organizations are exempt from the
26 tax imposed on adjusted gross income pursuant to IC 6-3-2-1 whether
27 such exemption is accorded under the provisions of IC 6-3-2-2.8(3) or
28 IC 6-3-2-2.8(4), or under the provisions of IC 27-1-18-2, as such
29 section pertains to domestic insurance companies, or under the
30 provisions of any other law of the state of Indiana.

31 (b) The term "net income" shall mean adjusted gross income derived
32 from sources within the state of Indiana, as determined in accordance
33 with the provisions of IC 6-3-2-2, adjusted as follows: Subtract an
34 amount equal to the greater of:

- 35 (1) the amount of tax imposed by IC 6-3-2 on the taxpayer's
36 adjusted gross income for the same taxable year (before the
37 allowance of credits provided for in IC 6-3);
38 (2) the amount of tax imposed on the gross income of the taxpayer
39 for such taxable year by IC 6-2.1; or
40 (3) the amount of tax imposed on premiums received on policies
41 of insurance by IC 27-1-18-2.

42 (c) However, in the case of domestic insurance companies organized



1 under the laws of the state of Indiana, the term "net income" shall
2 mean:

3 (1) either:

4 (A) for life insurance companies (as defined in Section 816(a)
5 of the Internal Revenue Code), life insurance company taxable
6 income (as defined in Section 801 of the Internal Revenue
7 Code); or

8 (B) for insurance companies subjected to the imposition of tax
9 under Section 831 of the Internal Revenue Code, taxable
10 income (as defined in Section 832 of the Internal Revenue
11 Code); multiplied by

12 (2) a fraction:

13 (A) the numerator of which is the direct premiums and annuity
14 considerations received during the taxable year for insurance
15 upon property or risks in this state; and

16 (B) the denominator of which is the direct premiums and
17 annuity considerations received during the taxable year for
18 insurance upon property or risks everywhere; and

19 (3) the product of such multiplication shall be adjusted as follows:
20 Subtract an amount equal to the greater of either:

21 (A) the amount of tax imposed on the gross income of the
22 taxpayer by IC 6-2.1 and paid by the taxpayer for the same
23 taxable year; or

24 (B) the amount of tax imposed on the gross premiums of the
25 taxpayer and paid by the taxpayer pursuant to IC 27-1-18-2 for
26 the same taxable year.

27 (d) For the purpose of subsection (c), the term "direct premiums and
28 annuity considerations" shall be defined as gross premiums received
29 from direct business, as reported in the company's annual statement
30 filed with the insurance department of this state on the form prescribed.

31 **(e) As used in this chapter, "income derived from sources inside
32 a renaissance zone" has the meaning set forth in IC 6-2.1-3-36.**

33 SECTION 8. IC 6-3-8-7 IS ADDED TO THE INDIANA CODE AS
34 A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1,
35 1998]: **Sec. 7. Income derived from sources inside a renaissance
36 zone is exempt from the imposition of the supplemental net income
37 tax.**

38 SECTION 9. IC 6-3.5-1.1-1, AS AMENDED BY P.L.96-1995,
39 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40 JULY 1, 1998]: Sec. 1. As used in this chapter:

41 "Adjusted gross income" has the same definition that the term is
42 given in IC 6-3-1-3.5(a), except that in the case of a county taxpayer



1 who is not a resident of a county that has imposed the county adjusted
2 gross income tax, the term includes only adjusted gross income derived
3 from his principal place of business or employment.

4 "Civil taxing unit" means any entity having the power to impose ad
5 valorem property taxes except a school corporation. The term does not
6 include a solid waste management district that is not entitled to a
7 distribution under section 1.3 of this chapter. However, in the case of
8 a consolidated city, the term "civil taxing unit" includes the
9 consolidated city and all special taxing districts, all special service
10 districts, and all entities whose budgets and property tax levies are
11 subject to review under IC 36-3-6-9.

12 "County council" includes the city-county council of a consolidated
13 city.

14 "County taxpayer" as it relates to a county for a year means any
15 individual:

16 (1) who resides in that county on the date specified in section 16
17 of this chapter; or

18 (2) who maintains his principal place of business or employment
19 in that county on the date specified in section 16 of this chapter
20 and who does not on that same date reside in another county in
21 which the county adjusted gross income tax, the county option
22 income tax, or the county economic development income tax is in
23 effect.

24 "Department" refers to the Indiana department of state revenue.

25 "Nonresident county taxpayer" as it relates to a county for a year
26 means any county taxpayer for that county for that year who is not a
27 resident county taxpayer of that county for that year.

28 **"Renaissance zone" refers to a renaissance zone established
29 under IC 4-4-30.**

30 "Resident county taxpayer" as it relates to a county for a year means
31 any county taxpayer who resides in that county on the date specified in
32 section 16 of this chapter.

33 "School corporation" means any public school corporation
34 established under Indiana law.

35 SECTION 10. IC 6-3.5-1.1-1.5 IS ADDED TO THE INDIANA
36 CODE AS A NEW SECTION TO READ AS FOLLOWS
37 [EFFECTIVE JULY 1, 1998]: **Sec. 1.5. Income received by an
38 individual who resides inside a renaissance zone is exempt from the
39 county adjusted gross income tax. An individual must reside inside
40 a renaissance zone one hundred eighty-three (183) days before the
41 individual is eligible for an exemption under this section.**

42 SECTION 11. IC 6-3.5-1.1-18, AS AMENDED BY P.L.57-1997,



1 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 1998]: Sec. 18. (a) Except as otherwise provided in this
3 chapter, all provisions of the adjusted gross income tax law (IC 6-3)
4 concerning:

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

13 apply to the imposition, collection, and administration of the tax
14 imposed by this chapter.

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

17 (c) Notwithstanding subsections (a) and (b), each employer shall
18 report to the department the amount of withholdings attributable to
19 each county. This report shall be submitted annually along with the
20 employer's annual withholding report.

21 **(d) Notwithstanding subsections (a) and (b), the employer of an**
22 **individual who qualifies for an exemption under section 1.5 of this**
23 **chapter may not withhold the tax imposed under this chapter with**
24 **respect to the individual. The department shall adopt rules and**
25 **prescribe forms necessary to implement this subsection.**

26 SECTION 12. IC 6-3.5-6-1, AS AMENDED BY P.L.96-1995,
27 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
28 JULY 1, 1998]: Sec. 1. As used in this chapter:

29 "Adjusted gross income" has the same definition that the term is
30 given in IC 6-3-1-3.5. However, in the case of a county taxpayer who
31 is not treated as a resident county taxpayer of a county, the term
32 includes only adjusted gross income derived from his principal place
33 of business or employment.

34 "Civil taxing unit" means any entity, except a school corporation,
35 that has the power to impose ad valorem property taxes. The term does
36 not include a solid waste management district that is not entitled to a
37 distribution under section 1.3 of this chapter. However, in the case of
38 a county in which a consolidated city is located, the consolidated city,
39 the county, all special taxing districts, special service districts, included
40 towns (as defined in IC 36-3-1-7), and all other political subdivisions
41 except townships, excluded cities (as defined in IC 36-3-1-7), and
42 school corporations shall be deemed to comprise one (1) civil taxing



1 unit whose fiscal body is the fiscal body of the consolidated city.

2 "County income tax council" means a council established by section
3 2 of this chapter.

4 "County taxpayer", as it relates to a particular county, means any
5 individual:

6 (1) who resides in that county on the date specified in section 20
7 of this chapter; or

8 (2) who maintains his principal place of business or employment
9 in that county on the date specified in section 20 of this chapter
10 and who does not reside on that same date in another county in
11 which the county option income tax, the county adjusted income
12 tax, or the county economic development income tax is in effect.

13 "Department" refers to the Indiana department of state revenue.

14 "Fiscal body" has the same definition that the term is given in
15 IC 36-1-2-6.

16 **"Renaissance zone" refers to a renaissance zone established
17 under IC 4-4-30.**

18 "Resident county taxpayer", as it relates to a particular county,
19 means any county taxpayer who resides in that county on the date
20 specified in section 20 of this chapter.

21 "School corporation" has the same definition that the term is given
22 in IC 6-1.1-1-16.

23 SECTION 13. IC 6-3.5-6-1.5 IS ADDED TO THE INDIANA
24 CODE AS A NEW SECTION TO READ AS FOLLOWS
25 [EFFECTIVE JULY 1, 1998]: **Sec. 1.5. Income received by an
26 individual who resides inside a renaissance zone is exempt from the
27 county option income tax. An individual must reside inside a
28 renaissance zone one hundred eighty-three (183) days before the
29 individual is eligible for an exemption under this section.**

30 SECTION 14. IC 6-3.5-6-22, AS AMENDED BY P.L.57-1997,
31 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
32 JULY 1, 1998]: Sec. 22. (a) Except as otherwise provided in subsection
33 (b) and the other provisions of this chapter, all provisions of the
34 adjusted gross income tax law (IC 6-3) concerning:

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



1 apply to the imposition, collection, and administration of the tax
2 imposed by this chapter.

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

5 (c) Notwithstanding subsections (a) and (b), each employer shall
6 report to the department the amount of withholdings attributable to
7 each county. This report shall be submitted along with the employer's
8 other withholding report.

9 **(d) Notwithstanding subsections (a) and (b), the employer of an**
10 **individual who qualifies for an exemption under section 1.5 of this**
11 **chapter may not withhold the tax imposed under this chapter with**
12 **respect to the individual. The department shall adopt rules and**
13 **prescribe forms necessary to implement this subsection.**

14 SECTION 15. IC 6-3.5-7-4.5 IS ADDED TO THE INDIANA
15 CODE AS A NEW SECTION TO READ AS FOLLOWS
16 [EFFECTIVE JULY 1, 1998]: **Sec. 4.5. As used in this chapter,**
17 **"renaissance zone" refers to a renaissance zone established under**
18 **IC 4-4-30.**

19 SECTION 16. IC 6-3.5-7-5.5 IS ADDED TO THE INDIANA
20 CODE AS A NEW SECTION TO READ AS FOLLOWS
21 [EFFECTIVE JULY 1, 1998]: **Sec. 5.5. Income received by an**
22 **individual who resides inside a renaissance zone is exempt from the**
23 **county economic development income tax. An individual must**
24 **reside inside a renaissance zone one hundred eighty-three (183)**
25 **days before the individual is eligible for an exemption under this**
26 **section.**

27 SECTION 17. IC 6-3.5-7-18, AS AMENDED BY P.L.57-1997,
28 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JULY 1, 1998]: Sec. 18. (a) Except as otherwise provided in this
30 chapter, all provisions of the adjusted gross income tax law (IC 6-3)
31 concerning:

- 32 (1) definitions;
- 33 (2) declarations of estimated tax;
- 34 (3) filing of returns;
- 35 (4) remittances;
- 36 (5) incorporation of the provisions of the Internal Revenue Code;
- 37 (6) penalties and interest;
- 38 (7) exclusion of military pay credits for withholding; and
- 39 (8) exemptions and deductions;

40 apply to the imposition, collection, and administration of the tax
41 imposed by this chapter.

42 (b) The provisions of IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5,



1 and IC 6-3-5-1 do not apply to the tax imposed by this chapter.

2 (c) Notwithstanding subsections (a) and (b), each employer shall
3 report to the department the amount of withholdings attributable to
4 each county. This report shall be submitted annually along with the
5 employer's annual withholding report.

6 **(d) Notwithstanding subsections (a) and (b), the employer of an
7 individual who qualifies for an exemption under section 5.5 of this
8 chapter may not withhold the tax imposed under this chapter with
9 respect to the individual. The department shall adopt rules and
10 prescribe forms necessary to implement this subsection.**

11 SECTION 18. [EFFECTIVE JULY 1, 1998] (a) **IC 6-1.1-10-42 and
12 IC 6-1.1-11-4.5, as added by this act, apply to property taxes first
13 due and payable after December 31, 1998.**

14 (b) **IC 6-2.1-3-36, IC 6-3-2-19, IC 6-3-8-7, IC 6-3.5-1.1-1.5,
15 IC 6-3.5-6-1.5, and IC 6-3.5-7-5.5, all as added by this act, apply to
16 taxable years beginning after December 31, 1998.**

