

SENATE BILL No. 200

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-19.

Synopsis: Tax credit for inventory taxes. Provides a credit against a taxpayer's state tax liability for property taxes paid on inventory.

Effective: January 1, 1998 (retroactive).

Zakas

January 6, 1998, read first time and referred to Committee on Finance.



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 *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

SENATE BILL No. 200

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 6-3.1-19 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 1998 (RETROACTIVE)]:
4 **Chapter 19. Business Inventory Credit**
5 **Sec. 1. As used in this chapter, "assessed value" means the**
6 **assessed value of inventory determined under IC 6-1.1-3.**
7 **Sec. 2. As used in this chapter, "inventory" has the meaning**
8 **set forth in IC 6-1.1-3-11.**
9 **Sec. 3. As used in this chapter, "pass through entity" means:**
10 (1) a corporation that is exempt from the adjusted gross
11 income tax under IC 6-3-2-2.8(2); or
12 (2) a partnership.
13 **Sec. 4. As used in this chapter, "state tax liability" means a**
14 **taxpayer's total tax liability that is incurred under:**
15 (1) IC 6-2.1 (gross income tax);
16 (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);
17 (3) IC 6-3-8 (supplemental net income tax);

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1 (4) IC 6-5.5 (financial institutions tax); and
 2 (5) IC 27-1-18-2 (insurance premiums tax);
 3 as computed after the application of the credits that under
 4 IC 6-3.1-1-2 are to be applied before the credit provided by this
 5 chapter.

6 Sec. 5. As used in this chapter, "taxpayer" means an individual
 7 or entity that has state tax liability.

8 Sec. 6. (a) A taxpayer is entitled to a credit against the
 9 taxpayer's state tax liability for a taxable year for the ad valorem
 10 property taxes paid by the taxpayer in the taxable year on
 11 inventory.

12 (b) The amount of the credit is equal to the lesser of:

13 (1) the ad valorem property taxes paid on inventory in the
 14 taxable year; or

15 (2) an amount equal to the ad valorem property taxes paid
 16 on inventory, as identified by the taxpayer, with an assessed
 17 value not exceeding the following:

18 (A) For a taxable year beginning in 1998, twenty
 19 thousand dollars (\$20,000).

20 (B) For a taxable year beginning in 1999, thirty
 21 thousand dollars (\$30,000).

22 (C) For a taxable year beginning in 2000, forty-five
 23 thousand dollars (\$45,000).

24 (D) For a taxable year beginning in 2001, seventy
 25 thousand dollars (\$70,000).

26 (E) For a taxable year beginning in 2002, one hundred
 27 five thousand dollars (\$105,000).

28 (F) For a taxable year beginning in 2003, one hundred
 29 sixty thousand dollars (\$160,000).

30 (G) For a taxable year beginning in 2004, two hundred
 31 fifty thousand dollars (\$250,000).

32 (H) For a taxable year beginning in 2005, three hundred
 33 seventy-five thousand dollars (\$375,000).

34 (I) For a taxable year beginning in 2006, five hundred
 35 sixty-five thousand dollars (\$565,000).

36 (J) For a taxable year beginning in 2007 and thereafter,
 37 one million dollars (\$1,000,000).

38 Sec. 7. (a) If the amount determined under section 6(b) of this
 39 chapter for a taxpayer in a taxable year exceeds the taxpayer's
 40 state tax liability for that taxable year, the taxpayer may carry the
 41 excess over to the following taxable years. The amount of the credit
 42 carryover from a taxable year shall be reduced to the extent that



1 the carryover is used by the taxpayer to obtain a credit under this
2 chapter for any subsequent taxable year. A taxpayer is not entitled
3 to a carryback.

4 (b) A taxpayer is not entitled to a refund of any unused credit.

5 **Sec. 8. If a pass through entity does not have state income tax**
6 **liability against which the tax credit may be applied, a shareholder**
7 **or partner of the pass through entity is entitled to a tax credit equal**
8 **to:**

9 (1) the tax credit determined for the pass through entity for
10 the taxable year; multiplied by

11 (2) the percentage of the pass through entity's distributive
12 income to which the shareholder or partner is entitled.

13 **Sec. 9. To receive the credit provided by this chapter, a**
14 **taxpayer must claim the credit on the taxpayer's state tax return**
15 **or returns in the manner prescribed by the department. The**
16 **taxpayer shall submit to the department proof of payment of an ad**
17 **valorem property tax and all information that the department**
18 **determines is necessary for the calculation of the credit provided**
19 **by this chapter.**

20 SECTION 2. [EFFECTIVE JANUARY 1, 1998
21 (RETROACTIVE)] IC 6-3.1-19, as added by this act, applies only to
22 taxable years that begin after December 31, 1997.

23 SECTION 3. An emergency is declared for this act.

