

January 16, 1998

SENATE BILL No. 91

DIGEST OF SB 91 (Updated January 14, 1998 6:27 pm - DI 87)

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

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, Washington

January 6, 1998, read first time and referred to Committee on Governmental and Regulatory Affairs.

January 15, 1998, amended, reported favorably — Do Pass; reassigned to Committee on Finance.

SB 91—LS 6167/DI 92



C
O
P
Y

January 16, 1998

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.

C
O
P
Y

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. As used in this chapter, "board" refers to the renaissance**
6 **zone board established in section 7 of this chapter.**

7 **Sec. 2. As used in this chapter, "development plan" means a**
8 **written plan that addresses the criteria described in section 9 of**
9 **this chapter and includes all of the following:**

10 (1) **A map of the proposed renaissance zone that indicates the**
11 **geographic boundaries, the total area, and the present use and**
12 **conditions generally of the land and structures within those**
13 **boundaries.**

14 (2) **Evidence of community support and commitment from**
15 **residential and business interests within the community.**

16 (3) **A description of the methods proposed to increase**
17 **economic opportunity and expansion, facilitate infrastructure**

SB 91—LS 6167/DI 92



1 improvement, and identify job training opportunities.

2 (4) A description of current social, economic, and
3 demographic characteristics of the proposed renaissance zone
4 and anticipated improvements in education, health, human
5 services, public safety, and employment if the renaissance
6 zone is created.

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

8 Sec. 3. As used in this chapter, "executive" has the meaning set
9 forth in IC 36-1-2-5.

10 Sec. 4. As used in this chapter, "local governmental unit" means
11 a county, city, or town.

12 Sec. 5. As used in this chapter, "person" means an individual,
13 partnership, corporation, association, limited liability company,
14 governmental entity, or other legal entity.

15 Sec. 6. As used in this chapter, "urban area" means an
16 urbanized area as determined by the Economics and Statistics
17 Administration, United States Bureau of the Census, according to
18 the 1990 census.

19 Sec. 7. (a) There is created a seven (7) member renaissance zone
20 board. The presence of at least four (4) members is required to
21 have a quorum for board meetings.

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

23 (1) The lieutenant governor.

24 (2) The director of the budget agency.

25 (3) The treasurer of state.

26 (4) Two (2) elected local officials, who are not members of the
27 same political party, appointed by the president pro tempore
28 of the senate with the advice of the legislative leader of a
29 major political party (as defined in IC 3-5-2-30) that is
30 different from the political party of the president pro tempore
31 of the senate.

32 (5) Two (2) elected local officials, who are not members of the
33 same political party, appointed by the speaker of the house
34 with the advice of the legislative leader of a major political
35 party (as defined in IC 3-5-2-30) that is different from the
36 political party of the speaker of the house of representatives.

37 (c) An appointing legislator shall fill any vacancy under
38 subsection (b)(4) or (b)(5) as it occurs for the remainder of the
39 term.

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

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

C
O
P
Y



1 board.

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

7 Sec. 8. (a) The board has the following powers in addition to
8 other powers that are contained in this chapter:

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

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

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

17 (b) The board may not do the following:

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

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

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

28 Sec. 9. (a) The board shall consider the following criteria in
29 designating a renaissance zone:

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

32 (2) The viability of the development plan.

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

35 (4) The public and private commitment to and other resources
36 available for the proposed renaissance zone.

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

39 (6) The level of demonstrated cooperation from surrounding
40 communities.

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



C
O
P
Y

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

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

(9) Any other information required by the board.

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

Sec. 10. (a) One (1) or more local governmental units may apply to the board to designate the local governmental unit or units as a renaissance zone if all of the following criteria are met:

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

(2) The application includes a development plan.

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

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

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

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

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

(5) Not more than fifty percent (50%) of the real property in each distinct geographic area is owned by the same person.

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

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

(b) A local governmental unit may not be a part of more than

C
O
P
Y



1 one (1) renaissance zone.

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

7 Sec. 11. The board may not designate more than eleven (11)
8 renaissance zones within Indiana. The board shall submit a list of
9 the renaissance zones designated by the board to the general
10 assembly.

11 Sec. 12. (a) Except as provided in section 13 of this chapter, an
12 individual who is a resident of a renaissance zone or a business that
13 is located and conducts business activity inside a renaissance zone
14 shall receive the exemption, deduction, or credit as provided in the
15 following for the period provided in section 8(a)(3) of this chapter:

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

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

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

20 (b) Except as provided in section 13 of this chapter, real
21 property and personal property located inside a renaissance zone
22 are exempt from taxation under IC 6-1.1 for the period provided
23 in section 8(a)(3) of this chapter. However, real property and
24 personal property are not exempt from ad valorem property tax
25 levies committed to pay or fund either:

26 (1) bonded indebtedness; or

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

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

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

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

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

40 Sec. 13. (a) An individual who is a resident of a renaissance
41 zone, a business that is located and conducts business activity inside
42 a renaissance zone, or a person that owns property located inside

C
O
P
Y



1 a renaissance zone is not eligible for the exemption, deduction, or
 2 credits described in section 12 of this chapter if the individual,
 3 business, or person is:

4 (1) delinquent for:

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

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

7 (2) not in substantial compliance with all applicable state and
 8 local zoning, building, and housing laws, ordinances, and
 9 codes for residential rental property located inside a
 10 renaissance zone.

11 (b) A business located in a local governmental unit that locates
 12 from outside a renaissance zone into a renaissance zone in that
 13 same local governmental unit may not receive the exemptions,
 14 deductions, or credits described in section 12 of this chapter unless
 15 the legislative body of the local governmental unit in which the
 16 renaissance zone is located approves the relocation of the business.

17 (c) If a business relocates more than twenty-five (25) full-time
 18 equivalent jobs from one (1) or more local governmental units
 19 other than a local governmental unit in which a renaissance zone
 20 is located to a local governmental unit inside a renaissance zone,
 21 the business shall notify the department of commerce and the local
 22 governmental unit from which the jobs are being relocated of the
 23 relocation. The business is not eligible for the exemptions,
 24 deductions, or credits described in section 12 of this chapter if the
 25 local governmental unit from which the jobs are being relocated
 26 adopts a resolution objecting to the relocation of the jobs within
 27 sixty (60) days after the notification by the business. The business
 28 becomes eligible for the exemptions, deductions, or credits
 29 described in section 12 of this chapter when the local governmental
 30 unit that objected to the relocation rescinds its objection by
 31 resolution. A local governmental unit that objects to the relocation
 32 of jobs shall file a copy of all resolutions of objection and rescission
 33 with the department of state revenue, the department of commerce,
 34 and the local governmental unit into which the jobs are
 35 transferred.

36 (d) An individual who is a resident of a renaissance zone is
 37 eligible for an exemption, deduction, or credit described in section
 38 12 of this chapter until the department of state revenue determines
 39 that the aggregate state and local tax revenue foregone as a result
 40 of all exemptions, deductions, or credits granted under this act to
 41 that individual reaches ten million dollars (\$10,000,000).

42 Sec. 14. (a) The department of commerce shall prescribe the



1 form of the application for a renaissance zone designation.

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

7 (1) The number of new jobs created.

8 (2) The percentage change in assessed value.

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

10 (4) The percentage change of adjusted gross income of
11 residents.

12 **Sec. 15.** The department of state revenue shall adopt rules and
13 prescribe forms and returns necessary to implement this chapter.

14 **Sec. 16.** The state board of tax commissioners shall adopt rules
15 and prescribe forms and returns necessary to implement this
16 chapter.

17 **Sec. 17.** The board shall conduct all business at public meetings
18 held in compliance with the public meeting law under IC 5-14-1.5.

19 SECTION 2. IC 6-1.1-10-42 IS ADDED TO THE INDIANA CODE
20 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
21 1, 1998]: **Sec. 42.** (a) Except as provided in subsection (b), real
22 property and personal property located inside a renaissance zone
23 are exempt from property taxation under this article.

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

27 (1) bonded indebtedness; or

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

30 SECTION 3. IC 6-1.1-11-3, AS AMENDED BY P.L.6-1997,
31 SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
32 JULY 1, 1998]: **Sec. 3.** (a) The owner of tangible property who wishes
33 to obtain an exemption from property taxation shall file a certified
34 application in duplicate with the auditor of the county in which the
35 property is located. The application must be filed annually on or before
36 May 15 on forms prescribed by the state board of tax commissioners.
37 Except as provided in sections 1, 3.5, ~~and 4~~, **and 4.5** of this chapter, the
38 application applies only for the taxes imposed for the year for which the
39 application is filed.

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



C
O
P
Y

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

- 3 (1) A description of the property claimed to be exempt in
4 sufficient detail to afford identification.
5 (2) A statement showing the ownership, possession, and use of the
6 property.
7 (3) The grounds for claiming the exemption.
8 (4) The full name and address of the applicant.
9 (5) Any additional information which the state board of tax
10 commissioners may require.

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

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

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

- 25 (1) A description of the property claimed as exempt in
26 sufficient detail to enable identification.
27 (2) A statement showing the ownership of the property.
28 (3) The grounds for claiming the exemption.
29 (4) The full name and address of the applicant.
30 (5) Any additional information the state board of tax
31 commissioners may require.

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

36 SECTION 5. IC 6-2.1-3-36 IS ADDED TO THE INDIANA CODE
37 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
38 1, 1998]: **Sec. 36. (a) Gross income derived from sources inside a
39 renaissance zone is exempt from the gross income tax.**

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

- 42 (1) gross income from real or tangible personal property

C
O
P
Y



1 located inside a renaissance zone;

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

3 (3) income from a trade or profession conducted inside a
4 renaissance zone;

5 (4) compensation for labor or services rendered inside a
6 renaissance zone; and

7 (5) income from stocks, bonds, notes, bank deposits, patents,
8 copyrights, secret processes and formulas, good will,
9 trademarks, trade brands, franchises, and other intangible
10 personal property having a situs inside a renaissance zone.

11 However, for nonbusiness income described in subsection (i), only
12 so much of the income as is allocated to a renaissance zone under
13 subsections (j) through (m) is considered derived from sources
14 inside a renaissance zone. For business income, only so much of the
15 income as is apportioned to a renaissance zone under subsection (d)
16 is considered derived from sources inside a renaissance zone.

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

19 (d) If business income derived from sources inside a renaissance
20 zone cannot be separated from the business income derived from
21 sources outside the renaissance zone, the business income derived
22 from sources inside the renaissance zone is determined by
23 multiplying the business income derived from sources both inside
24 and outside the renaissance zone by a fraction. The numerator of
25 the fraction is the property factor described in subsection (e), plus
26 the payroll factor described in subsection (f), plus the sales factor
27 described in subsection (g). The denominator of the fraction is
28 three (3).

29 (e) The property factor is a fraction. The numerator of the
30 fraction is the average value of the taxpayer's real property and
31 tangible personal property owned or rented and used in a
32 renaissance zone during the taxable year. The denominator of the
33 fraction is the average value of all the taxpayer's real property and
34 tangible personal property owned or rented and used during the
35 taxable year. Property owned by the taxpayer is valued at its
36 original cost. Property rented by the taxpayer is valued at eight (8)
37 times the net annual rental rate. Net annual rental rate is the
38 annual rental rate paid by the taxpayer less any annual rental rate
39 received by the taxpayer from subrentals. The average of property
40 is determined by averaging the values at the beginning and ending
41 of the taxable year, but the department may require the averaging
42 of monthly values during the taxable year if reasonably required



C
O
P
Y

1 to reflect properly the average value of the taxpayer's property.

2 (f) The payroll factor is a fraction, the numerator of which is the
3 total amount paid in a renaissance zone during the taxable year by
4 the taxpayer for compensation, and the denominator of which is
5 the total compensation paid everywhere during the taxable year by
6 the taxpayer. Compensation is paid in a renaissance zone if:

7 (1) the individual's service is performed entirely within the
8 renaissance zone;

9 (2) the individual's service is performed both inside and
10 outside the renaissance zone, but the service performed
11 outside the renaissance zone is incidental to the individual's
12 service inside the renaissance zone; or

13 (3) some of the service is performed inside the renaissance
14 zone and:

15 (A) the base of operations or, if there is no base of
16 operations, the place from which the service is directed or
17 controlled, is inside the renaissance zone; or

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

21 (g) The sales factor is a fraction. The numerator of the fraction
22 is the total sales of the taxpayer inside a renaissance zone during
23 the taxable year. The denominator of the fraction is the total sales
24 of the taxpayer everywhere during the taxable year. Sales of
25 tangible personal property are in a renaissance zone if:

26 (1) the property is delivered or shipped to a purchaser, other
27 than the United States government, inside the renaissance
28 zone, regardless of the f.o.b. point or other conditions of the
29 sale; or

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

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

36 (1) the income-producing activity is performed inside the
37 renaissance zone; or

38 (2) the income-producing activity is performed both inside
39 and outside the renaissance zone and a greater proportion of
40 the income-producing activity is performed inside the
41 renaissance zone than outside the renaissance zone, based on
42 costs of performance.

C
O
P
Y

1 **(i) Rents and royalties from real or tangible personal property,**
 2 **capital gains, interest, dividends, or patent or copyright royalties,**
 3 **to the extent that they constitute nonbusiness income, are allocated**
 4 **as provided in subsections (j) through (m).**

5 **(j) Net rents and royalties from:**

6 **(1) real property located inside a renaissance zone are**
 7 **allocable to the renaissance zone; and**

8 **(2) tangible personal property are allocated to a renaissance**
 9 **zone to the extent that the property is used inside the**
 10 **renaissance zone.**

11 **The extent of use of tangible personal property inside a renaissance**
 12 **zone is determined by multiplying the rents and royalties by a**
 13 **fraction. The numerator of the fraction is the number of days of**
 14 **physical location of the property inside the renaissance zone during**
 15 **the rental or royalty period in the taxable year. The denominator**
 16 **of the fraction is the number of days of physical location of the**
 17 **property everywhere during all rental or royalty periods in the**
 18 **taxable year. If the physical location of the property during the**
 19 **rental or royalty period is unknown or is not ascertainable by the**
 20 **taxpayer, tangible personal property is used where the royalty**
 21 **payor obtained possession of the property.**

22 **(k) Capital gains and losses from sales of:**

23 **(1) real property located inside a renaissance zone are**
 24 **allocable to the renaissance zone;**

25 **(2) tangible personal property are allocable to a renaissance**
 26 **zone if the property had a situs inside the renaissance zone at**
 27 **the time of the sale; and**

28 **(3) intangible personal property are allocable to a renaissance**
 29 **zone if the taxpayer's commercial domicile is inside the**
 30 **renaissance zone.**

31 **(l) Interest and dividends are allocable to a renaissance zone if**
 32 **the taxpayer's commercial domicile is inside the renaissance zone.**

33 **(m) Patent and copyright royalties are allocable to a renaissance**
 34 **zone to the extent that the patent or copyright is used by the**
 35 **taxpayer inside the renaissance zone. A patent is used inside a**
 36 **renaissance zone to the extent that it is used in production,**
 37 **fabrication, manufacturing, or other processing inside the**
 38 **renaissance zone or to the extent that a patented product is**
 39 **produced inside the renaissance zone. If the basis of receipts from**
 40 **patent royalties does not permit allocation to renaissance zones or**
 41 **if the accounting procedures do not reflect location of use, the**
 42 **patent is used at the location of the taxpayer's commercial**



C
O
P
Y

1 domicile. A copyright is used inside a renaissance zone to the extent
 2 that printing or other publication originates inside the renaissance
 3 zone. If the basis of receipts from copyright royalties does not
 4 permit allocation to renaissance zones or if the accounting
 5 procedures do not reflect location of use, the copyright is used at
 6 the location of the taxpayer's commercial domicile.

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

- 12 (1) a separate accounting;
- 13 (2) the exclusion of any one (1) or more of the factors listed in
- 14 this section;
- 15 (3) the inclusion of one (1) or more additional factors that will
- 16 fairly represent the taxpayer's income derived from sources
- 17 inside the renaissance zone; or
- 18 (4) the employment of any other method to effectuate an
- 19 equitable allocation and apportionment of the taxpayer's
- 20 income.

21 (o) In the case of at least two (2) organizations, trades, or
 22 businesses owned or controlled directly or indirectly by the same
 23 interests, the department shall distribute, apportion, or allocate the
 24 income derived from sources inside a renaissance zone among
 25 those organizations, trades, or businesses in order to fairly reflect
 26 and report the income derived from sources inside the renaissance
 27 zone by various taxpayers.

28 (p) A taxpayer that:

- 29 (1) does not own, rent, or lease real property outside a
- 30 renaissance zone that is an integral part of its trade or
- 31 business; and
- 32 (2) is not owned or controlled directly or indirectly by a
- 33 taxpayer that owns, rents, or leases real property outside a
- 34 renaissance zone;

35 is exempt from the allocation and apportionment provisions of this
 36 section.

37 SECTION 6. IC 6-3-2-19 IS ADDED TO THE INDIANA CODE
 38 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 39 1, 1998]: **Sec. 19. (a) Income received by an individual who resides**
 40 **inside a renaissance zone is exempt from taxation under IC 6-3-1**
 41 **through IC 6-3-7. An individual must reside inside a renaissance**
 42 **zone one hundred eighty-three (183) days before the individual is**



C
O
P
Y

1 **eligible for an exemption under this section.**

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

5 **(1) IC 6-3 (the adjusted gross income tax).**

6 **(2) IC 6-3.5-1.1 (the county adjusted gross income tax).**

7 **(3) IC 6-3.5-6 (the county option income tax).**

8 **(4) IC 6-3.5-7 (the county economic development income tax).**

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

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

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

28 (1) the amount of tax imposed by IC 6-3-2 on the taxpayer's
 29 adjusted gross income for the same taxable year (before the
 30 allowance of credits provided for in IC 6-3);

31 (2) the amount of tax imposed on the gross income of the taxpayer
 32 for such taxable year by IC 6-2.1; or

33 (3) the amount of tax imposed on premiums received on policies
 34 of insurance by IC 27-1-18-2.

35 (c) However, in the case of domestic insurance companies organized
 36 under the laws of the state of Indiana, the term "net income" shall
 37 mean:

38 (1) either:

39 (A) for life insurance companies (as defined in Section 816(a)
 40 of the Internal Revenue Code), life insurance company taxable
 41 income (as defined in Section 801 of the Internal Revenue
 42 Code); or



C
O
P
Y

1 (B) for insurance companies subjected to the imposition of tax
 2 under Section 831 of the Internal Revenue Code, taxable
 3 income (as defined in Section 832 of the Internal Revenue
 4 Code); multiplied by
 5 (2) a fraction:
 6 (A) the numerator of which is the direct premiums and annuity
 7 considerations received during the taxable year for insurance
 8 upon property or risks in this state; and
 9 (B) the denominator of which is the direct premiums and
 10 annuity considerations received during the taxable year for
 11 insurance upon property or risks everywhere; and
 12 (3) the product of such multiplication shall be adjusted as follows:
 13 Subtract an amount equal to the greater of either:
 14 (A) the amount of tax imposed on the gross income of the
 15 taxpayer by IC 6-2.1 and paid by the taxpayer for the same
 16 taxable year; or
 17 (B) the amount of tax imposed on the gross premiums of the
 18 taxpayer and paid by the taxpayer pursuant to IC 27-1-18-2 for
 19 the same taxable year.
 20 (d) For the purpose of subsection (c), the term "direct premiums and
 21 annuity considerations" shall be defined as gross premiums received
 22 from direct business, as reported in the company's annual statement
 23 filed with the insurance department of this state on the form prescribed.
 24 (e) **As used in this chapter, "income derived from sources inside
 25 a renaissance zone" has the meaning set forth in IC 6-2.1-3-36.**
 26 SECTION 8. IC 6-3-8-7 IS ADDED TO THE INDIANA CODE AS
 27 A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 28 1998]: **Sec. 7. Income derived from sources inside a renaissance
 29 zone is exempt from the imposition of the supplemental net income
 30 tax.**
 31 SECTION 9. IC 6-3.5-1.1-1, AS AMENDED BY P.L.96-1995,
 32 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JULY 1, 1998]: Sec. 1. As used in this chapter:
 34 "Adjusted gross income" has the same definition that the term is
 35 given in IC 6-3-1-3.5(a), except that in the case of a county taxpayer
 36 who is not a resident of a county that has imposed the county adjusted
 37 gross income tax, the term includes only adjusted gross income derived
 38 from his principal place of business or employment.
 39 "Civil taxing unit" means any entity having the power to impose ad
 40 valorem property taxes except a school corporation. The term does not
 41 include a solid waste management district that is not entitled to a
 42 distribution under section 1.3 of this chapter. However, in the case of

COPY



1 a consolidated city, the term "civil taxing unit" includes the
 2 consolidated city and all special taxing districts, all special service
 3 districts, and all entities whose budgets and property tax levies are
 4 subject to review under IC 36-3-6-9.

5 "County council" includes the city-county council of a consolidated
 6 city.

7 "County taxpayer" as it relates to a county for a year means any
 8 individual:

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

11 (2) who maintains his principal place of business or employment
 12 in that county on the date specified in section 16 of this chapter
 13 and who does not on that same date reside in another county in
 14 which the county adjusted gross income tax, the county option
 15 income tax, or the county economic development income tax is in
 16 effect.

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

18 "Nonresident county taxpayer" as it relates to a county for a year
 19 means any county taxpayer for that county for that year who is not a
 20 resident county taxpayer of that county for that year.

21 **"Renaissance zone" refers to a renaissance zone established**
 22 **under IC 4-4-30.**

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

26 "School corporation" means any public school corporation
 27 established under Indiana law.

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

34 SECTION 11. IC 6-3.5-1.1-18, AS AMENDED BY P.L.57-1997,
 35 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 1998]: Sec. 18. (a) Except as otherwise provided in this
 37 chapter, all provisions of the adjusted gross income tax law (IC 6-3)
 38 concerning:

- 39 concerning:
- 40 (1) definitions;
 - 41 (2) declarations of estimated tax;
 - 42 (3) filing of returns;



C
O
P
Y

- 1 (4) remittances;
 - 2 (5) incorporation of the provisions of the Internal Revenue Code;
 - 3 (6) penalties and interest;
 - 4 (7) exclusion of military pay credits for withholding; and
 - 5 (8) exemptions and deductions;
- 6 apply to the imposition, collection, and administration of the tax
7 imposed by this chapter.

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

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

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

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

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

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

37 "County income tax council" means a council established by section
38 2 of this chapter.

39 "County taxpayer", as it relates to a particular county, means any
40 individual:

- 41 (1) who resides in that county on the date specified in section 20
- 42 of this chapter; or

C
O
P
Y



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

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

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

9 **"Renaissance zone" refers to a renaissance zone established
10 under IC 4-4-30.**

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

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

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

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

- 28 (1) definitions;
- 29 (2) declarations of estimated tax;
- 30 (3) filing of returns;
- 31 (4) deductions or exemptions from adjusted gross income;
- 32 (5) remittances;
- 33 (6) incorporation of the provisions of the Internal Revenue Code;
- 34 (7) penalties and interest; and
- 35 (8) exclusion of military pay credits for withholding;

36 apply to the imposition, collection, and administration of the tax
37 imposed by this chapter.

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

40 (c) Notwithstanding subsections (a) and (b), each employer shall
41 report to the department the amount of withholdings attributable to
42 each county. This report shall be submitted along with the employer's

C
O
P
Y



1 other withholding report.

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

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

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

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

- 25 (1) definitions;
- 26 (2) declarations of estimated tax;
- 27 (3) filing of returns;
- 28 (4) remittances;
- 29 (5) incorporation of the provisions of the Internal Revenue Code;
- 30 (6) penalties and interest;
- 31 (7) exclusion of military pay credits for withholding; and
- 32 (8) exemptions and deductions;

33 apply to the imposition, collection, and administration of the tax
 34 imposed by this chapter.

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

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

41 **(d) Notwithstanding subsections (a) and (b), the employer of an**
 42 **individual who qualifies for an exemption under section 5.5 of this**



C
O
P
Y

1 **chapter may not withhold the tax imposed under this chapter with**
2 **respect to the individual. The department shall adopt rules and**
3 **prescribe forms necessary to implement this subsection.**

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

7 (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,**
8 **IC 6-3.5-6-1.5, and IC 6-3.5-7-5.5, all as added by this act, apply to**
9 **taxable years beginning after December 31, 1998.**

C
o
p
y



SENATE MOTION

Mr. President: I move that Senator Washington be added as second author of Senate Bill 91.

LONG

C
o
p
y



COMMITTEE REPORT

Mr. President: The Senate Committee on Governmental and Regulatory Affairs, to which was referred Senate Bill 91, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 5 through 11.

Page 1, line 12, delete "2" and insert "1".

Page 1, line 13, delete "8" and insert "7".

Page 1, line 14, delete "3" and insert "2".

Page 1, line 15, delete "10" and insert "9".

Page 2, line 15, delete "4" and insert "3".

Page 2, line 17, delete "5" and insert "4".

Page 2, line 19, delete "6" and insert "5".

Page 2, line 22, delete "7" and insert "6".

Page 2, line 26, delete "8" and insert "7".

Page 2, line 26, delete "nine (9)" and insert "**seven (7)**".

Page 2, line 27, delete "five (5)" and insert "**four (4)**".

Page 2, delete lines 33 through 36.

Page 2, line 37, delete "(6) One (1)" and insert "**(4) Two (2)**".

Page 2, line 37, delete "official" and insert "**officials, who are not members of the same political party,**".

Page 2, line 38, after "senate" insert "**with the advice of the legislative leader of a major political party (as defined in IC 3-5-2-30) that is different from the political party of the president pro tempore of the senate**".

Page 2, line 39, delete "(7) One (1)" and insert "**(5) Two (2)**".

Page 2, line 39, delete "official" and insert "**officials, who are not members of the same political party,**".

Page 2, line 40, after "house" insert "**with the advice of the legislative leader of a major political party (as defined in IC 3-5-2-30) that is different from the political party of the speaker of the house of representatives**".

Page 3, delete lines 11 through 13.

Page 3, line 14, delete "9" and insert "8".

Page 3, line 35, delete "10" and insert "9".

Page 4, line 18, delete "11" and insert "10".

Page 5, line 11, delete "10" and insert "9".

Page 5, line 14, delete "12" and insert "11".

Page 5, line 18, delete "13" and insert "12".

Page 5, line 18, delete "14" and insert "13".

C
O
P
Y

Page 5, line 22, delete "9(a)(3)" and insert "**8(a)(3)**".
Page 5, line 27, delete "14" and insert "**13**".
Page 5, line 30, delete "9(a)(3)" and insert "**8(a)(3)**".
Page 6, line 5, delete "14" and insert "**13**".
Page 6, line 9, delete "13" and insert "**12**".
Page 6, line 21, delete "13" and insert "**12**".
Page 6, line 31, delete "13" and insert "**12**".
Page 6, line 36, delete "13" and insert "**12**".
Page 7, line 3, delete "13" and insert "**12**".
Page 7, line 7, delete "15" and insert "**14**".
Page 7, line 19, delete "16" and insert "**15**".
Page 7, line 21, delete "17" and insert "**16**".
Page 7, line 24, delete "18" and insert "**17**".

and when so amended that said bill do pass and be reassigned to the Senate Committee on Finance.

(Reference is to Senate Bill 91 as introduced.)

GARD, Chairperson

Committee Vote: Yeas 8, Nays 2.

C
O
P
Y

