

COMMITTEE REPORT

MR. PRESIDENT:

The Senate Committee on Finance, to which was referred Senate Bill No. 193, 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:

- 1 Page 3, between lines 36 and 37, begin a new paragraph and
2 insert:
3 "SECTION 2. IC 6-5.5-1-2, AS AMENDED BY P.L.28-1997,
4 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JANUARY 1, 1998 (RETROACTIVE)]: Sec. 2. (a) Except as provided
6 in subsections (b) through (d), "adjusted gross income" means taxable
7 income as defined in Section 63 of the Internal Revenue Code, adjusted
8 as follows:
9 (1) Add the following amounts:
10 (A) An amount equal to a deduction allowed or allowable
11 under Section 166, Section 585, or Section 593 of the
12 Internal Revenue Code.
13 (B) An amount equal to a deduction allowed or allowable
14 under Section 170 of the Internal Revenue Code.
15 (C) An amount equal to a deduction or deductions allowed
16 or allowable under Section 63 of the Internal Revenue Code
17 for taxes based on or measured by income and levied at the
18 state level by a state of the United States or levied at the

1 local level by any subdivision of a state of the United States.
 2 ~~or for taxes on property levied by a state or a subdivision of~~
 3 ~~a state of the United States.~~

4 (D) The amount of interest excluded under Section 103 of
 5 the Internal Revenue Code or under any other federal law,
 6 minus the associated expenses disallowed in the
 7 computation of taxable income under Section 265 of the
 8 Internal Revenue Code.

9 (E) An amount equal to the deduction allowed under
 10 Section 172 or 1212 of the Internal Revenue Code for net
 11 operating losses or net capital losses.

12 (F) For a taxpayer that is not a large bank (as defined in
 13 Section 585(c)(2) of the Internal Revenue Code), an amount
 14 equal to the recovery of a debt, or part of a debt, that
 15 becomes worthless to the extent a deduction was allowed
 16 from gross income in a prior taxable year under Section
 17 166(a) of the Internal Revenue Code.

18 (2) Subtract the following amounts:

19 (A) Income that the United States Constitution or any
 20 statute of the United States prohibits from being used to
 21 measure the tax imposed by this chapter.

22 (B) Income that is derived from sources outside the United
 23 States, as defined by the Internal Revenue Code.

24 (C) An amount equal to a debt or part of a debt that
 25 becomes worthless, as permitted under Section 166(a) of
 26 the Internal Revenue Code.

27 (D) An amount equal to any bad debt reserves that are
 28 included in federal income because of accounting method
 29 changes required by Section 585(c)(3)(A) of the Internal
 30 Revenue Code.

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

35 (c) In the case of an investment company, "adjusted gross income"
 36 means the company's federal taxable income multiplied by the quotient
 37 of:

38 (1) the aggregate of the gross payments collected by the

1 company during the taxable year from old and new business
 2 upon investment contracts issued by the company and held by
 3 residents of Indiana; divided by
 4 (2) the total amount of gross payments collected during the
 5 taxable year by the company from the business upon investment
 6 contracts issued by the company and held by persons residing
 7 within Indiana and elsewhere.

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

11 (1) is registered under the Investment Company Act of 1940 (15
 12 U.S.C. 80a-1 et seq.); and

13 (2) solicits or receives a payment to be made to itself and issues
 14 in exchange for the payment:

15 (A) a so-called bond;
 16 (B) a share;
 17 (C) a coupon;
 18 (D) a certificate of membership;
 19 (E) an agreement;
 20 (F) a pretended agreement; or
 21 (G) other evidences of obligation;

22 entitling the holder to anything of value at some future date, if
 23 the gross payments received by the company during the taxable
 24 year on outstanding investment contracts, plus interest and
 25 dividends earned on those contracts (by prorating the interest
 26 and dividends earned on investment contracts by the same
 27 proportion that certificate reserves (as defined by the Investment
 28 Company Act of 1940) is to the company's total assets) is at least
 29 fifty percent (50%) of the company's gross payments upon
 30 investment contracts plus gross income from all other sources
 31 except dividends from subsidiaries for the taxable year. The term
 32 "investment contract" means an instrument listed in clauses (A)
 33 through (G).".

34 Page 3, line 38, after "IC 6-3-1-3.5" insert "**and IC 6-5.5-1-1-2**".

- 1 Page 3, line 38, before "as" insert "**both**".
- 2 Page 3, line 38, delete "applies" and insert "**apply**".
- 3 Renumber all SECTIONS consecutively.
(Reference is to SB 193 as introduced.)

and when so amended that said Bill do pass.

Committee Vote: Yeas 13, Nays 2.

Senator Borst, Chairperson