



April 5, 1999

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## ENGROSSED SENATE BILL No. 198

DIGEST OF SB0198 (Updated March 30, 1999 4:32 pm - DI 58)

**Citations Affected:** IC 6-3; noncode.

**Synopsis:** Income tax deduction for elderly persons. Establishes an additional deduction of \$500 from adjusted gross income for taxpayers and their spouses who qualify for the federal deduction for the aged, subject to certain income limits.

**Effective:** January 1, 1999 (retroactive).

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**Landske, Lubbers, Hume, Lang,  
Zakas**

(HOUSE SPONSORS — BAUER, ESPICH, KRUSE)

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January 6, 1999, read first time and referred to Committee on Finance.  
February 22, 1999, amended, reported favorably — Do Pass.  
February 25, 1999, read second time, ordered engrossed.  
February 26, 1999, engrossed.  
March 2, 1999, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

March 8, 1999, read first time and referred to Committee on Ways and Means.  
April 5, 1999, reported — Do Pass.

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ES 198—LS 6476/DI 44+



April 5, 1999

First Regular Session 111th General Assembly (1999)

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 1998 General Assembly.

## ENGROSSED SENATE BILL No. 198

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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 6-3-1-3.5 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]:  
3 Sec. 3.5. When used in IC 6-3, the term "adjusted gross income" shall  
4 mean the following:  
5 (a) In the case of all individuals, "adjusted gross income" (as  
6 defined in Section 62 of the Internal Revenue Code), modified as  
7 follows:  
8 (1) Subtract income that is exempt from taxation under IC 6-3 by  
9 the Constitution and statutes of the United States.  
10 (2) Add an amount equal to any deduction or deductions allowed  
11 or allowable pursuant to Section 62 of the Internal Revenue Code  
12 for taxes based on or measured by income and levied at the state  
13 level by any state of the United States or for taxes on property  
14 levied by any subdivision of any state of the United States.  
15 (3) Subtract one thousand dollars (\$1,000), or in the case of a  
16 joint return filed by a husband and wife, subtract for each spouse

ES 198—LS 6476/DI 44+



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- 1 one thousand dollars (\$1,000).  
2 (4) Subtract one thousand dollars (\$1,000) for:  
3 (A) each of the exemptions provided by Section 151(c) of the  
4 Internal Revenue Code;  
5 (B) each additional amount allowable under Section 63(f) of  
6 the Internal Revenue Code; and  
7 (C) the spouse of the taxpayer if a separate return is made by  
8 the taxpayer, and if the spouse, for the calendar year in which  
9 the taxable year of the taxpayer begins, has no gross income  
10 and is not the dependent of another taxpayer.  
11 (5) Subtract:  
12 (A) five hundred dollars (\$500) for each of the exemptions  
13 allowed under Section 151(c)(1)(B) of the Internal Revenue  
14 Code for taxable years beginning after December 31, 1996,  
15 and before January 1, 2001; **and**  
16 **(B) five hundred dollars (\$500) for each additional amount**  
17 **allowable under Section 63(f)(1) of the Internal Revenue**  
18 **Code, if the adjusted gross income of the taxpayer, or the**  
19 **taxpayer and the taxpayer's spouse in the case of a joint**  
20 **return, is less than forty thousand dollars (\$40,000).**  
21 This amount is in addition to the amount subtracted under  
22 subdivision (4).  
23 (6) Subtract an amount equal to the lesser of:  
24 (A) that part of the individual's adjusted gross income (as  
25 defined in Section 62 of the Internal Revenue Code) for that  
26 taxable year that is subject to a tax that is imposed by a  
27 political subdivision of another state and that is imposed on or  
28 measured by income; or  
29 (B) two thousand dollars (\$2,000).  
30 (7) Add an amount equal to the total capital gain portion of a  
31 lump sum distribution (as defined in Section 402(e)(4)(D) of the  
32 Internal Revenue Code), if the lump sum distribution is received  
33 by the individual during the taxable year and if the capital gain  
34 portion of the distribution is taxed in the manner provided in  
35 Section 402 of the Internal Revenue Code.  
36 (8) Subtract any amounts included in federal adjusted gross  
37 income under Internal Revenue Code Section 111 as a recovery  
38 of items previously deducted as an itemized deduction from  
39 adjusted gross income.  
40 (9) Subtract any amounts included in federal adjusted gross  
41 income under the Internal Revenue Code which amounts were  
42 received by the individual as supplemental railroad retirement

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- 1 annuities under 45 U.S.C. 231 and which are not deductible under  
 2 subdivision (1).
- 3 (10) Add an amount equal to the deduction allowed under Section  
 4 221 of the Internal Revenue Code for married couples filing joint  
 5 returns if the taxable year began before January 1, 1987.
- 6 (11) Add an amount equal to the interest excluded from federal  
 7 gross income by the individual for the taxable year under Section  
 8 128 of the Internal Revenue Code, if the taxable year began  
 9 before January 1, 1985.
- 10 (12) Subtract an amount equal to the amount of federal Social  
 11 Security and Railroad Retirement benefits included in a taxpayer's  
 12 federal gross income by Section 86 of the Internal Revenue Code.
- 13 (13) In the case of a nonresident taxpayer or a resident taxpayer  
 14 residing in Indiana for a period of less than the taxpayer's entire  
 15 taxable year, the total amount of the deductions allowed pursuant  
 16 to subdivisions (3), (4), (5), and (6) shall be reduced to an amount  
 17 which bears the same ratio to the total as the taxpayer's income  
 18 taxable in Indiana bears to the taxpayer's total income.
- 19 (14) In the case of an individual who is a recipient of assistance  
 20 under IC 12-10-6-1, IC 12-10-6-2, IC 12-10-6-3, IC 12-15-2-2, or  
 21 IC 12-15-7, subtract an amount equal to that portion of the  
 22 individual's adjusted gross income with respect to which the  
 23 individual is not allowed under federal law to retain an amount to  
 24 pay state and local income taxes.
- 25 (b) In the case of corporations, the same as "taxable income" (as  
 26 defined in Section 63 of the Internal Revenue Code) adjusted as  
 27 follows:
- 28 (1) Subtract income that is exempt from taxation under IC 6-3 by  
 29 the Constitution and statutes of the United States.
- 30 (2) Add an amount equal to any deduction or deductions allowed  
 31 or allowable pursuant to Section 170 of the Internal Revenue  
 32 Code.
- 33 (3) Add an amount equal to any deduction or deductions allowed  
 34 or allowable pursuant to Section 63 of the Internal Revenue Code  
 35 for taxes based on or measured by income and levied at the state  
 36 level by any state of the United States or for taxes on property  
 37 levied by any subdivision of any state of the United States.
- 38 (4) Subtract an amount equal to the amount included in the  
 39 corporation's taxable income under Section 78 of the Internal  
 40 Revenue Code.
- 41 (c) In the case of trusts and estates, "taxable income" (as defined for  
 42 trusts and estates in Section 641(b) of the Internal Revenue Code)

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1 reduced by income that is exempt from taxation under IC 6-3 by the  
2 Constitution and statutes of the United States.

3 SECTION 2. [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]  
4 **This act applies to taxable years beginning after December 31,**  
5 **1998.**

6 SECTION 3. **An emergency is declared for this act.**

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SENATE MOTION

Mr. President: I move that Senator Borst be removed as author of Senate Bill 198 and that Senator Landske be substituted therefor.

BORST

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SENATE MOTION

Mr. President: I move that Senator Lubbers be added as second author of Senate Bill 198.

LANDSKE

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SENATE MOTION

Mr. President: I move that Senator Hume be added as coauthor of Senate Bill 198.

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## COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill No. 198, 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 2, delete lines 1 through 17, begin a new line block indented and insert:

- "(4) Subtract one thousand dollars (\$1,000) for:
- (A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;
  - (B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and
  - (C) the spouse of the taxpayer if a separate return is made by the taxpayer, and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

- (A) five hundred dollars (\$500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996, and before January 1, 2001; **and**
- (B) **five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code, if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).**

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

and when so amended that said bill do pass.

(Reference is to SB 198 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 14, Nays 0.

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SENATE MOTION

Mr. President: I move that Senator Long be added as coauthor of Senate Bill 198.

LANDSKE

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SENATE MOTION

Mr. President: I move that Senator Zakas be added as coauthor of Senate Bill 198.

LANDSKE

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 198, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

BAUER, Chair

Committee Vote: yeas 23, nays 0.

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