

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6168
BILL NUMBER: SB 12

DATE PREPARED: Feb 19, 1999
BILL AMENDED: Feb 18, 1999

SUBJECT: Farmland Valuation for Inheritance Tax Purposes.

FISCAL ANALYST: Jim Mundt
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FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that the finally determined federal estate tax value of a property interest is presumed to be the fair market value of the property interest for Indiana inheritance tax purposes. It indicates that the personal representative is the only person who may rebut the presumption. (The introduced version of this bill was prepared by the Probate Code Study Commission.)

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues: This proposal will result in some reduction in inheritance tax revenue. By allowing the finally determined federal estate tax value to be the fair market value of the property interest for Indiana Inheritance Tax purposes, it is possible that some property interests could be valued at a lower amount than under current law. The amount is indeterminable and is believed to be minimal.

Explanation of Local Expenditures:

Explanation of Local Revenues: Counties retain 8% of resident Inheritance Tax.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: Counties.

Information Sources: Indiana Department of State Revenue; Bill Reynolds, 232-2075.