

PREVAILED	Roll Call No. _____
FAILED	Ayes _____
WITHDRAWN	Noes _____
RULED OUT OF ORDER	

# HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that House Bill 1868 be amended to read as follows:

- 1 Page 3, line 33, after "property" insert ";".
- 2 Page 6, between lines 2 and 3, begin a new paragraph and insert:
- 3 "SECTION 5. IC 6-3-1-3.5 IS AMENDED TO READ AS
- 4 FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]:
- 5 Sec. 3.5. When used in IC 6-3, the term "adjusted gross income" shall
- 6 mean the following:
- 7 (a) In the case of all individuals, "adjusted gross income" (as
- 8 defined in Section 62 of the Internal Revenue Code), modified as
- 9 follows:
- 10 (1) Subtract income that is exempt from taxation under IC 6-3 by
- 11 the Constitution and statutes of the United States.
- 12 (2) Add an amount equal to any deduction or deductions allowed
- 13 or allowable pursuant to Section 62 of the Internal Revenue Code
- 14 for taxes based on or measured by income and levied at the state
- 15 level by any state of the United States or for taxes on property
- 16 levied by any subdivision of any state of the United States.
- 17 (3) Subtract ~~one~~ **the following:**
- 18 **(1) For taxable years beginning after December 31, 1998,**
- 19 **and before January 1, 2000, two thousand five thousand**
- 20 **hundred dollars (~~\$1,000~~); (\$2,500),** or in the case of a joint
- 21 return filed by a husband and wife, subtract for each spouse
- 22 **one thousand two thousand five hundred dollars (~~\$1,000~~);**
- 23 **(\$2,500).**
- 24 **(2) For taxable years beginning after December 31, 1999,**

- 1                   **and before January 1, 2001, four thousand dollars (\$4,000),**  
 2                   **or in the case of a joint return filed by a husband and wife,**  
 3                   **subtract for each spouse four thousand dollars (\$4,000).**  
 4                   **(3) For taxable years beginning after December 31, 2000,**  
 5                   **five thousand dollars (\$5,000), or in the case of a joint**  
 6                   **return filed by a husband and wife, subtract for each**  
 7                   **spouse five thousand dollars (\$5,000).**  
 8                   (4) Subtract ~~one thousand dollars (\$1,000)~~ for: **the following:**  
 9                   (A) **For** each of the exemptions provided by Section 151(c) of  
 10                   the Internal Revenue Code, **subtract the following:**  
 11                   (i) **For taxable years beginning after December 31, 1998,**  
 12                   **and before January 1, 2000, two thousand five hundred**  
 13                   **dollars (\$2,500).**  
 14                   (ii) **For taxable years beginning after December 31, 1999,**  
 15                   **and before January 1, 2001, four thousand dollars**  
 16                   **(\$4,000).**  
 17                   (iii) **For taxable years beginning after December 31,**  
 18                   **2000, five thousand dollars (\$5,000).**  
 19                   (B) **One thousand dollars (\$1,000)** for each additional  
 20                   amount allowable under Section 63(f) of the Internal Revenue  
 21                   Code. ~~and~~  
 22                   (C) **For** the spouse of the taxpayer if a separate return is made  
 23                   by the taxpayer, and if the spouse, for the calendar year in  
 24                   which the taxable year of the taxpayer begins, has no gross  
 25                   income and is not the dependent of another taxpayer, **subtract**  
 26                   **the following:**  
 27                   (i) **For taxable years beginning after December 31, 1998,**  
 28                   **and before January 1, 2000, two thousand five hundred**  
 29                   **dollars (\$2,500).**  
 30                   (ii) **For taxable years beginning after December 31, 1999,**  
 31                   **and before January 1, 2001, four thousand dollars**  
 32                   **(\$4,000).**  
 33                   (iii) **For taxable years beginning after December 31,**  
 34                   **2000, five thousand dollars (\$5,000).**  
 35                   (5) Subtract five hundred dollars (\$500) for each of the  
 36                   exemptions allowed under Section 151(c)(1)(B) of the Internal  
 37                   Revenue Code for taxable years beginning after December 31,  
 38                   1996, and before January 1, 2001. This amount is in addition to  
 39                   the amount subtracted under subdivision (4).  
 40                   (6) Subtract an amount equal to the lesser of:  
 41                   (A) that part of the individual's adjusted gross income (as  
 42                   defined in Section 62 of the Internal Revenue Code) for that  
 43                   taxable year that is subject to a tax that is imposed by a  
 44                   political subdivision of another state and that is imposed on or  
 45                   measured by income; or  
 46                   (B) two thousand dollars (\$2,000).

- 1 (7) Add an amount equal to the total capital gain portion of a  
 2 lump sum distribution (as defined in Section 402(e)(4)(D) of the  
 3 Internal Revenue Code), if the lump sum distribution is received  
 4 by the individual during the taxable year and if the capital gain  
 5 portion of the distribution is taxed in the manner provided in  
 6 Section 402 of the Internal Revenue Code.
- 7 (8) Subtract any amounts included in federal adjusted gross  
 8 income under Internal Revenue Code Section 111 as a recovery  
 9 of items previously deducted as an itemized deduction from  
 10 adjusted gross income.
- 11 (9) Subtract any amounts included in federal adjusted gross  
 12 income under the Internal Revenue Code which amounts were  
 13 received by the individual as supplemental railroad retirement  
 14 annuities under 45 U.S.C. 231 and which are not deductible under  
 15 subdivision (1).
- 16 (10) Add an amount equal to the deduction allowed under Section  
 17 221 of the Internal Revenue Code for married couples filing joint  
 18 returns if the taxable year began before January 1, 1987.
- 19 (11) Add an amount equal to the interest excluded from federal  
 20 gross income by the individual for the taxable year under Section  
 21 128 of the Internal Revenue Code, if the taxable year began  
 22 before January 1, 1985.
- 23 (12) Subtract an amount equal to the amount of federal Social  
 24 Security and Railroad Retirement benefits included in a taxpayer's  
 25 federal gross income by Section 86 of the Internal Revenue Code.
- 26 (13) In the case of a nonresident taxpayer or a resident taxpayer  
 27 residing in Indiana for a period of less than the taxpayer's entire  
 28 taxable year, the total amount of the deductions allowed pursuant  
 29 to subdivisions (3), (4), (5), and (6) shall be reduced to an amount  
 30 which bears the same ratio to the total as the taxpayer's income  
 31 taxable in Indiana bears to the taxpayer's total income.
- 32 (14) In the case of an individual who is a recipient of assistance  
 33 under IC 12-10-6-1, IC 12-10-6-2, IC 12-10-6-3, IC 12-15-2-2, or  
 34 IC 12-15-7, subtract an amount equal to that portion of the  
 35 individual's adjusted gross income with respect to which the  
 36 individual is not allowed under federal law to retain an amount to  
 37 pay state and local income taxes.
- 38 (b) In the case of corporations, the same as "taxable income" (as  
 39 defined in Section 63 of the Internal Revenue Code) adjusted as  
 40 follows:
- 41 (1) Subtract income that is exempt from taxation under IC 6-3 by  
 42 the Constitution and statutes of the United States.
- 43 (2) Add an amount equal to any deduction or deductions allowed  
 44 or allowable pursuant to Section 170 of the Internal Revenue  
 45 Code.
- 46 (3) Add an amount equal to any deduction or deductions allowed

- 1 or allowable pursuant to Section 63 of the Internal Revenue Code  
2 for taxes based on or measured by income and levied at the state  
3 level by any state of the United States or for taxes on property  
4 levied by any subdivision of any state of the United States.  
5 (4) Subtract an amount equal to the amount included in the  
6 corporation's taxable income under Section 78 of the Internal  
7 Revenue Code.  
8 (c) In the case of trusts and estates, "taxable income" (as defined for  
9 trusts and estates in Section 641(b) of the Internal Revenue Code)  
10 reduced by income that is exempt from taxation under IC 6-3 by the  
11 Constitution and statutes of the United States."  
12 Page 42, line 38, delete "a" and insert "a".  
13 Page 72, between lines 22 and 23, begin a new paragraph and insert:  
14 "SECTION 105. [EFFECTIVE JANUARY 1, 1999  
15 (RETROACTIVE)] **IC 6-3-1-3.5, as amended by this act, applies**  
16 **only to taxable years beginning after December 31, 1998.**"  
17 Renumber all SECTIONS consecutively.  
(Reference is to HB 1868 as printed February 11, 1999.)

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Representative Brown T