
HOUSE BILL No. 1241

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-20.

Synopsis: Inventory tax credit. Provides a refundable credit against a taxpayer's state tax liability for property taxes paid on inventory. Provides that the credit is initially equal to 20% of property taxes paid on inventory, and increases the credit percentage over five years until the credit may be claimed for 100% of property taxes paid on inventory.

Effective: January 1, 1999 (retroactive).

Crooks

January 11, 1999, read first time and referred to Committee on Ways and Means.

C
O
P
Y



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.

HOUSE BILL No. 1241



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 6-3.1-20 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 3 JANUARY 1, 1999 (RETROACTIVE)]:
- 4 **Chapter 20. Credit for Property Taxes Paid on Inventory**
- 5 **Sec. 1. As used in this chapter, "assessed value" means the**
- 6 **assessed value of inventory determined under IC 6-1.1-3.**
- 7 **Sec. 2. As used in this chapter, "inventory" has the meaning set**
- 8 **forth in IC 6-1.1-3-11.**
- 9 **Sec. 3. As used in this chapter, "pass through entity" means:**
- 10 **(1) a corporation that is exempt from the adjusted gross**
- 11 **income tax under IC 6-3-2-2.8(2); or**
- 12 **(2) a partnership.**
- 13 **Sec. 4. As used in this chapter, "state tax liability" means a**
- 14 **taxpayer's total tax liability that is incurred under:**
- 15 **(1) IC 6-2.1 (gross income tax);**
- 16 **(2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);**
- 17 **(3) IC 6-3-8 (supplemental net income tax);**



C
O
P
Y

1 (4) IC 6-5.5 (financial institutions tax); and
 2 (5) IC 27-1-18-2 (insurance premiums tax);
 3 as computed after the application of the credits that under
 4 IC 6-3.1-1-2 are to be applied before the credit provided by this
 5 chapter.

6 Sec. 5. As used in this chapter, "taxpayer" means an individual
 7 or entity that has state tax liability.

8 Sec. 6. (a) A taxpayer is entitled to a credit against the
 9 taxpayer's state tax liability for a taxable year for the ad valorem
 10 property taxes paid by the taxpayer in the taxable year on
 11 inventory.

12 (b) The amount of the credit is equal to the product of:

13 (1) the appropriate percentage specified in subsection (c);
 14 multiplied by

15 (2) the amount of property taxes paid on inventory by the
 16 taxpayer during the taxable year.

17 (c) The percentage described in subsection (b)(1) is determined
 18 by the calendar year in which the property taxes on inventory are
 19 paid and is set forth in the following table:

20 CALENDAR YEAR IN	PERCENTAGE OF
21 WHICH INVENTORY	INVENTORY TAXES
22 TAXES ARE PAID	ALLOWED AS A CREDIT
23 1999	20%
24 2000	40%
25 2001	60%
26 2002	80%
27 2003 and thereafter	100%

28 (d) If a taxpayer pays property taxes in two (2) different
 29 calendar years during the taxpayer's same taxable year, the
 30 taxpayer shall apply the appropriate percentage specified for each
 31 calendar year to the property taxes paid in each calendar year to
 32 compute the credit for the taxable year.

33 Sec. 7. If the amount determined under section 6(b) of this
 34 chapter for a taxpayer in a taxable year exceeds the taxpayer's
 35 state tax liability for that taxable year, the taxpayer may carry the
 36 excess over to the following taxable years or may have the excess
 37 refunded to the taxpayer. The amount of a credit carryover from
 38 a taxable year shall be reduced to the extent that the carryover is
 39 used by the taxpayer to obtain a credit under this chapter for any
 40 subsequent taxable year. A taxpayer is not entitled to a carryback.

41 Sec. 8. If a pass through entity does not have state income tax
 42 liability against which the tax credit may be applied, a shareholder

C
O
P
Y



1 or partner of the pass through entity is entitled to a tax credit equal
 2 to:
 3 (1) the tax credit determined for the pass through entity for
 4 the taxable year; multiplied by
 5 (2) the percentage of the pass through entity's distributive
 6 income to which the shareholder or partner is entitled.
 7 **Sec. 9. To receive the credit provided by this chapter, a taxpayer**
 8 **must claim the credit on the taxpayer's state tax return or returns**
 9 **in the manner prescribed by the department. The taxpayer shall**
 10 **submit to the department proof of payment of an ad valorem**
 11 **property tax and all information that the department determines**
 12 **is necessary for the calculation of the credit provided by this**
 13 **chapter.**
 14 SECTION 2. [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]
 15 **IC 6-3.1-20, as added by this act, applies only to taxable years that**
 16 **begin after December 31, 1998.**
 17 SECTION 3. An emergency is declared for this act.

C
O
P
Y

