

HOUSE BILL No. 1254

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-20.

Synopsis: Income tax credit for inventory taxes. Provides a credit against a taxpayer's state tax liability for property taxes paid on inventory.

Effective: January 1, 2000.

Kersey

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

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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. 1254



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, 2000]:

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);



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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 amount of property
13 taxes paid on inventory by the taxpayer during the taxable year.

14 (c) If a taxpayer pays property taxes in two (2) different
15 calendar years during the taxpayer's same taxable year, the
16 taxpayer shall apply the appropriate percentage specified for each
17 calendar year to the property taxes paid in each calendar year to
18 compute the credit for the taxable year.

19 Sec. 7. (a) If the amount determined under section 6(b) of this
20 chapter for a taxpayer in a taxable year exceeds the taxpayer's
21 state tax liability for that taxable year, the taxpayer may carry the
22 excess over to the following taxable years. The amount of the credit
23 carryover from a taxable year shall be reduced to the extent that
24 the carryover is used by the taxpayer to obtain a credit under this
25 chapter for any subsequent taxable year. A taxpayer is not entitled
26 to a carryback.

27 (b) A taxpayer is not entitled to a refund of unused credit.

28 Sec. 8. If a pass through entity does not have state income tax
29 liability against which the tax credit may be applied, a shareholder
30 or partner of the pass through entity is entitled to a tax credit equal
31 to:

32 (1) the tax credit determined for the pass through entity for
33 the taxable year; multiplied by

34 (2) the percentage of the pass through entity's distributive
35 income to which the shareholder or partner is entitled.

36 Sec. 9. To receive the credit provided by this chapter, a taxpayer
37 must claim the credit on the taxpayer's state tax return or returns
38 in the manner prescribed by the department. The taxpayer shall
39 submit to the department proof of payment of an ad valorem
40 property tax and all information that the department determines
41 is necessary for the calculation of the credit provided by this
42 chapter.



1 SECTION 2. [EFFECTIVE JANUARY 1, 2000] **IC 6-3.1-20, as**
2 **added by this act, applies only to taxable years that begin after**
3 **December 31, 1999.**

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