HOUSE BILL No. 1882

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-20.

Synopsis: Oil rerefining tax credit. Provides a refundable property tax credit for rerefined lubrication oil facilities.

Effective: January 1, 1999 (retroactive).

Harris, Wolkins

January 26, 1999, read first time and referred to Committee on Ways and Means.

Introduced

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. 1882

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]:

Chapter 20. Rerefined Lubrication Oil Facility Credit

Sec. 1. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 2. As used in this chapter, "rerefined lubrication oil" means base oil:

(1) manufactured from at least ninety-five percent (95%) used oil; and

(2) that is not more than two percent (2%) previously unused oil;

by a refining process that effectively removes physical and

chemical impurities and spent and unspent additives to the extent that the base oil is capable of meeting industry standards for engine oil as defined by API 1509.

Sec. 3. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-2.1 (the gross income tax);

(2) IC 6-2.5 (state gross retail and use tax);

(3) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(4) IC 6-3-8 (the supplemental net income tax);

(5) IC 6-5-10 (the bank tax);

(6) IC 6-5-11 (the savings and loan association tax);

(7) IC 6-5.5 (the financial institutions tax); and

(8) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 4. As used in this chapter, "taxpayer" means an individual or entity that has any state tax liability.

Sec. 5. A person is entitled to a credit against the person's state tax liability in a taxable year for a percentage of the ad valorem property taxes, excluding interest and penalties, paid by the taxpayer in the taxable year for the following:

(1) Real property on which a facility that processes rerefined lubrication oil is located.

(2) Personal property used in the processing of rerefined lubrication oil, including personal property used in the transportation of rerefined lubrication oil to and from the processing facility.

Sec. 6. The amount of the credit available under section 5 of this chapter is equal to eighty percent (80%) of the ad valorem property taxes, excluding interest and penalties, paid by the taxpayer in the taxable year on the tangible property described in section 5 of this chapter.

Sec. 7. If a pass through entity is entitled to a credit under section 5 of this chapter but does not have state tax liability against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:

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

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is

entitled.

Sec. 8. (a) If the amount determined under section 6 or 7 of this chapter for a taxpayer or a shareholder, partner, or member of a pass through entity for a taxable year exceeds the person's state tax liability for that taxable year, the person may obtain a refund of the excess.

(b) A taxpayer is not entitled to a carryforward or carryback of any unused credit.

SECTION 2. [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)] **IC 6-3.1-20, as added by this act, applies to taxable years beginning after December 31, 1998.**

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