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## SENATE BILL No. 152

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### 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. Provides that the credit is initially equal to 33% of property taxes paid on inventory, and increases the credit percentage over three years until the credit may be claimed for 100% of property taxes paid on inventory.

**Effective:** January 1, 2000 (retroactive).

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## Zakas

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January 10, 2000, read first time and referred to Committee on Finance.

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Second Regular Session 111th General Assembly (2000)

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 1999 General Assembly.

## SENATE BILL No. 152



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 (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);**



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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 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 21 WHICH INVENTORY 22 TAXES ARE PAID	PERCENTAGE OF INVENTORY TAXES ALLOWED AS A CREDIT
23 2000	33%
24 2001	67%
25 2002 and thereafter	100%

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

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

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

40           Sec. 8. If a pass through entity does not have state income tax  
 41 liability against which the tax credit may be applied, a shareholder  
 42 or partner of the pass through entity is entitled to a tax credit equal



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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 or partner is entitled.

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

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

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

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