

# HOUSE BILL No. 1261

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.1-25.

**Synopsis:** Farm equipment tax credit. Provides a state tax credit equal to the property tax paid on agricultural personal property.

**Effective:** July 1, 2004.

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**Murphy, Grubb**

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January 15, 2004, read first time and referred to Committee on Ways and Means.

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Second Regular Session 113th General Assembly (2004)

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 2003 Regular Session of the General Assembly.

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**HOUSE BILL No. 1261**



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 6-3.1-25 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2004]:  
4           **Chapter 25. Credit for Property Taxes Paid on Agricultural**  
5 **Property**  
6           **Sec. 1. As used in this chapter, "agricultural property" means**  
7 **depreciable personal property used or held on a farm in connection**  
8 **with:**  
9               (1) **cultivating the soil; or**  
10              (2) **raising or harvesting any agricultural or horticultural**  
11              **commodity.**  
12           **Sec. 2. As used in this chapter, "assessed value" has the meaning**  
13 **set forth in IC 6-1.1-1-3.**  
14           **Sec. 3. As used in this chapter, "net ad valorem property taxes"**  
15 **means the amount of property taxes paid by a taxpayer for a**  
16 **particular calendar year after the application of all property tax**  
17 **deductions and property tax credits.**



1           **Sec. 4. As used in this chapter, "pass through entity" means:**  
 2           (1) a corporation that is exempt from the adjusted gross  
 3           income tax under IC 6-3-2-2.8(2);  
 4           (2) a partnership;  
 5           (3) a trust;  
 6           (4) a limited liability company; or  
 7           (5) a limited liability partnership.

8           **Sec. 5. As used in this chapter, "state tax liability" means a**  
 9           **taxpayer's total tax liability that is incurred under:**  
 10           (1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);  
 11           (2) IC 6-5.5 (financial institutions tax); and  
 12           (3) IC 27-1-18-2 (insurance premiums tax);  
 13           as computed after the application of the credits that under  
 14           IC 6-3.1-1-2 are to be applied before the credit provided by this  
 15           chapter.

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

18           **Sec. 7. Beginning with net ad valorem property taxes first due**  
 19           **and payable in calendar year 2005, a taxpayer is entitled to a credit**  
 20           **against the taxpayer's state tax liability for a taxable year for one**  
 21           **hundred percent (100%) of the net ad valorem property taxes paid**  
 22           **by the taxpayer in the taxable year on the assessed value of**  
 23           **agricultural property.**

24           **Sec. 8. If the amount of the credit determined under section 7 of**  
 25           **this chapter for a taxpayer in a taxable year exceeds the taxpayer's**  
 26           **state tax liability for that taxable year, the taxpayer may carry**  
 27           **over the excess to the following taxable years. The amount of the**  
 28           **credit carryover from a taxable year shall be reduced to the extent**  
 29           **that the carryover is used by the taxpayer to obtain a credit under**  
 30           **this chapter for any subsequent taxable year. A taxpayer is not**  
 31           **entitled to a carryback. A taxpayer is not entitled to a refund of an**  
 32           **unused credit.**

33           **Sec. 9. If a pass through entity does not have state income tax**  
 34           **liability against which the tax credit may be applied, a shareholder**  
 35           **or partner of the pass through entity is entitled to a tax credit equal**  
 36           **to:**

- 37           (1) the tax credit determined for the pass through entity for  
 38           the taxable year; multiplied by  
 39           (2) the percentage of the pass through entity's distributive  
 40           income to which the shareholder or partner is entitled.

41           **Sec. 10. To receive the credit provided by this chapter, a**  
 42           **taxpayer must claim the credit on the taxpayer's state tax return**

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1 or returns in the manner prescribed by the department. The  
2 taxpayer shall submit to the department proof of payment of an ad  
3 valorem property tax and all information that the department  
4 determines is necessary for the calculation of the credit provided  
5 by this chapter.

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