

**CONFERENCE COMMITTEE REPORT
DIGEST FOR ESB 500**

Citations Affected: IC 5-20; IC 5-22-16-4; IC 6-1.1-45; IC 6-2.3-6-1; IC 6-2.5; IC 6-3; IC 6-3.1; IC 6-3.5-5; IC 6-4.1-10-1; IC 6-5.5-6-3; IC 6-6-1.1-502; IC 6-7; IC 6-8-12; IC 6-8.1; IC 6-9-2-2; IC 20-49-8.2; IC 36-2-7-10; IC 36-7-15.1-35.5.

Synopsis: Taxation. Conference committee report for ESB 500. Authorizes county fiscal bodies to adopt an ordinance authorizing a recording fee of \$2.50 for the first page and \$1 for each additional page. Specifies that 60% of the fee shall be deposited in affordable housing funds in the county (or the housing trust fund in Marion County) and that 40% of the fee shall be distributed to the treasurer of state for deposit in the affordable housing and community development fund. Provides that money in the state affordable housing and community development fund may not be used for rent supplements. Restricts a sales tax exemption available under current law for an electric utility that purchases distribution equipment or transmission equipment. Restricts a sales tax exemption available under current law for a hotel or restaurant that purchases electricity, water, gas, or steam. Restricts a sales tax exemption available under current law for an aircraft lessor that purchases an aircraft for rental or leasing. Provides for a graduated three-tier sales and use tax collection allowance for retail merchants. Provides that a taxpayer is not entitled to a venture capital investment tax credit for providing investment capital after December 31, 2012. (Current law provides that a taxpayer is not entitled to a credit for providing investment capital after December 31, 2008.) Provides that an energy savings tax credit may not be awarded for taxable years beginning after December 31, 2010. Specifies conditions under which a professional tax return preparer must file client returns electronically. Decreases various periodic tax liability thresholds at which taxpayers are required to make tax payments by electronic funds transfer from \$10,000 to \$5,000. Provides that a tax payment made by electronic funds transfer is considered made on the date the taxpayer issues the payment order for the electronic funds transfer. Provides for the accrual of interest at the rate of 6% per annum on inheritance tax refunds that are not processed within 90 days by the department of state revenue. Provides that the cigarette stamp discount to distributors is one and two-tenths cents per individual package of cigarettes. Provides that when a taxpayer claiming a refund requests a hearing on the claim, the department of state revenue must hold the requested hearing. Repeals a provision of the sales tax statute that requires certain out-of-state merchants making sales to customers in Indiana to register as retail merchants and remit sales and use tax.

Provides a cigarette tax credit to a cigarette distributor for an uncollectible debt to the extent that the uncollectible debt: (1) is included in the cost of cigarette tax stamps purchased by the distributor; and (2) resulted from a transfer of cigarettes to a retailer. Provides a tobacco tax deduction to a tobacco products distributor from the tobacco products tax for uncollectible debts resulting from wholesale sales of tobacco products. Provides a tax exemption for the National Football League Super Bowl and related activities. Provides that for county wheel taxes adopted after June 30, 2007, an owner of a commercial motor vehicle paying an apportioned registration to the state under the International Registration Plan shall pay an apportioned wheel tax calculated by dividing in-state actual miles by total fleet miles generated during the preceding year. Requires a partnership to file a composite adjusted gross income tax return on behalf of all nonresident individual partners. Requires an S corporation to file a composite adjusted gross income tax return on behalf of all nonresident individual shareholders. Makes changes concerning enterprise zones. Requires corporations to add back dividends paid to shareholders of a captive real estate investment trust. Increases the thresholds for mandatory estimated income tax payments. Provides that an account owner of a college choice 529 education savings plan must repay a portion of a tax credit if any nonqualified withdrawal is made from the plan. Includes as nonqualified withdrawals any withdrawals made from an account that is terminated within 12 months after the account is opened, rollovers to another qualified tuition program under Section 529 of the Internal Revenue Code that is not a college choice 529 education savings plan account, and other withdrawals that do not meet the requirements of a qualified withdrawal. Provides a limited use tax exemption for an aircraft that is titled or registered in another state or country and is temporarily brought to Indiana to be repaired, refurbished, remanufactured, or subjected to a prepurchase evaluation. Expands the limited sales tax exemption under current law for a transaction involving an aircraft to include transactions in which an aircraft that is purchased by a nonresident remains in Indiana for up to 30 days after the aircraft is repaired, refurbished, or remanufactured. Expands the exemption from the aircraft registration requirements under the aircraft license excise tax statute for a nonresident who bases an aircraft with a dealer while the aircraft is being repaired, remodeled, or refurbished to include aircraft that are based with a person that has been issued a repair station certificate by the Federal Aviation Administration. Provides that a retail merchant may verify that the sale of property used or consumed in providing public transportation is exempt from sales tax by obtaining certain information from the purchaser. Allows a retail merchant that sold property to a person that used or consumed the property in providing public transportation to verify that the sale was exempt from sales tax by using the information contained in form ST-135 for the transaction. Allows a corporation to use its annualized income to calculate the amount of its estimated adjusted gross income tax payments. Allows the state board of education to loan money to an eligible school corporation that has experienced a shortfall of at least 5% in the collection of property tax levies for the eligible school corporation's general fund because of certain actions. Specifies that the rate of interest paid by the department of state revenue on excess tax payments must be the same as the rate of interest paid by a taxpayer for failing to pay the full amount of tax by the due date for a tax return. Reallocates Lake County innkeeper's tax revenue. **(This conference committee report: (1) deletes the provisions establishing the property tax elimination fund; (2) deletes certain proposed funding sources for the affordable housing and community development fund, local affordable housing funds, and the Marion County housing trust fund; (3) specifies that a county may authorize a recording fee of \$2.50 for the first page and \$1 for each additional page, with the fees deposited in the affordable housing funds in the county (or the housing trust fund in Marion County) and in the affordable housing and community development fund; (4) provides that money in the state affordable housing and community development fund may not be used for rent supplements; (5) deletes a provision authorizing a municipality in which an enterprise zone is located to require zone businesses that receive incentives to provide financial assistance to a nonprofit corporation that served as a U.E.A. and continues to operate after the expiration of the enterprise zone; (6) deletes provisions concerning abatement for certain personal property; contracts for the discovery of omitted or undervalued property; bad debt deduction for sales tax remittances; remedies to airline**

customers whose flights are cancelled or delayed; and the definition of organic waste biomass for purposes of the law concerning a utility's purchase of energy from alternative sources; (7) provides for a three-tier sales tax collection allowance; (8) deletes a provision concerning Howard County county option income tax; (9) deletes a provision exempting certain government conveyances from recording fees; (10) adds the provision restricting the sales tax exemption for an aircraft lessor that purchases an aircraft for rental or leasing; (11) adds the cigarette tax credit and tobacco tax deduction for certain uncollectible debts; (12) adds the provisions concerning composite returns by partnerships and S corporations; (13) adds the provisions concerning loans to certain eligible school corporations; (14) adds the provisions concerning apportioned wheel taxes; (15) adds the provision extending the expiration of the venture capital investment tax credit; (16) adds the provision specifying that an energy savings tax credit may not be awarded for taxable years beginning after December 31, 2010; (17) provides that the cigarette stamp discount to distributors is one and two-tenths cents per individual package of cigarettes; and (18) makes other changes.)

Effective: Upon passage; January 1, 2007 (retroactive); March 1, 2007 (retroactive); July 1, 2007; December 16, 2007; January 1, 2008.

CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT:

Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill No. 500 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:
2 SECTION 1. IC 5-20-4-7, AS AMENDED BY P.L.1-2006,
3 SECTION 114, AND AS AMENDED BY P.L.181-2006, SECTION
4 31, IS CORRECTED AND AMENDED TO READ AS FOLLOWS
5 [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) There is established the
6 *affordable housing ~~trust~~ and community development* fund. The fund
7 shall be administered by the *Indiana housing and community*
8 *development* authority under the direction of the *Indiana housing and*
9 *community development* authority's board.
10 (b) The fund consists of the following resources:
11 (1) Appropriations from the general assembly.
12 (2) Gifts, ~~and grants, to the fund:~~ *and donations of any tangible*
13 *or intangible property from public or private sources.*
14 (3) Investment income earned on the fund's assets.
15 (4) Repayments of loans from the fund.
16 (5) Funds borrowed from the board for depositories insurance
17 fund (IC 5-13-12-7).
18 **(6) Money deposited in the fund under IC 36-2-7-10.**
19 (c) The treasurer of state shall invest the money in the fund not
20 currently needed to meet the obligations of the fund in the same
21 manner as other public funds may be invested.
22 (d) The money remaining in the fund at the end of a fiscal year does

1 not revert to the state general fund.

2 (e) Interest earned on the fund may be used by the *Indiana housing*
3 *and community development* authority to pay expenses incurred in the
4 administration of the fund.

5 SECTION 2. IC 5-20-4-8, AS AMENDED BY P.L.181-2006,
6 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 JULY 1, 2007]: Sec. 8. (a) The money in the fund shall be used to
8 provide financial assistance in the form of:

- 9 (1) grants;
10 ~~(2) rent supplements;~~
11 ~~(3) (2) loans; and~~
12 ~~(4) (3) loan guarantees.~~

13 In addition, money from the fund may be used to provide technical
14 assistance to nonprofit developers of low income housing.

15 (b) The financial assistance described in subsection (a) shall be used
16 for:

- 17 (1) the acquisition, construction, rehabilitation, development,
18 operation, and insurance of, and education concerning, affordable
19 housing and community economic development; or
20 (2) other programs considered appropriate to meet the affordable
21 housing and community development needs of lower income
22 families and very low income families, including lower income
23 elderly, persons with disabilities, and homeless individuals.

24 (c) At least fifty percent (50%) of the dollars allocated must be used
25 to serve very low income households.

26 SECTION 3. IC 5-20-5-15.5 IS AMENDED TO READ AS
27 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15.5. (a) The governing
28 body of an eligible entity that receives a grant under this chapter shall,
29 by resolution, establish an affordable housing fund to be administered,
30 subject to the terms of the resolution, by a department, a division, or an
31 agency designated by the governing body.

32 (b) The affordable housing fund consists of:

- 33 (1) payments in lieu of taxes deposited in the fund under
34 IC 36-1-8-14.2;
35 (2) gifts and grants to the fund;
36 (3) investment income earned on the fund's assets; ~~and~~
37 **(4) money deposited in the fund under IC 36-2-7-10; and**
38 ~~(4) (5) other funds from sources approved by the commission.~~

39 (c) The governing body shall, by resolution, establish uses for the
40 affordable housing fund. However, the uses must be limited to:

- 41 (1) providing financial assistance to those individuals and
42 families whose income is at or below eighty percent (80%) of the
43 county's median income for individuals and families, respectively,
44 to enable those individuals and families to purchase or lease
45 residential units within the county;
46 (2) paying expenses of administering the fund;
47 (3) making grants, loans, and loan guarantees for the
48 development, rehabilitation, or financing of affordable housing
49 for individuals and families whose income is at or below eighty
50 percent (80%) of the county's median income for individuals and
51 families, respectively, including the elderly, persons with

1 disabilities, and homeless individuals and families; and
 2 (4) providing technical assistance to nonprofit developers of
 3 affordable housing.

4 (d) The county treasurer shall invest the money in the fund not
 5 currently needed to meet the obligations of the fund in the same
 6 manner as other public funds may be invested.

7 SECTION 4. IC 5-22-16-4, AS AMENDED BY P.L.246-2005,
 8 SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JULY 1, 2007]: Sec. 4. (a) An offeror that is a foreign corporation must
 10 be registered with the secretary of state to do business in Indiana in
 11 order to be considered responsible.

12 (b) This subsection applies to a purchase of ~~supplies or services~~
 13 **tangible personal property** for a state agency under a contract entered
 14 into or purchase order sent to an offeror (in the absence of a contract)
 15 after June 30, ~~2003~~, **2007**, including a purchase described in
 16 IC 5-22-8-2 or IC 5-22-8-3. A state agency may not purchase **tangible**
 17 **personal** property ~~or services~~ from a person that is delinquent in the
 18 payment of amounts due from the person under IC 6-2.5 (gross retail
 19 and use tax) unless the person provides a statement from the
 20 department of state revenue that the person's delinquent tax liability:

- 21 (1) has been satisfied; or
 22 (2) has been released under IC 6-8.1-8-2.

23 (c) The purchasing agent may award a contract to an offeror pending
 24 the offeror's registration with the secretary of state. If, in the judgment
 25 of the purchasing agent, the offeror has not registered within a
 26 reasonable period, the purchasing agent shall cancel the contract. An
 27 offeror has no cause of action based on the cancellation of a contract
 28 under this subsection.

29 SECTION 5. IC 6-1.1-45-9, AS AMENDED BY P.L.154-2006,
 30 SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2007]: Sec. 9. (a) Subject to subsection (c), a taxpayer that
 32 makes a qualified investment is entitled to a deduction from the
 33 assessed value of the taxpayer's enterprise zone property located at the
 34 enterprise zone location for which the taxpayer made the qualified
 35 investment. The amount of the deduction is equal to the remainder of:

- 36 (1) the total amount of the assessed value of the taxpayer's
 37 enterprise zone property assessed at the enterprise zone location
 38 on a particular assessment date; minus
 39 (2) the total amount of the base year assessed value for the
 40 enterprise zone location.

41 (b) To receive the deduction allowed under subsection (a) for a
 42 particular year, a taxpayer must comply with the conditions set forth in
 43 this chapter.

44 (c) A taxpayer that makes a qualified investment in an enterprise
 45 zone established under IC 5-28-15-11 that is under the jurisdiction of
 46 a military base reuse authority board created under IC 36-7-14.5 or
 47 IC 36-7-30-3 is entitled to a deduction under this section only if the
 48 deduction is approved by the military base reuse authority board.

49 (d) **Except as provided in subsection (c), a taxpayer that makes**
 50 **a qualified investment at an enterprise zone location that is located**
 51 **within an allocation area, as defined by IC 12-19-1.5-1, is entitled**

1 **to a deduction under this section only if the deduction is approved**
 2 **by the governing body of the allocation area.**

3 SECTION 6. IC 6-1.1-45-10, AS ADDED BY P.L.214-2005,
 4 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2007]: Sec. 10. (a) A taxpayer that desires to claim the
 6 deduction provided by section 9 of this chapter for a particular year
 7 shall file a certified application, on forms prescribed by the department
 8 of local government finance, with the auditor of the county where the
 9 property for which the deduction is claimed was located on the
 10 assessment date. The application may be filed in person or by mail. If
 11 mailed, the mailing must be postmarked on or before the last day for
 12 filing. **Except as provided in subsections (c) and (d),** the application
 13 must be filed before May ~~10~~ **15** of the assessment year to obtain the
 14 deduction.

15 (b) A taxpayer shall include on an application filed under this
 16 section all information that the department of local government finance
 17 and the corporation require to determine eligibility for the deduction
 18 provided under this chapter.

19 **(c) The county auditor may grant a taxpayer an extension of not**
 20 **more than thirty (30) days to file the taxpayer's application if:**

- 21 (1) **the taxpayer submits a written application for an extension**
 22 **before May 15 of the assessment year; and**
 23 (2) **the taxpayer is prevented from filing a timely application**
 24 **because of sickness, absence from the county, or any other**
 25 **good and sufficient reason.**

26 **(d) An urban enterprise association created under IC 5-28-15-13**
 27 **may by resolution waive failure to file a:**

- 28 (1) **timely; or**
 29 (2) **complete;**

30 **deduction application under this section. Before adopting a waiver**
 31 **under this section, the urban enterprise association shall conduct**
 32 **a public hearing on the waiver.**

33 SECTION 7. IC 6-1.1-45-12, AS ADDED BY P.L.214-2005,
 34 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 MARCH 1, 2007 (RETROACTIVE)]: Sec. 12. (a) **Subject to**
 36 **subsection (b), a taxpayer may claim a deduction under this**
 37 **chapter for property other than property located in a consolidated**
 38 **city for an assessment date that occurs after the expiration of the**
 39 **enterprise zone in which the enterprise zone property for which the**
 40 **taxpayer made the qualified investment is located.**

41 (b) A taxpayer may not claim a deduction under this chapter for
 42 more than ten (10) years.

43 SECTION 8. IC 6-2.3-6-1 IS AMENDED TO READ AS
 44 FOLLOWS [EFFECTIVE DECEMBER 16, 2007]: Sec. 1. (a) Except
 45 as provided in subsections (c) through (e), a taxpayer shall file utility
 46 receipts tax returns with, and pay the taxpayer's utility receipts tax
 47 liability to, the department by the due date of the estimated return. A
 48 taxpayer who uses a taxable year that ends on December 31 shall file
 49 the taxpayer's estimated utility receipts tax returns and pay the tax to
 50 the department on or before April 20, June 20, September 20, and
 51 December 20 of the taxable year. If a taxpayer uses a taxable year

1 which does not end on December 31, the due dates for filing estimated
2 utility receipts tax returns and paying the tax are on or before the
3 twentieth day of the fourth, sixth, ninth, and twelfth months of the
4 taxpayer's taxable year.

5 (b) With each return filed, with each payment by cashier's check,
6 certified check, or money order delivered in person or by overnight
7 courier, and with each electronic funds transfer made, a taxpayer shall
8 pay to the department twenty-five percent (25%) of the estimated or the
9 exact amount of utility receipts tax that is due.

10 (c) If a taxpayer's estimated annual utility receipts tax liability does
11 not exceed ~~one~~ **two thousand five hundred** dollars (~~\$1,000~~); (**\$2,500**)
12 the taxpayer is not required to file an estimated utility receipts tax
13 return.

14 (d) If the department determines that a taxpayer's:

15 (1) estimated quarterly utility receipts tax liability for the current
16 year; or

17 (2) average estimated quarterly utility receipts tax liability for the
18 preceding year;

19 exceeds ~~ten~~ **five** thousand dollars (~~\$10,000~~); (**\$5,000**), the taxpayer
20 shall pay the estimated utility receipts taxes due by electronic funds
21 transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by
22 overnight courier a payment by cashier's check, certified check, or
23 money order to the department. The transfer or payment shall be made
24 on or before the date the tax is due.

25 (e) If a taxpayer's utility receipts tax payment is made by electronic
26 funds transfer, the taxpayer is not required to file an estimated utility
27 receipts tax return.

28 (f) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed
29 by the department on taxpayers failing to make payments as required
30 in subsection (b) or (d). However, a penalty may not be assessed as to
31 any estimated payments of utility receipts tax that equal or exceed:

32 (1) twenty percent (20%) of the final tax liability for the taxable
33 year; or

34 (2) twenty-five percent (25%) of the final tax liability for the
35 taxpayer's previous taxable year.

36 In addition, the penalty as to any underpayment of tax on an estimated
37 return shall be assessed only on the difference between the actual
38 amount paid by the taxpayer on the estimated return and twenty-five
39 percent (25%) of the taxpayers's final utility receipts tax liability for the
40 taxable year.

41 SECTION 9. IC 6-2.5-3-2, AS AMENDED BY P.L.162-2006,
42 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
43 JULY 1, 2007]: Sec. 2. (a) An excise tax, known as the use tax, is
44 imposed on the storage, use, or consumption of tangible personal
45 property in Indiana if the property was acquired in a retail transaction,
46 regardless of the location of that transaction or of the retail merchant
47 making that transaction.

48 (b) The use tax is also imposed on the storage, use, or consumption
49 of a vehicle, an aircraft, or a watercraft, if the vehicle, aircraft, or
50 watercraft:

51 (1) is acquired in a transaction that is an isolated or occasional

- 1 sale; and
 2 (2) is required to be titled, licensed, or registered by this state for
 3 use in Indiana.
- 4 (c) The use tax is imposed on the addition of tangible personal
 5 property to a structure or facility, if, after its addition, the property
 6 becomes part of the real estate on which the structure or facility is
 7 located. However, the use tax does not apply to additions of tangible
 8 personal property described in this subsection, if:
- 9 (1) the state gross retail or use tax has been previously imposed
 10 on the sale or use of that property; or
 11 (2) the ultimate purchaser or recipient of that property would have
 12 been exempt from the state gross retail and use taxes if that
 13 purchaser or recipient had directly purchased the property from
 14 the supplier for addition to the structure or facility.
- 15 (d) The use tax is imposed on a person who:
- 16 (1) manufactures, fabricates, or assembles tangible personal
 17 property from materials either within or outside Indiana; and
 18 (2) uses, stores, distributes, or consumes tangible personal
 19 property in Indiana.
- 20 (e) Notwithstanding any other provision of this section, the use tax
 21 is not imposed on the keeping, retaining, or exercising of any right or
 22 power over tangible personal property, if:
- 23 (1) the property is delivered into Indiana by or for the purchaser
 24 of the property;
 25 (2) the property is delivered in Indiana for the sole purpose of
 26 being processed, printed, fabricated, or manufactured into,
 27 attached to, or incorporated into other tangible personal property;
 28 and
 29 (3) the property is subsequently transported out of state for use
 30 solely outside Indiana.
- 31 **(f) As used in this subsection, "prepurchase evaluation" means**
 32 **an examination of an aircraft by a potential purchaser for the**
 33 **purpose of obtaining information relevant to the potential**
 34 **purchase of the aircraft. Notwithstanding any other provision of**
 35 **this section, the use tax is not imposed on the keeping, retaining, or**
 36 **exercising of any right or power over an aircraft, if:**
- 37 **(1) the aircraft is titled, registered, or based (as defined in**
 38 **IC 6-6-6.5-1(m)) in another state or country;**
 39 **(2) the aircraft is delivered to Indiana by or for a nonresident**
 40 **owner or purchaser of the aircraft;**
 41 **(3) the aircraft is delivered to Indiana for the sole purpose of**
 42 **being repaired, refurbished, remanufactured, or subjected to**
 43 **a prepurchase evaluation; and**
 44 **(4) after completion of the repair, refurbishment,**
 45 **remanufacture, or prepurchase evaluation, the aircraft is**
 46 **transported to a destination outside Indiana.**
- 47 SECTION 10. IC 6-2.5-3-7 IS AMENDED TO READ AS
 48 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A person who
 49 acquires tangible personal property from a retail merchant for delivery
 50 in Indiana is presumed to have acquired the property for storage, use,
 51 or consumption in Indiana. **However, unless** the person or the retail

1 merchant can produce evidence to rebut that presumption.

2 (b) A retail merchant is not required to produce evidence of
3 nontaxability under subsection (a) if the retail merchant receives from
4 the person who acquired the property an exemption certificate which
5 certifies, in the form prescribed by the department, that the acquisition
6 is exempt from the use tax.

7 **(c) A retail merchant that sells tangible personal property to a**
8 **person that purchases the tangible personal property for use or**
9 **consumption in providing public transportation under**
10 **IC 6-2.5-5-27 may verify the exemption by obtaining the person's:**

11 (1) name;

12 (2) address; and

13 (3) motor carrier number, United States Department of
14 Transportation number, or any other identifying number
15 authorized by the department.

16 **The person engaged in public transportation shall provide a**
17 **signature to affirm under penalties of perjury that the information**
18 **provided to the retail merchant is correct and that the tangible**
19 **personal property is being purchased for an exempt purpose.**

20 SECTION 11. IC 6-2.5-4-14, AS AMENDED BY SEA 526-2007,
21 SECTION 118, IS AMENDED TO READ AS FOLLOWS
22 [EFFECTIVE JULY 1, 2007]: Sec. 14. The department of
23 administration and each purchasing agent for a state educational
24 institution shall provide the department with a list of every person who
25 desires to enter into a contract to sell **tangible personal property or**
26 **services** to an agency (as defined in IC 4-13-2-1) or a state educational
27 institution. The department shall notify the department of
28 administration or the purchasing agent of the state educational
29 institution if a person on the list does not have a registered retail
30 merchant certificate or is delinquent in remitting or paying amounts
31 due to the department under this article.

32 SECTION 12. IC 6-2.5-5-3 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) For purposes of
34 this section:

35 (1) the retreading of tires shall be treated as the processing of
36 tangible personal property; and

37 (2) commercial printing shall be treated as the production and
38 manufacture of tangible personal property.

39 (b) **Except as provided in subsection (c)**, transactions involving
40 manufacturing machinery, tools, and equipment are exempt from the
41 state gross retail tax if the person acquiring that property acquires it for
42 direct use in the direct production, manufacture, fabrication, assembly,
43 extraction, mining, processing, refining, or finishing of other tangible
44 personal property.

45 (c) **The exemption provided in subsection (b) does not apply to**
46 **transactions involving distribution equipment or transmission**
47 **equipment acquired by a public utility engaged in generating**
48 **electricity.**

49 SECTION 13. IC 6-2.5-5-8 IS AMENDED TO READ AS
50 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) As used in this
51 section, "new motor vehicle" has the meaning set forth in

1 IC 9-13-2-111.

2 (b) Transactions involving tangible personal property other than a
3 new motor vehicle are exempt from the state gross retail tax if the
4 person acquiring the property acquires it for resale, rental, or leasing in
5 the ordinary course of the person's business without changing the form
6 of the property.

7 (c) The following transactions involving a new motor vehicle are
8 exempt from the state gross retail tax:

9 (1) A transaction in which a person that has a franchise in effect
10 at the time of the transaction for the vehicle trade name, trade or
11 service mark, or related characteristics acquires a new motor
12 vehicle for resale, rental, or leasing in the ordinary course of the
13 person's business.

14 (2) A transaction in which a person that is a franchisee appointed
15 by a manufacturer or converter manufacturer licensed under
16 IC 9-23 acquires a new motor vehicle that has at least one (1)
17 trade name, service mark, or related characteristic as a result of
18 modification or further manufacture by the manufacturer or
19 converter manufacturer for resale, rental, or leasing in the
20 ordinary course of the person's business.

21 (3) A transaction in which a person acquires a new motor vehicle
22 for rental or leasing in the ordinary course of the person's
23 business.

24 (d) The rental or leasing of accommodations to a promoter by a
25 political subdivision (including a capital improvement board) or the
26 state fair commission is not exempt from the state gross retail tax, if the
27 rental or leasing of the property by the promoter is exempt under
28 IC 6-2.5-4-4.

29 **(e) A transaction in which a person acquires an aircraft for**
30 **rental or leasing in the ordinary course of the person's business is**
31 **not exempt from the state gross retail tax unless the person**
32 **establishes, under guidelines adopted by the department in the**
33 **manner provided in IC 4-22-2-37.1 for the adoption of emergency**
34 **rules, that the annual amount of the lease revenue derived from**
35 **leasing the aircraft is equal to or greater than:**

36 **(1) ten percent (10%) of the greater of the original cost or the**
37 **book value of the aircraft, if the original cost of the aircraft**
38 **was less than one million dollars (\$1,000,000); or**

39 **(2) seven and five-tenths percent (7.5%) of the greater of the**
40 **original cost or the book value of the aircraft, if the original**
41 **cost of the aircraft was at least one million dollars**
42 **(\$1,000,000).**

43 SECTION 14. IC 6-2.5-5-35 IS AMENDED TO READ AS
44 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 35. **(a) Except as**
45 **provided in subsection (b),** transactions involving tangible personal
46 property are exempt from the state gross retail tax if:

47 (1) the:

48 (A) person acquires the property to facilitate the service or
49 consumption of food and food ingredients that is not exempted
50 from the state gross retail tax under section 20 of this chapter;
51 and

- 1 (B) property is:
- 2 (i) used, consumed, or removed in the service or
- 3 consumption of the food and food ingredients; and
- 4 (ii) made unusable for further service or consumption of
- 5 food and food ingredients after the property's first use for
- 6 service or consumption of food and food ingredients; or
- 7 (2) the:
- 8 (A) person acquiring the property is engaged in the business
- 9 of renting or furnishing rooms, lodgings, or accommodations
- 10 in a commercial hotel, motel, inn, tourist camp, or tourist
- 11 cabin; and
- 12 (B) ~~the~~ property acquired is:
- 13 (i) used up, removed, or otherwise consumed during the
- 14 occupation of the rooms, lodgings, or accommodations by a
- 15 guest; or
- 16 (ii) rendered nonreusable by the property's first use by a
- 17 guest during the occupation of the rooms, lodgings, or
- 18 accommodations.
- 19 **(b) The exemption provided by subsection (a) does not apply to**
- 20 **transactions involving electricity, water, gas, or steam.**
- 21 SECTION 15. IC 6-2.5-5-39, AS AMENDED BY P.L.92-2006,
- 22 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 23 JULY 1, 2007]: Sec. 39. (a) As used in this section, "cargo trailer"
- 24 means a vehicle:
- 25 (1) without motive power;
- 26 (2) designed for carrying property;
- 27 (3) designed for being drawn by a motor vehicle; and
- 28 (4) having a gross vehicle weight rating of at least two thousand
- 29 two hundred (2,200) pounds.
- 30 (b) As used in this section, "recreational vehicle" means a vehicle
- 31 with or without motive power equipped exclusively for living quarters
- 32 for persons traveling upon the highways. The term includes a travel
- 33 trailer, a motor home, a truck camper with a floor and facilities
- 34 enabling it to be used as a dwelling, and a fifth wheel trailer.
- 35 (c) A transaction involving a cargo trailer ~~or~~ a recreational vehicle
- 36 ~~or an aircraft~~ is exempt from the state gross retail tax if:
- 37 (1) the purchaser is a nonresident;
- 38 (2) upon receiving delivery of the cargo trailer ~~or~~ recreational
- 39 vehicle, ~~or aircraft~~; the person transports it within thirty (30) days
- 40 to a destination outside Indiana;
- 41 (3) the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ will be
- 42 titled or registered for use in another state or country;
- 43 (4) the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ will not be
- 44 titled or registered for use in Indiana; and
- 45 (5) ~~in the case of a transaction involving a cargo trailer or~~
- 46 ~~recreational vehicle~~; the cargo trailer or recreational vehicle will
- 47 be titled or registered in a state or country that provides an
- 48 exemption from sales, use, or similar taxes imposed on a cargo
- 49 trailer or recreational vehicle that is purchased in that state or
- 50 country by an Indiana resident and will be titled or registered in
- 51 Indiana.

1 A transaction involving a cargo trailer or recreational vehicle that does
 2 not meet the requirements of subdivision (5) is not exempt from the
 3 state gross retail tax.

4 (d) A purchaser must claim an exemption under this section by
 5 submitting to the retail merchant an affidavit stating the purchaser's
 6 intent to:

- 7 (1) transport the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ to
 8 a destination outside Indiana within thirty (30) days after delivery;
 9 and
- 10 (2) title or register the cargo trailer ~~or~~ recreational vehicle ~~or~~
 11 ~~aircraft~~ for use in another state or country.

12 The department shall prescribe the form of the affidavit, which must
 13 include an affirmation by the purchaser under the penalties for perjury
 14 that the information contained in the affidavit is true. The affidavit
 15 must identify the state or country in which the cargo trailer ~~or~~
 16 recreational vehicle ~~or aircraft~~ will be titled or registered.

17 (e) The department shall provide the information necessary to
 18 determine a purchaser's eligibility for an exemption claimed under this
 19 section to retail merchants in the business of selling cargo trailers or
 20 recreational vehicles.

21 SECTION 16. IC 6-2.5-5-42 IS ADDED TO THE INDIANA CODE
 22 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 23 1, 2007]: **Sec. 42. (a) A transaction involving an aircraft is exempt
 24 from the state gross retail tax if:**

- 25 (1) the purchaser is a nonresident;
- 26 (2) the purchaser transports the aircraft to a destination
 27 outside Indiana within thirty (30) days after:
 - 28 (A) accepting delivery of the aircraft; or
 - 29 (B) a repair, refurbishment, or remanufacture of the
 30 aircraft is completed, if the aircraft remains in Indiana
 31 after the purchaser accepts delivery for the purpose of
 32 accomplishing the repair, refurbishment, or
 33 remanufacture of the aircraft;
- 34 (3) the aircraft will be:
 - 35 (A) titled or registered in another state or country; or
 - 36 (B) based (as defined in IC 6-6-6.5-1(m)) in that state or
 37 country, if a state or country does not require a title or
 38 registration for aircraft; and
- 39 (4) the aircraft will not be titled or registered in Indiana.

40 (b) A purchaser must claim an exemption under subsection (a)
 41 by submitting to the seller an affidavit affirming the elements
 42 required by subsection (a). In addition, the affidavit must identify
 43 the state or country in which the aircraft will be titled, registered,
 44 or based.

45 (c) Within sixty (60) days after:

- 46 (1) a purchaser who claims an exemption under this section
 47 accepts delivery of the aircraft; or
- 48 (2) a repair, refurbishment, or remanufacture of the aircraft
 49 subject to an exemption under this section is completed, if the
 50 aircraft remains in Indiana after the purchaser accepts
 51 delivery for the purpose of accomplishing the repair,

1 **refurbishment, or remanufacture of the aircraft;**
 2 **the purchaser shall provide the seller with a copy of the**
 3 **purchaser's title or registration of the aircraft outside Indiana. If**
 4 **the state or country in which the aircraft is based does not require**
 5 **the aircraft to be titled or registered, the purchaser shall provide**
 6 **the seller with a copy of the aircraft registration application for the**
 7 **aircraft as filed with the Federal Aviation Administration.**

8 **(d) The department shall prescribe the form of the affidavit**
 9 **required by subsection (b).**

10 SECTION 17. IC 6-2.5-6-1, AS AMENDED BY P.L.153-2006,
 11 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JANUARY 1, 2008]: Sec. 1. (a) Except as otherwise provided in this
 13 section, each person liable for collecting the state gross retail or use tax
 14 shall file a return for each calendar month and pay the state gross retail
 15 and use taxes that the person collects during that month. A person shall
 16 file the person's return for a particular month with the department and
 17 make the person's tax payment for that month to the department not
 18 more than thirty (30) days after the end of that month, if that person's
 19 average monthly liability for collections of state gross retail and use
 20 taxes under this section as determined by the department for the
 21 preceding calendar year did not exceed one thousand dollars (\$1,000).
 22 If a person's average monthly liability for collections of state gross
 23 retail and use taxes under this section as determined by the department
 24 for the preceding calendar year exceeded one thousand dollars
 25 (\$1,000), that person shall file the person's return for a particular month
 26 and make the person's tax payment for that month to the department not
 27 more than twenty (20) days after the end of that month.

28 (b) If a person files a combined sales and withholding tax report and
 29 either this section or IC 6-3-4-8.1 requires sales or withholding tax
 30 reports to be filed and remittances to be made within twenty (20) days
 31 after the end of each month, then the person shall file the combined
 32 report and remit the sales and withholding taxes due within twenty (20)
 33 days after the end of each month.

34 (c) Instead of the twelve (12) monthly reporting periods required by
 35 subsection (a), the department may permit a person to divide a year into
 36 a different number of reporting periods. The return and payment for
 37 each reporting period is due not more than twenty (20) days after the
 38 end of the period.

39 (d) Instead of the reporting periods required under subsection (a),
 40 the department may permit a retail merchant to report and pay the
 41 merchant's state gross retail and use taxes for a period covering:

- 42 (1) a calendar year, if the retail merchant's average monthly state
 43 gross retail and use tax liability in the previous calendar year does
 44 not exceed ten dollars (\$10);
- 45 (2) a calendar half year, if the retail merchant's average monthly
 46 state gross retail and use tax liability in the previous calendar year
 47 does not exceed twenty-five dollars (\$25); or
- 48 (3) a calendar quarter, if the retail merchant's average monthly
 49 state gross retail and use tax liability in the previous calendar year
 50 does not exceed seventy-five dollars (\$75).

51 A retail merchant using a reporting period allowed under this

1 subsection must file the merchant's return and pay the merchant's tax
 2 for a reporting period not later than the last day of the month
 3 immediately following the close of that reporting period.

4 (e) If a retail merchant reports the merchant's adjusted gross income
 5 tax, or the tax the merchant pays in place of the adjusted gross income
 6 tax, over a fiscal year or fiscal quarter not corresponding to the
 7 calendar year or calendar quarter, the merchant may, without prior
 8 departmental approval, report and pay the merchant's state gross retail
 9 and use taxes over the merchant's fiscal period that corresponds to the
 10 calendar period the merchant is permitted to use under subsection (d).
 11 However, the department may, at any time, require the retail merchant
 12 to stop using the fiscal reporting period.

13 (f) If a retail merchant files a combined sales and withholding tax
 14 report, the reporting period for the combined report is the shortest
 15 period required under:

- 16 (1) this section;
- 17 (2) IC 6-3-4-8; or
- 18 (3) IC 6-3-4-8.1.

19 (g) If the department determines that a person's:

- 20 (1) estimated monthly gross retail and use tax liability for the
 21 current year; or
- 22 (2) average monthly gross retail and use tax liability for the
 23 preceding year;

24 exceeds ~~ten~~ **five** thousand dollars (~~\$10,000~~), (**\$5,000**), the person shall
 25 pay the monthly gross retail and use taxes due by electronic funds
 26 transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by
 27 overnight courier a payment by cashier's check, certified check, or
 28 money order to the department. The transfer or payment shall be made
 29 on or before the date the tax is due.

30 (h) If a person's gross retail and use tax payment is made by
 31 electronic funds transfer, the taxpayer is not required to file a monthly
 32 gross retail and use tax return. However, the person shall file a
 33 quarterly gross retail and use tax return before the twentieth day after
 34 the end of each calendar quarter.

35 (i) A person:

- 36 (1) who has voluntarily registered as a seller under the
 37 Streamlined Sales and Use Tax Agreement;
- 38 (2) who is not a Model 1, Model 2, or Model 3 seller (as defined
 39 in the Streamlined Sales and Use Tax Agreement); and
- 40 (3) whose liability for collections of state gross retail and use
 41 taxes under this section for the preceding calendar year as
 42 determined by the department does not exceed one thousand
 43 dollars (\$1,000);

44 is not required to file a monthly gross retail and use tax return.

45 SECTION 18. IC 6-2.5-6-10 IS AMENDED TO READ AS
 46 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) In order to
 47 compensate retail merchants for collecting and timely remitting the
 48 state gross retail tax and the state use tax, every retail merchant, except
 49 a retail merchant referred to in subsection (c), is entitled to deduct and
 50 retain from the amount of those taxes otherwise required to be remitted
 51 under IC 6-2.5-7-5 or under this chapter, if timely remitted, a retail

1 merchant's collection allowance.

2 (b) The allowance equals ~~eighty-three hundredths percent (0.83%)~~
 3 **a percentage** of the retail merchant's state gross retail and use tax
 4 liability accrued during a ~~reporting period: calendar year, specified as~~
 5 **follows:**

6 **(1) Eighty-three hundredths percent (0.83%), if the retail**
 7 **merchant's state gross retail and use tax liability accrued**
 8 **during the state fiscal year ending on June 30 of the**
 9 **immediately preceding calendar year did not exceed sixty**
 10 **thousand dollars (\$60,000).**

11 **(2) Six-tenths percent (0.6%), if the retail merchant's state**
 12 **gross retail and use tax liability accrued during the state fiscal**
 13 **year ending on June 30 of the immediately preceding calendar**
 14 **year:**

15 **(A) was greater than sixty thousand dollars (\$60,000); and**

16 **(B) did not exceed six hundred thousand dollars (\$600,000).**

17 **(3) Three-tenths percent (0.3%), if the retail merchant's state**
 18 **gross retail and use tax liability accrued during the state fiscal**
 19 **year ending on June 30 of the immediately preceding calendar**
 20 **year was greater than six hundred thousand dollars**
 21 **(\$600,000).**

22 (c) A retail merchant described in IC 6-2.5-4-5 or IC 6-2.5-4-6 is not
 23 entitled to the allowance provided by this section.

24 SECTION 19. IC 6-3-1-3.5, AS AMENDED BY P.L.184-2006,
 25 SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 24,
 26 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 27 [EFFECTIVE JANUARY 1, 2008]: Sec. 3.5. When used in this article,
 28 the term "adjusted gross income" shall mean the following:

29 (a) In the case of all individuals, "adjusted gross income" (as
 30 defined in Section 62 of the Internal Revenue Code), modified as
 31 follows:

32 (1) Subtract income that is exempt from taxation under this article
 33 by the Constitution and statutes of the United States.

34 (2) Add an amount equal to any deduction or deductions allowed
 35 or allowable pursuant to Section 62 of the Internal Revenue Code
 36 for taxes based on or measured by income and levied at the state
 37 level by any state of the United States.

38 (3) Subtract one thousand dollars (\$1,000), or in the case of a
 39 joint return filed by a husband and wife, subtract for each spouse
 40 one thousand dollars (\$1,000).

41 (4) Subtract one thousand dollars (\$1,000) for:

42 (A) each of the exemptions provided by Section 151(c) of the
 43 Internal Revenue Code;

44 (B) each additional amount allowable under Section 63(f) of
 45 the Internal Revenue Code; and

46 (C) the spouse of the taxpayer if a separate return is made by
 47 the taxpayer and if the spouse, for the calendar year in which
 48 the taxable year of the taxpayer begins, has no gross income
 49 and is not the dependent of another taxpayer.

50 (5) Subtract:

51 (A) *for taxable years beginning after December 31, 2004, one*

- 1 thousand five hundred dollars (\$1,500) for each of the
 2 exemptions allowed under Section 151(c)(1)(B) of the Internal
 3 Revenue Code *for taxable years beginning after December 31,*
 4 ~~1996~~ *(as effective January 1, 2004); and*
- 5 (B) five hundred dollars (\$500) for each additional amount
 6 allowable under Section 63(f)(1) of the Internal Revenue Code
 7 if the adjusted gross income of the taxpayer, or the taxpayer
 8 and the taxpayer's spouse in the case of a joint return, is less
 9 than forty thousand dollars (\$40,000).
- 10 This amount is in addition to the amount subtracted under
 11 subdivision (4).
- 12 (6) Subtract an amount equal to the lesser of:
- 13 (A) that part of the individual's adjusted gross income (as
 14 defined in Section 62 of the Internal Revenue Code) for that
 15 taxable year that is subject to a tax that is imposed by a
 16 political subdivision of another state and that is imposed on or
 17 measured by income; or
- 18 (B) two thousand dollars (\$2,000).
- 19 (7) Add an amount equal to the total capital gain portion of a
 20 lump sum distribution (as defined in Section 402(e)(4)(D) of the
 21 Internal Revenue Code) if the lump sum distribution is received
 22 by the individual during the taxable year and if the capital gain
 23 portion of the distribution is taxed in the manner provided in
 24 Section 402 of the Internal Revenue Code.
- 25 (8) Subtract any amounts included in federal adjusted gross
 26 income under Section 111 of the Internal Revenue Code as a
 27 recovery of items previously deducted as an itemized deduction
 28 from adjusted gross income.
- 29 (9) Subtract any amounts included in federal adjusted gross
 30 income under the Internal Revenue Code which amounts were
 31 received by the individual as supplemental railroad retirement
 32 annuities under 45 U.S.C. 231 and which are not deductible under
 33 subdivision (1).
- 34 (10) Add an amount equal to the deduction allowed under Section
 35 221 of the Internal Revenue Code for married couples filing joint
 36 returns if the taxable year began before January 1, 1987.
- 37 (11) Add an amount equal to the interest excluded from federal
 38 gross income by the individual for the taxable year under Section
 39 128 of the Internal Revenue Code if the taxable year began before
 40 January 1, 1985.
- 41 (12) Subtract an amount equal to the amount of federal Social
 42 Security and Railroad Retirement benefits included in a taxpayer's
 43 federal gross income by Section 86 of the Internal Revenue Code.
- 44 (13) In the case of a nonresident taxpayer or a resident taxpayer
 45 residing in Indiana for a period of less than the taxpayer's entire
 46 taxable year, the total amount of the deductions allowed pursuant
 47 to subdivisions (3), (4), (5), and (6) shall be reduced to an amount
 48 which bears the same ratio to the total as the taxpayer's income
 49 taxable in Indiana bears to the taxpayer's total income.
- 50 (14) In the case of an individual who is a recipient of assistance
 51 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,

1 subtract an amount equal to that portion of the individual's
2 adjusted gross income with respect to which the individual is not
3 allowed under federal law to retain an amount to pay state and
4 local income taxes.

5 (15) In the case of an eligible individual, subtract the amount of
6 a Holocaust victim's settlement payment included in the
7 individual's federal adjusted gross income.

8 (16) For taxable years beginning after December 31, 1999,
9 subtract an amount equal to the portion of any premiums paid
10 during the taxable year by the taxpayer for a qualified long term
11 care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the
12 taxpayer's spouse, or both.

13 (17) Subtract an amount equal to the lesser of:

14 (A) for a taxable year:

15 (i) including any part of 2004, the amount determined under
16 subsection (f); and

17 (ii) beginning after December 31, 2004, two thousand five
18 hundred dollars (\$2,500); or

19 (B) the amount of property taxes that are paid during the
20 taxable year in Indiana by the individual on the individual's
21 principal place of residence.

22 (18) Subtract an amount equal to the amount of a September 11
23 terrorist attack settlement payment included in the individual's
24 federal adjusted gross income.

25 (19) Add or subtract the amount necessary to make the adjusted
26 gross income of any taxpayer that owns property for which bonus
27 depreciation was allowed in the current taxable year or in an
28 earlier taxable year equal to the amount of adjusted gross income
29 that would have been computed had an election not been made
30 under Section 168(k) of the Internal Revenue Code to apply bonus
31 depreciation to the property in the year that it was placed in
32 service.

33 (20) Add an amount equal to any deduction allowed under
34 Section 172 of the Internal Revenue Code.

35 (21) Add or subtract the amount necessary to make the adjusted
36 gross income of any taxpayer that placed Section 179 property (as
37 defined in Section 179 of the Internal Revenue Code) in service
38 in the current taxable year or in an earlier taxable year equal to
39 the amount of adjusted gross income that would have been
40 computed had an election for federal income tax purposes not
41 been made for the year in which the property was placed in
42 service to take deductions under Section 179 of the Internal
43 Revenue Code in a total amount exceeding twenty-five thousand
44 dollars (\$25,000).

45 (22) Add an amount equal to the amount that a taxpayer claimed
46 as a deduction for domestic production activities for the taxable
47 year under Section 199 of the Internal Revenue Code for federal
48 income tax purposes.

49 (b) In the case of corporations, the same as "taxable income" (as
50 defined in Section 63 of the Internal Revenue Code) adjusted as
51 follows:

- 1 (1) Subtract income that is exempt from taxation under this article
 2 by the Constitution and statutes of the United States.
- 3 (2) Add an amount equal to any deduction or deductions allowed
 4 or allowable pursuant to Section 170 of the Internal Revenue
 5 Code.
- 6 (3) Add an amount equal to any deduction or deductions allowed
 7 or allowable pursuant to Section 63 of the Internal Revenue Code
 8 for taxes based on or measured by income and levied at the state
 9 level by any state of the United States.
- 10 (4) Subtract an amount equal to the amount included in the
 11 corporation's taxable income under Section 78 of the Internal
 12 Revenue Code.
- 13 (5) Add or subtract the amount necessary to make the adjusted
 14 gross income of any taxpayer that owns property for which bonus
 15 depreciation was allowed in the current taxable year or in an
 16 earlier taxable year equal to the amount of adjusted gross income
 17 that would have been computed had an election not been made
 18 under Section 168(k) of the Internal Revenue Code to apply bonus
 19 depreciation to the property in the year that it was placed in
 20 service.
- 21 (6) Add an amount equal to any deduction allowed under Section
 22 172 of the Internal Revenue Code.
- 23 (7) Add or subtract the amount necessary to make the adjusted
 24 gross income of any taxpayer that placed Section 179 property (as
 25 defined in Section 179 of the Internal Revenue Code) in service
 26 in the current taxable year or in an earlier taxable year equal to
 27 the amount of adjusted gross income that would have been
 28 computed had an election for federal income tax purposes not
 29 been made for the year in which the property was placed in
 30 service to take deductions under Section 179 of the Internal
 31 Revenue Code in a total amount exceeding twenty-five thousand
 32 dollars (\$25,000).
- 33 (8) Add an amount equal to the amount that a taxpayer claimed as
 34 a deduction for domestic production activities for the taxable year
 35 under Section 199 of the Internal Revenue Code for federal
 36 income tax purposes.
- 37 *(9) Add to the extent required by IC 6-3-2-20 the amount of*
 38 *intangible expenses (as defined in IC 6-3-2-20) and any directly*
 39 *related intangible interest expenses (as defined in IC 6-3-2-20)*
 40 *for the taxable year that reduced the corporation's taxable*
 41 *income (as defined in Section 63 of the Internal Revenue Code)*
 42 *for federal income tax purposes.*
- 43 **(10) Add an amount equal to any deduction for dividends paid**
 44 **(as defined in Section 561 of the Internal Revenue Code) to**
 45 **shareholders of a captive real estate investment trust (as**
 46 **defined in section 34.5 of this chapter).**
- 47 (c) In the case of life insurance companies (as defined in Section
 48 816(a) of the Internal Revenue Code) that are organized under Indiana
 49 law, the same as "life insurance company taxable income" (as defined
 50 in Section 801 of the Internal Revenue Code), adjusted as follows:
- 51 (1) Subtract income that is exempt from taxation under this article

- 1 by the Constitution and statutes of the United States.
- 2 (2) Add an amount equal to any deduction allowed or allowable
- 3 under Section 170 of the Internal Revenue Code.
- 4 (3) Add an amount equal to a deduction allowed or allowable
- 5 under Section 805 or Section 831(c) of the Internal Revenue Code
- 6 for taxes based on or measured by income and levied at the state
- 7 level by any state.
- 8 (4) Subtract an amount equal to the amount included in the
- 9 company's taxable income under Section 78 of the Internal
- 10 Revenue Code.
- 11 (5) Add or subtract the amount necessary to make the adjusted
- 12 gross income of any taxpayer that owns property for which bonus
- 13 depreciation was allowed in the current taxable year or in an
- 14 earlier taxable year equal to the amount of adjusted gross income
- 15 that would have been computed had an election not been made
- 16 under Section 168(k) of the Internal Revenue Code to apply bonus
- 17 depreciation to the property in the year that it was placed in
- 18 service.
- 19 (6) Add an amount equal to any deduction allowed under Section
- 20 172 or Section 810 of the Internal Revenue Code.
- 21 (7) Add or subtract the amount necessary to make the adjusted
- 22 gross income of any taxpayer that placed Section 179 property (as
- 23 defined in Section 179 of the Internal Revenue Code) in service
- 24 in the current taxable year or in an earlier taxable year equal to
- 25 the amount of adjusted gross income that would have been
- 26 computed had an election for federal income tax purposes not
- 27 been made for the year in which the property was placed in
- 28 service to take deductions under Section 179 of the Internal
- 29 Revenue Code in a total amount exceeding twenty-five thousand
- 30 dollars (\$25,000).
- 31 (8) Add an amount equal to the amount that a taxpayer claimed as
- 32 a deduction for domestic production activities for the taxable year
- 33 under Section 199 of the Internal Revenue Code for federal
- 34 income tax purposes.
- 35 (d) In the case of insurance companies subject to tax under Section
- 36 831 of the Internal Revenue Code and organized under Indiana law, the
- 37 same as "taxable income" (as defined in Section 832 of the Internal
- 38 Revenue Code), adjusted as follows:
- 39 (1) Subtract income that is exempt from taxation under this article
- 40 by the Constitution and statutes of the United States.
- 41 (2) Add an amount equal to any deduction allowed or allowable
- 42 under Section 170 of the Internal Revenue Code.
- 43 (3) Add an amount equal to a deduction allowed or allowable
- 44 under Section 805 or Section 831(c) of the Internal Revenue Code
- 45 for taxes based on or measured by income and levied at the state
- 46 level by any state.
- 47 (4) Subtract an amount equal to the amount included in the
- 48 company's taxable income under Section 78 of the Internal
- 49 Revenue Code.
- 50 (5) Add or subtract the amount necessary to make the adjusted
- 51 gross income of any taxpayer that owns property for which bonus

1 depreciation was allowed in the current taxable year or in an
2 earlier taxable year equal to the amount of adjusted gross income
3 that would have been computed had an election not been made
4 under Section 168(k) of the Internal Revenue Code to apply bonus
5 depreciation to the property in the year that it was placed in
6 service.

7 (6) Add an amount equal to any deduction allowed under Section
8 172 of the Internal Revenue Code.

9 (7) Add or subtract the amount necessary to make the adjusted
10 gross income of any taxpayer that placed Section 179 property (as
11 defined in Section 179 of the Internal Revenue Code) in service
12 in the current taxable year or in an earlier taxable year equal to
13 the amount of adjusted gross income that would have been
14 computed had an election for federal income tax purposes not
15 been made for the year in which the property was placed in
16 service to take deductions under Section 179 of the Internal
17 Revenue Code in a total amount exceeding twenty-five thousand
18 dollars (\$25,000).

19 (8) Add an amount equal to the amount that a taxpayer claimed as
20 a deduction for domestic production activities for the taxable year
21 under Section 199 of the Internal Revenue Code for federal
22 income tax purposes.

23 (e) In the case of trusts and estates, "taxable income" (as defined for
24 trusts and estates in Section 641(b) of the Internal Revenue Code)
25 adjusted as follows:

26 (1) Subtract income that is exempt from taxation under this article
27 by the Constitution and statutes of the United States.

28 (2) Subtract an amount equal to the amount of a September 11
29 terrorist attack settlement payment included in the federal
30 adjusted gross income of the estate of a victim of the September
31 11 terrorist attack or a trust to the extent the trust benefits a victim
32 of the September 11 terrorist attack.

33 (3) Add or subtract the amount necessary to make the adjusted
34 gross income of any taxpayer that owns property for which bonus
35 depreciation was allowed in the current taxable year or in an
36 earlier taxable year equal to the amount of adjusted gross income
37 that would have been computed had an election not been made
38 under Section 168(k) of the Internal Revenue Code to apply bonus
39 depreciation to the property in the year that it was placed in
40 service.

41 (4) Add an amount equal to any deduction allowed under Section
42 172 of the Internal Revenue Code.

43 (5) Add or subtract the amount necessary to make the adjusted
44 gross income of any taxpayer that placed Section 179 property (as
45 defined in Section 179 of the Internal Revenue Code) in service
46 in the current taxable year or in an earlier taxable year equal to
47 the amount of adjusted gross income that would have been
48 computed had an election for federal income tax purposes not
49 been made for the year in which the property was placed in
50 service to take deductions under Section 179 of the Internal
51 Revenue Code in a total amount exceeding twenty-five thousand

1 dollars (\$25,000).

2 (6) Add an amount equal to the amount that a taxpayer claimed as
3 a deduction for domestic production activities for the taxable year
4 under Section 199 of the Internal Revenue Code for federal
5 income tax purposes.

6 (f) This subsection applies only to the extent that an individual paid
7 property taxes in 2004 that were imposed for the March 1, 2002,
8 assessment date or the January 15, 2003, assessment date. The
9 maximum amount of the deduction under subsection (a)(17) is equal
10 to the amount determined under STEP FIVE of the following formula:

11 STEP ONE: Determine the amount of property taxes that the
12 taxpayer paid after December 31, 2003, in the taxable year for
13 property taxes imposed for the March 1, 2002, assessment date
14 and the January 15, 2003, assessment date.

15 STEP TWO: Determine the amount of property taxes that the
16 taxpayer paid in the taxable year for the March 1, 2003,
17 assessment date and the January 15, 2004, assessment date.

18 STEP THREE: Determine the result of the STEP ONE amount
19 divided by the STEP TWO amount.

20 STEP FOUR: Multiply the STEP THREE amount by two
21 thousand five hundred dollars (\$2,500).

22 STEP FIVE: Determine the sum of the STEP FOUR amount and
23 two thousand five hundred dollars (\$2,500).

24 SECTION 20. IC 6-3-1-34.5 IS ADDED TO THE INDIANA CODE
25 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
26 **JANUARY 1, 2008]: Sec. 34.5. (a) Except as provided in subsection**
27 **(b), "captive real estate investment trust" means a corporation, a**
28 **trust, or an association:**

29 **(1) that is considered a real estate investment trust for the**
30 **taxable year under Section 856 of the Internal Revenue Code;**

31 **(2) that is not regularly traded on an established securities**
32 **market; and**

33 **(3) in which more than fifty percent (50%) of the:**

34 **(A) voting power;**

35 **(B) beneficial interests; or**

36 **(C) shares;**

37 **are owned or controlled, directly or constructively, by a single**
38 **entity that is subject to Subchapter C of Chapter 1 of the**
39 **Internal Revenue Code.**

40 **(b) The term does not include a corporation, a trust, or an**
41 **association in which more than fifty percent (50%) of the entity's**
42 **voting power, beneficial interests, or shares are owned by a single**
43 **entity described in subsection (a)(3) that is owned or controlled,**
44 **directly or constructively, by:**

45 **(1) a corporation, a trust, or an association that is considered**
46 **a real estate investment trust under Section 856 of the**
47 **Internal Revenue Code;**

48 **(2) a person exempt from taxation under Section 501 of the**
49 **Internal Revenue Code; or**

50 **(3) a real estate investment trust that:**

51 **(A) is intended to become regularly traded on an**

1 **established securities market; and**

2 **(B) satisfies the requirements of Section 856(a)(5) and**
 3 **Section 856(a)(6) of the Internal Revenue Code under**
 4 **Section 856(h) of the Internal Revenue Code.**

5 **(c) For purposes of this section, the constructive ownership rules**
 6 **of Section 318 of the Internal Revenue Code, as modified by**
 7 **Section 856(d)(5) of the Internal Revenue Code, apply to the**
 8 **determination of the ownership of stock, assets, or net profits of**
 9 **any person.**

10 SECTION 21. IC 6-3-2-20, AS ADDED BY P.L.162-2006,
 11 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2007]: Sec. 20. (a) The following definitions apply throughout
 13 this section:

14 (1) "Affiliated group" has the meaning provided in Section 1504
 15 of the Internal Revenue Code, except that the ownership
 16 percentage in Section 1504(a)(2) of the Internal Revenue Code
 17 shall be determined using fifty percent (50%) instead of eighty
 18 percent (80%).

19 (2) "Directly related intangible interest expenses" means interest
 20 expenses that are paid to, or accrued or incurred as a liability to,
 21 a recipient if:

22 (A) the amounts represent, in the hands of the recipient,
 23 income from making one (1) or more loans; and

24 (B) the funds loaned were originally received by the recipient
 25 from the payment of intangible expenses by any of the
 26 following:

27 (i) The taxpayer.

28 (ii) A member of the same affiliated group as the taxpayer.

29 (iii) A foreign corporation.

30 (3) "Foreign corporation" means a corporation that is organized
 31 under the laws of a country other than the United States and
 32 would be a member of the same affiliated group as the taxpayer
 33 if the corporation were organized under the laws of the United
 34 States.

35 (4) "Intangible expenses" means the following amounts to the
 36 extent these amounts are allowed as deductions in determining
 37 taxable income under Section 63 of the Internal Revenue Code
 38 before the application of any net operating loss deduction and
 39 special deductions for the taxable year:

40 (A) Expenses, losses, and costs directly for, related to, or in
 41 connection with the acquisition, use, maintenance,
 42 management, ownership, sale, exchange, or any other
 43 disposition of intangible property.

44 (B) Royalty, patent, technical, and copyright fees.

45 (C) Licensing fees.

46 (D) Other substantially similar expenses and costs.

47 (5) "Intangible property" means patents, patent applications, trade
 48 names, trademarks, service marks, copyrights, trade secrets, and
 49 substantially similar types of intangible assets.

50 (6) "Interest expenses" means amounts that are allowed as
 51 deductions under Section 163 of the Internal Revenue Code in

1 determining taxable income under Section 63 of the Internal
 2 Revenue Code before the application of any net operating loss
 3 deductions and special deductions for the taxable year.

4 (7) "Makes a disclosure" means a taxpayer provides the following
 5 information regarding a transaction with a member of the same
 6 affiliated group or a foreign corporation involving an intangible
 7 expense and any directly related intangible interest expense with
 8 the taxpayer's tax return on the forms prescribed by the
 9 department:

10 (A) The name of the recipient.

11 (B) The state or country of domicile of the recipient.

12 (C) The amount paid to the recipient.

13 (D) A copy of federal Form 851, Affiliation Schedule, as filed
 14 with the taxpayer's federal consolidated tax return.

15 (E) The information needed to determine the taxpayer's status
 16 under the exceptions listed in subsection (c).

17 (8) "Recipient" means:

18 (A) a member of the same affiliated group as the taxpayer; or

19 (B) a foreign corporation;

20 to which is paid an item of income that corresponds to an
 21 intangible expense or any directly related intangible interest
 22 expense.

23 (9) "Unrelated party" means a person that, with respect to the
 24 taxpayer, is not a member of the same affiliated group or a foreign
 25 corporation.

26 (b) Except as provided in subsection (c), in determining its adjusted
 27 gross income under IC 6-3-1-3.5(b), a corporation subject to the tax
 28 imposed by IC 6-3-2-1 shall add to its taxable income under Section 63
 29 of the Internal Revenue Code:

30 (1) intangible expenses; and

31 (2) any directly related intangible interest expenses;

32 paid, accrued, or incurred with one (1) or more members of the same
 33 affiliated group or with one (1) or more foreign corporations.

34 (c) The addition of intangible expenses or any directly related
 35 intangible interest expenses otherwise required in a taxable year under
 36 subsection (b) is not required if one (1) or more of the following apply
 37 to the taxable year:

38 (1) The taxpayer and the recipient are both included in the same
 39 consolidated tax return filed under IC 6-3-4-14 or in the same
 40 combined return filed under IC 6-3-2-2(q) for the taxable year.

41 (2) The taxpayer makes a disclosure and, at the request of the
 42 department, can establish by a preponderance of the evidence
 43 that:

44 (A) the item of income corresponding to the intangible
 45 expenses and any directly related intangible interest expenses
 46 was included within the recipient's income that is subject to
 47 tax in:

48 (i) a state or possession of the United States; or

49 (ii) a country other than the United States;

50 that is the recipient's commercial domicile and that imposes a
 51 net income tax, a franchise tax measured, in whole or in part,

- 1 by net income, or a value added tax;
- 2 (B) the transaction giving rise to the intangible expenses and
- 3 any directly related intangible interest expenses between the
- 4 taxpayer and the recipient was made at a commercially
- 5 reasonable rate and at terms comparable to an arm's length
- 6 transaction; and
- 7 (C) the transactions giving rise to the intangible expenses and
- 8 any directly related intangible interest expenses between the
- 9 taxpayer and the recipient did not have Indiana tax avoidance
- 10 as a principal purpose.
- 11 (3) The taxpayer makes a disclosure and, at the request of the
- 12 department, can establish by a preponderance of the evidence
- 13 that:
- 14 (A) the recipient regularly engages in transactions involving
- 15 intangible property with one (1) or more unrelated parties on
- 16 terms substantially similar to those of the subject transaction;
- 17 and
- 18 (B) the transaction giving rise to the intangible expenses and
- 19 any directly related intangible interest expenses between the
- 20 taxpayer and the recipient did not have Indiana tax avoidance
- 21 as a principal purpose.
- 22 (4) The taxpayer makes a disclosure and, at the request of the
- 23 department, can establish by a preponderance of the evidence
- 24 that:
- 25 (A) the payment was received from a person or entity that is an
- 26 unrelated party, and on behalf of that unrelated party, paid that
- 27 amount to the recipient in an arm's length transaction; and
- 28 (B) the transaction giving rise to the intangible expenses and
- 29 any directly related intangible interest expenses between the
- 30 taxpayer and the recipient did not have Indiana tax avoidance
- 31 as a principal purpose.
- 32 (5) The taxpayer makes a disclosure and, at the request of the
- 33 department, can establish by a preponderance of the evidence
- 34 that:
- 35 (A) the recipient paid, accrued, or incurred a liability to an
- 36 unrelated party during the taxable year for an equal or greater
- 37 amount that was directly for, related to, or in connection with
- 38 the same intangible property giving rise to the intangible
- 39 expenses; and
- 40 (B) the transactions giving rise to the intangible expenses and
- 41 any directly related intangible interest expenses between the
- 42 taxpayer and the recipient did not have Indiana tax avoidance
- 43 as a principal purpose.
- 44 (6) The taxpayer makes a disclosure and, at the request of the
- 45 department, can establish by a preponderance of the evidence
- 46 that:
- 47 (A) the recipient is engaged in:
- 48 (i) substantial business activities from the acquisition, use,
- 49 licensing, maintenance, management, ownership, sale,
- 50 exchange, or any other disposition of intangible property; or
- 51 (ii) other substantial business activities separate and apart

- 1 from the business activities described in item (i);
 2 as evidenced by the maintenance of a permanent office space
 3 and an adequate number of full-time, experienced employees;
 4 (B) the transactions giving rise to the intangible expenses and
 5 any directly related intangible interest expenses between the
 6 taxpayer and the recipient did not have Indiana tax avoidance
 7 as a principal purpose; and
 8 (C) the transactions were made at a commercially reasonable
 9 rate and at terms comparable to an arm's length transaction.
- 10 (7) The taxpayer and the department agree, in writing, to the
 11 application or use of an alternative method of allocation or
 12 ~~appointment~~ **apportionment** under section 2(l) or 2(m) of this
 13 chapter.
- 14 (8) Upon request by the taxpayer, the department determines that
 15 the adjustment otherwise required by this section is unreasonable.
- 16 (d) For purposes of this section, intangible expenses or directly
 17 related intangible interest expenses shall be considered to be at a
 18 commercially reasonable rate or at terms comparable to an arm's length
 19 transaction if the intangible expenses or directly related intangible
 20 interest expenses meet the arm's length standards of United States
 21 Treasury Regulation 1.482-1(b).
- 22 (e) If intangible expenses or directly related intangible expenses are
 23 determined not to be at a commercially reasonable rate or at terms
 24 comparable to an arm's length transaction for purposes of this section,
 25 the adjustment required by subsection (b) shall be made only to the
 26 extent necessary to cause the intangible expenses or directly related
 27 intangible interest expenses to be at a commercially reasonable rate and
 28 at terms comparable to an arm's length transaction.
- 29 (f) For purposes of this section, transactions giving rise to intangible
 30 expenses and any directly related intangible interest expenses between
 31 the taxpayer and the recipient shall be considered as having Indiana tax
 32 avoidance as the principal purpose if:
- 33 (1) there is not one (1) or more valid business purposes that
 34 independently sustain the transaction notwithstanding any tax
 35 benefits associated with the transaction; and
 36 (2) the principal purpose of tax avoidance exceeds any other valid
 37 business purpose.
- 38 SECTION 22. IC 6-3-3-12, AS ADDED BY P.L.192-2006,
 39 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 40 JANUARY 1, 2007 (RETROACTIVE)]: Sec. 12. **(a) As used in this
 41 section, "account" has the meaning set forth in IC 21-9-2-2.**
- 42 **(b) As used in this section, "account beneficiary" has the
 43 meaning set forth in IC 21-9-2-3.**
- 44 **(c) As used in this section, "account owner" has the meaning set
 45 forth in IC 21-9-2-4.**
- 46 ~~(a)~~ **(d)** As used in this section, "college choice 529 education
 47 savings plan" refers to a college choice 529 investment plan established
 48 under IC 21-9.
- 49 **(e) As used in this section, "non-qualified withdrawal" means a
 50 withdrawal or distribution from a college choice 529 education
 51 savings plan that is not a qualified withdrawal.**

1 (f) As used in this section, "qualified higher education expenses"
2 has the meaning set forth in IC 21-9-2-19.5.

3 (g) As used in this section, "qualified withdrawal" means a
4 withdrawal or distribution from a college choice 529 education
5 savings plan that is made:

6 (1) to pay for qualified higher education expenses, excluding
7 any withdrawals or distributions used to pay for qualified
8 higher education expenses if the withdrawals or distributions
9 are made from an account of a college choice 529 education
10 savings plan that is terminated within twelve (12) months
11 after the account is opened;

12 (2) as a result of the death or disability of an account
13 beneficiary;

14 (3) because an account beneficiary received a scholarship that
15 paid for all or part of the qualified higher education expenses
16 of the account beneficiary, to the extent that the withdrawal
17 or distribution does not exceed the amount of the scholarship;
18 or

19 (4) by a college choice 529 education savings plan as the result
20 of a transfer of funds by a college choice 529 education
21 savings plan from one (1) third party custodian to another.

22 A qualified withdrawal does not include a rollover distribution or
23 transfer of assets from a college choice 529 education savings plan
24 to any other qualified tuition program under Section 529 of the
25 Internal Revenue Code that is not a college choice 529 education
26 savings plan.

27 ~~(b)~~ (h) As used in this section, "taxpayer" means:

28 (1) an individual filing a single return; or

29 (2) a married couple filing a joint return.

30 ~~(c)~~ (i) A taxpayer is entitled to a credit against the taxpayer's
31 adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a
32 taxable year equal to the least of the following:

33 (1) Twenty percent (20%) of the amount of ~~each contribution~~ **the**
34 **total contributions** made by the taxpayer to **an account or**
35 **accounts of** a college choice 529 education savings plan during
36 the taxable year.

37 (2) One thousand dollars (\$1,000).

38 (3) The amount of the taxpayer's adjusted gross income tax
39 imposed by IC 6-3-1 through IC 6-3-7 for the taxable year,
40 reduced by the sum of all credits (as determined without regard to
41 this section) allowed by IC 6-3-1 through IC 6-3-7.

42 ~~(d)~~ (j) A taxpayer is not entitled to a carryback, carryover, or refund
43 of an unused credit.

44 ~~(e)~~ (k) A taxpayer may not sell, assign, convey, or otherwise transfer
45 the tax credit provided by this section.

46 ~~(f)~~ (l) To receive the credit provided by this section, a taxpayer must
47 claim the credit on the taxpayer's annual state tax return or returns in
48 the manner prescribed by the department. The taxpayer shall submit to
49 the department all information that the department determines is
50 necessary for the calculation of the credit provided by this section.

51 (m) An account owner of an account of a college choice 529

1 education savings plan must repay all or a part of the credit in a
 2 taxable year in which any non-qualified withdrawal is made from
 3 the account. The amount the taxpayer must repay is equal to the
 4 lesser of:

5 (1) twenty percent (20%) of the total amount of non-qualified
 6 withdrawals made during the taxable year from the account;
 7 or

8 (2) the excess of:

9 (A) the cumulative amount of all credits provided by this
 10 section that are claimed by any taxpayer with respect to
 11 the taxpayer's contributions to the account for all prior
 12 taxable years beginning on or after January 1, 2007; over

13 (B) the cumulative amount of repayments paid by the
 14 account owner under this subsection for all prior taxable
 15 years beginning on or after January 1, 2008.

16 (n) Any required repayment under subsection (m) shall be
 17 reported by the account owner on the account owner's annual state
 18 income tax return for any taxable year in which a non-qualified
 19 withdrawal is made.

20 (o) The executive director of the Indiana education savings
 21 authority shall submit or cause to be submitted to the department
 22 a copy of all information returns or statements issued to account
 23 owners, account beneficiaries, and other taxpayers for each taxable
 24 year with respect to:

25 (1) non-qualified withdrawals made from accounts of a college
 26 choice 529 education savings plan for the taxable year; or

27 (2) account closings for the taxable year.

28 SECTION 23. IC 6-3-4-1.5 IS ADDED TO THE INDIANA CODE
 29 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 30 1, 2007]: **Sec. 1.5. If a professional preparer files more than one
 31 hundred (100) returns in a calendar year for persons described in
 32 section 1(1) or 1(2) of this chapter, in the immediately following
 33 calendar year the professional preparer shall file returns for
 34 persons described in section 1(1) or 1(2) of this chapter in an
 35 electronic format specified by the department.**

36 SECTION 24. IC 6-3-4-4.1 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE DECEMBER 16, 2007]: **Sec. 4.1. ~~(a)~~ This**
 38 **section applies to taxable years beginning after December 31, 1993.**

39 ~~(b)~~ (a) Any individual required by the Internal Revenue Code to file
 40 estimated tax returns and to make payments on account of such
 41 estimated tax shall file estimated tax returns and make payments of the
 42 tax imposed by this article to the department at the time or times and
 43 in the installments as provided by Section 6654 of the Internal Revenue
 44 Code. However, in applying Section 6654 of the Internal Revenue Code
 45 for the purposes of this article, "estimated tax" means the amount
 46 which the individual estimates as the amount of the adjusted gross
 47 income tax imposed by this article for the taxable year, minus the
 48 amount which the individual estimates as the sum of any credits against
 49 the tax provided by IC 6-3-3.

50 ~~(c)~~ (b) Every individual who has adjusted gross income subject to
 51 the tax imposed by this article and from which tax is not withheld

1 under the requirements of section 8 of this chapter shall make a
 2 declaration of estimated tax for the taxable year. However, no such
 3 declaration shall be required if the estimated tax can reasonably be
 4 expected to be less than ~~four hundred dollars (\$400)~~: **one thousand**
 5 **dollars (\$1,000)**. In the case of an underpayment of the estimated tax
 6 as provided in Section 6654 of the Internal Revenue Code, there shall
 7 be added to the tax a penalty in an amount prescribed by
 8 IC 6-8.1-10-2.1(b).

9 ~~(d)~~ **(c)** Every corporation subject to the adjusted gross income tax
 10 liability imposed by this article shall be required to report and pay an
 11 estimated tax equal to **the lesser of:**

12 (1) twenty-five percent (25%) of such corporation's estimated
 13 adjusted gross income tax liability for the taxable year; **or**

14 **(2) the annualized income installment calculated in the**
 15 **manner provided by Section 6655(e) of the Internal Revenue**
 16 **Code as applied to the corporation's liability for adjusted**
 17 **gross income tax.**

18 A taxpayer who uses a taxable year that ends on December 31 shall file
 19 the taxpayer's estimated adjusted gross income tax returns and pay the
 20 tax to the department on or before April 20, June 20, September 20,
 21 and December 20 of the taxable year. If a taxpayer uses a taxable year
 22 that does not end on December 31, the due dates for filing estimated
 23 adjusted gross income tax returns and paying the tax are on or before
 24 the twentieth day of the fourth, sixth, ninth, and twelfth months of the
 25 taxpayer's taxable year. The department shall prescribe the manner and
 26 forms for such reporting and payment.

27 ~~(e)~~ **(d)** The penalty prescribed by IC 6-8.1-10-2.1(b) shall be
 28 assessed by the department on corporations failing to make payments
 29 as required in subsection ~~(d)~~ **(c)** or ~~(g)~~ **(f)**. However, no penalty shall
 30 be assessed as to any estimated payments of adjusted gross income tax
 31 which equal or exceed:

32 (1) ~~twenty percent (20%) of the final tax liability for such taxable~~
 33 ~~year;~~ **the annualized income installment calculated under**
 34 **subsection (c); or**

35 (2) twenty-five percent (25%) of the final tax liability for the
 36 taxpayer's previous taxable year.

37 In addition, the penalty as to any underpayment of tax on an estimated
 38 return shall only be assessed on the difference between the actual
 39 amount paid by the corporation on such estimated return and
 40 twenty-five percent (25%) of the corporation's final adjusted gross
 41 income tax liability for such taxable year.

42 ~~(f)~~ **(e)** The provisions of subsection ~~(d)~~ **(c)** requiring the reporting
 43 and estimated payment of adjusted gross income tax shall be applicable
 44 only to corporations having an adjusted gross income tax liability
 45 which, after application of the credit allowed by IC 6-3-3-2 (repealed),
 46 shall exceed ~~one thousand dollars (\$1,000)~~ **two thousand five**
 47 **hundred dollars (\$2,500)** for its taxable year.

48 ~~(g)~~ **(f)** If the department determines that a corporation's:

49 (1) estimated quarterly adjusted gross income tax liability for the
 50 current year; or

1 (2) average estimated quarterly adjusted gross income tax liability
 2 for the preceding year;
 3 exceeds ~~before January 1, 1998, twenty thousand dollars (\$20,000);~~
 4 ~~and, after December 31, 1997, ten five thousand dollars (\$10,000);~~
 5 **(\$5,000)**, after the credit allowed by IC 6-3-3-2 (repealed), the
 6 corporation shall pay the estimated adjusted gross income taxes due by
 7 electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering
 8 in person or overnight by courier a payment by cashier's check,
 9 certified check, or money order to the department. The transfer or
 10 payment shall be made on or before the date the tax is due.

11 ~~(h)~~ **(g)** If a corporation's adjusted gross income tax payment is made
 12 by electronic funds transfer, the corporation is not required to file an
 13 estimated adjusted gross income tax return.

14 SECTION 25. IC 6-3-4-8.1, AS AMENDED BY P.L.111-2006,
 15 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JANUARY 1, 2008]: Sec. 8.1. (a) Any entity that is required to file a
 17 monthly return and make a monthly remittance of taxes under sections
 18 8, 12, 13, and 15 of this chapter shall file those returns and make those
 19 remittances twenty (20) days (rather than thirty (30) days) after the end
 20 of each month for which those returns and remittances are filed, if that
 21 entity's average monthly remittance for the immediately preceding
 22 calendar year exceeds one thousand dollars (\$1,000).

23 (b) The department may require any entity to make the entity's
 24 monthly remittance and file the entity's monthly return twenty (20) days
 25 (rather than thirty (30) days) after the end of each month for which a
 26 return and payment are made if the department estimates that the
 27 entity's average monthly payment for the current calendar year will
 28 exceed one thousand dollars (\$1,000).

29 (c) If the department determines that a withholding agent is not
 30 withholding, reporting, or remitting an amount of tax in accordance
 31 with this chapter, the department may require the withholding agent:

- 32 (1) to make periodic deposits during the reporting period; and
- 33 (2) to file an informational return with each periodic deposit.

34 (d) If a person files a combined sales and withholding tax report and
 35 either this section or IC 6-2.5-6-1 requires the sales or withholding tax
 36 report to be filed and remittances to be made within twenty (20) days
 37 after the end of each month, then the person shall file the combined
 38 report and remit the sales and withholding taxes due within twenty (20)
 39 days after the end of each month.

40 (e) If the department determines that an entity's:

- 41 (1) estimated monthly withholding tax remittance for the current
 42 year; or
- 43 (2) average monthly withholding tax remittance for the preceding
 44 year;

45 exceeds ~~ten five thousand dollars (\$10,000);~~ **(\$5,000)**, the entity shall
 46 remit the monthly withholding taxes due by electronic fund transfer (as
 47 defined in IC 4-8.1-2-7) or by delivering in person or by overnight
 48 courier a payment by cashier's check, certified check, or money order
 49 to the department. The transfer or payment shall be made on or before
 50 the date the remittance is due.

51 (f) If an entity's withholding tax remittance is made by electronic

1 fund transfer, the entity is not required to file a monthly withholding
2 tax return.

3 SECTION 26. IC 6-3-4-12 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 12. (a) Every
5 partnership shall, at the time that the partnership pays or credits
6 amounts to any of its nonresident partners on account of their
7 distributive shares of partnership income, for a taxable year of the
8 partnership, deduct and retain therefrom the amount prescribed in the
9 withholding instructions referred to in section 8 of this chapter. Such
10 partnership so paying or crediting any nonresident partner:

11 (1) shall be liable to the state of Indiana for the payment of the tax
12 required to be deducted and retained under this section and shall
13 not be liable to such partner for the amount deducted from such
14 payment or credit and paid over in compliance or intended
15 compliance with this section; and

16 (2) shall make return of and payment to the department monthly
17 whenever the amount of tax due under IC 6-3 and IC 6-3.5
18 exceeds an aggregate amount of fifty dollars (\$50) per month with
19 such payment due on the thirtieth day of the following month,
20 unless an earlier date is specified by section 8.1 of this chapter.

21 Where the aggregate amount due under IC 6-3 and IC 6-3.5 does not
22 exceed fifty dollars (\$50) per month, then such partnership shall make
23 return and payment to the department quarterly, on such dates and in
24 such manner as the department shall prescribe, of the amount of tax
25 which, under IC 6-3 and IC 6-3.5, it is required to withhold.

26 (b) Every partnership shall, at the time of each payment made by it
27 to the department pursuant to this section, deliver to the department a
28 return upon such form as shall be prescribed by the department
29 showing the total amounts paid or credited to its nonresident partners,
30 the amount deducted therefrom in accordance with the provisions of
31 this section, and such other information as the department may require.
32 Every partnership making the deduction and retention provided in this
33 section shall furnish to its nonresident partners annually, but not later
34 than thirty (30) days after the end of its taxable year, a record of the
35 amount of tax deducted and retained from such partners on forms to be
36 prescribed by the department.

37 (c) All money deducted and retained by the partnership, as provided
38 in this section, shall immediately upon such deduction be the money of
39 the state of Indiana and every partnership which deducts and retains
40 any amount of money under the provisions of IC 6-3 shall hold the
41 same in trust for the state of Indiana and for payment thereof to the
42 department in the manner and at the times provided in IC 6-3. Any
43 partnership may be required to post a surety bond in such sum as the
44 department shall determine to be appropriate to protect the state of
45 Indiana with respect to money deducted and retained pursuant to this
46 section.

47 (d) The provisions of IC 6-8.1 relating to additions to tax in case of
48 delinquency and penalties shall apply to partnerships subject to the
49 provisions of this section, and for these purposes any amount deducted,
50 or required to be deducted and remitted to the department under this
51 section, shall be considered to be the tax of the partnership, and with

1 respect to such amount it shall be considered the taxpayer.

2 (e) Amounts deducted from payments or credits to a nonresident
3 partner during any taxable year of the partnership in accordance with
4 the provisions of this section shall be considered to be in part payment
5 of the tax imposed on such nonresident partner for his taxable year
6 within or with which the partnership's taxable year ends. A return made
7 by the partnership under subsection (b) shall be accepted by the
8 department as evidence in favor of the nonresident partner of the
9 amount so deducted for his distributive share.

10 (f) This section shall in no way relieve any nonresident partner from
11 his obligations of filing a return or returns at the time required under
12 IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid at the time
13 prescribed by section 5 of this chapter.

14 (g) Instead of the reporting periods required under subsection (a),
15 the department may permit a partnership to file one (1) return and
16 payment each year if the partnership pays or credits amounts to its
17 nonresident partners only one (1) time each year. The return and
18 payment are due not more than thirty (30) days after the end of the
19 year.

20 **(h) A partnership shall file a composite adjusted gross income**
21 **tax return on behalf of all nonresident individual partners. The**
22 **composite return must include each nonresident individual partner**
23 **regardless of whether or not the nonresident individual partner has**
24 **other Indiana source income.**

25 **(i) If a partnership does not include all nonresident partners in**
26 **the composite return, the partnership is subject to the penalty**
27 **imposed under IC 6-8.1-10-2.1(j).**

28 SECTION 27. IC 6-3-4-13 IS AMENDED TO READ AS
29 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 13. (a) Every
30 corporation which is exempt from tax under IC 6-3 pursuant to
31 IC 6-3-2-2.8(2) shall, at the time that it pays or credits amounts to any
32 of its nonresident shareholders as dividends or as their share of the
33 corporation's undistributed taxable income, withhold the amount
34 prescribed by the department. Such corporation so paying or crediting
35 any nonresident shareholder:

36 (1) shall be liable to the state of Indiana for the payment of the tax
37 required to be withheld under this section and shall not be liable
38 to such shareholder for the amount withheld and paid over in
39 compliance or intended compliance with this section; and

40 (2) when the aggregate amount due under IC 6-3 and IC 6-3.5
41 exceeds one hundred fifty dollars (\$150) per quarter, then such
42 corporation shall make return and payment to the department
43 quarterly, on such dates and in such manner as the department
44 shall prescribe, of the amount of tax which, under IC 6-3 and
45 IC 6-3.5, it is required to withhold.

46 (b) Every corporation shall, at the time of each payment made by it
47 to the department pursuant to this section, deliver to the department a
48 return upon such form as shall be prescribed by the department
49 showing the total amounts paid or credited to its nonresident
50 shareholders, the amount withheld in accordance with the provisions
51 of this section, and such other information as the department may

1 require. Every corporation withholding as provided in this section shall
2 furnish to its nonresident shareholders annually, but not later than the
3 fifteenth day of the third month after the end of its taxable year, a
4 record of the amount of tax withheld on behalf of such shareholders on
5 forms to be prescribed by the department.

6 (c) All money withheld by a corporation, pursuant to this section,
7 shall immediately upon being withheld be the money of the state of
8 Indiana and every corporation which withholds any amount of money
9 under the provisions of this section shall hold the same in trust for the
10 state of Indiana and for payment thereof to the department in the
11 manner and at the times provided in IC 6-3. Any corporation may be
12 required to post a surety bond in such sum as the department shall
13 determine to be appropriate to protect the state of Indiana with respect
14 to money withheld pursuant to this section.

15 (d) The provisions of IC 6-8.1 relating to additions to tax in case of
16 delinquency and penalties shall apply to corporations subject to the
17 provisions of this section, and for these purposes any amount withheld,
18 or required to be withheld and remitted to the department under this
19 section, shall be considered to be the tax of the corporation, and with
20 respect to such amount it shall be considered the taxpayer.

21 (e) Amounts withheld from payments or credits to a nonresident
22 shareholder during any taxable year of the corporation in accordance
23 with the provisions of this section shall be considered to be a part
24 payment of the tax imposed on such nonresident shareholder for his
25 taxable year within or with which the corporation's taxable year ends.
26 A return made by the corporation under subsection (b) shall be
27 accepted by the department as evidence in favor of the nonresident
28 shareholder of the amount so withheld from the shareholder's
29 distributive share.

30 (f) This section shall in no way relieve any nonresident shareholder
31 from the shareholder's obligation of filing a return or returns at the time
32 required under IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid at
33 the time prescribed by section 5 of this chapter.

34 (g) Instead of the reporting periods required under subsection (a),
35 the department may permit a corporation to file one (1) return and
36 payment each year if the corporation pays or credits amounts to its
37 nonresident shareholders only one (1) time each year. The withholding
38 return and payment are due on or before the fifteenth day of the third
39 month after the end of the taxable year of the corporation.

40 (h) If a distribution will be made with property other than money or
41 a gain is realized without the payment of money, the corporation shall
42 not release the property or credit the gain until it has funds sufficient
43 to enable it to pay the tax required to be withheld under this section. If
44 necessary, the corporation shall obtain such funds from the
45 shareholders.

46 (i) If a corporation fails to withhold and pay any amount of tax
47 required to be withheld under this section and thereafter the tax is paid
48 by the shareholders, such amount of tax as paid by the shareholders
49 shall not be collected from the corporation but it shall not be relieved
50 from liability for interest or penalty otherwise due in respect to such
51 failure to withhold under IC 6-8.1-10.

1 (j) A corporation described in subsection (a) ~~may~~ **shall** file a
 2 composite adjusted gross income tax return on behalf of ~~some or~~ all
 3 nonresident shareholders. ~~if it complies with the requirements~~
 4 ~~prescribed by the department for filing a~~ **The composite return must**
 5 **include each nonresident individual shareholder regardless of**
 6 **whether or not the nonresident individual shareholder has other**
 7 **Indiana source income.**

8 **(k) If a corporation described in subsection (a) does not include**
 9 **all nonresident shareholders in the composite return, the**
 10 **corporation is subject to the penalty imposed under**
 11 **IC 6-8.1-10-2.1(j).**

12 SECTION 28. IC 6-3.1-24-9, AS AMENDED BY P.L.193-2005,
 13 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2007]: Sec. 9. (a) The total amount of tax credits that may be
 15 allowed under this chapter in a particular calendar year for qualified
 16 investment capital provided during that calendar year may not exceed
 17 twelve million five hundred thousand dollars (\$12,500,000). The
 18 Indiana economic development corporation may not certify a proposed
 19 investment plan under section 12.5 of this chapter if the proposed
 20 investment would result in the total amount of the tax credits certified
 21 for the calendar year exceeding twelve million five hundred thousand
 22 dollars (\$12,500,000). An amount of an unused credit carried over by
 23 a taxpayer from a previous calendar year may not be considered in
 24 determining the amount of proposed investments that the Indiana
 25 economic development corporation may certify under this chapter.

26 (b) Notwithstanding the other provisions of this chapter, a taxpayer
 27 is not entitled to a credit for providing qualified investment capital to
 28 a qualified Indiana business after December 31, ~~2008~~ **2012**. However,
 29 this subsection may not be construed to prevent a taxpayer from
 30 carrying over to a taxable year beginning after December 31, ~~2008~~;
 31 **2012**, an unused tax credit attributable to an investment occurring
 32 before January 1, ~~2009~~ **2013**.

33 SECTION 29. IC 6-3.1-31.5-13, AS ADDED BY HEA 1722-2007,
 34 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY
 35 1, 2008]: Sec. 13. (a) The total amount of tax credits allowed under this
 36 chapter may not exceed one million dollars (\$1,000,000) in a state
 37 fiscal year.

38 **(b) A taxpayer may not be awarded a credit under this chapter**
 39 **for taxable years beginning after December 31, 2010.**

40 SECTION 30. IC 6-3.5-5-1 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. As used in this
 42 chapter:

43 "Branch office" means a branch office of the bureau of motor
 44 vehicles.

45 "Bus" has the meaning set forth in IC 9-13-2-17(a).

46 **"Commercial motor vehicle" has the meaning set forth in**
 47 **IC 6-6-5.5-1(c).**

48 "County council" includes the city-county council of a county that
 49 contains a consolidated city of the first class.

50 **"In-state miles" has the meaning set forth in IC 6-6-5.5-1(i).**

51 "Political subdivision" has the meaning set forth in IC 34-6-2-110.

1 "Recreational vehicle" has the meaning set forth in IC 9-13-2-150.

2 "Semitrailer" has the meaning set forth in IC 9-13-2-164(a).

3 "State agency" has the meaning set forth in ~~IC 34-4-16.5-2~~.

4 **IC 34-6-2-141.**

5 "Tractor" has the meaning set forth in IC 9-13-2-180.

6 "Trailer" has the meaning set forth in IC 9-13-2-184(a).

7 "Truck" has the meaning set forth in IC 9-13-2-188(a).

8 "Wheel tax" means the tax imposed under this chapter.

9 SECTION 31. IC 6-3.5-5-9.5 IS ADDED TO THE INDIANA
10 CODE AS A NEW SECTION TO READ AS FOLLOWS
11 [EFFECTIVE JULY 1, 2007]: **Sec. 9.5. (a) This section applies to a
12 wheel tax adopted after June 30, 2007.**

13 **(b) An owner of one (1) or more commercial vehicles paying an
14 apportioned registration to the state under the International
15 Registration Plan that is required to pay a wheel tax shall pay an
16 apportioned wheel tax calculated by dividing in-state actual miles
17 by total fleet miles generated during the preceding year. If in-state
18 miles are estimated for purposes of proportional registration, these
19 miles are divided by total actual and estimated fleet miles. The
20 apportioned wheel tax under this section shall be paid at the same
21 time and in the same manner as the commercial motor vehicle
22 excise tax under IC 6-6-5.5.**

23 **(c) A voucher from the department of state revenue showing
24 payment of the wheel tax may be accepted by the bureau of motor
25 vehicles in lieu of the payment required under section 9 of this
26 chapter.**

27 SECTION 32. IC 6-3.5-5-13 IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. **(a) If the wheel tax
29 is collected directly by the bureau of motor vehicles, instead of at a
30 branch office, the commissioner of the bureau shall:**

31 (1) remit the wheel tax to, and file a wheel tax collections report
32 with, the appropriate county treasurer; and

33 (2) file a wheel tax collections report with the county auditor;
34 in the same manner and at the same time that a branch office manager
35 is required to remit and report under section 11 of this chapter.

36 **(b) If the wheel tax for a commercial vehicle is collected directly
37 by the department of state revenue, the commissioner of the
38 department of state revenue shall:**

39 (1) remit the wheel tax to, and file a wheel tax collections
40 report with, the appropriate county treasurer; and

41 (2) file a wheel tax collections report with the county auditor;
42 in the same manner and at the same time that a branch office
43 manager is required to remit and report under section 11 of this
44 chapter.

45 SECTION 33. IC 6-4.1-10-1 IS AMENDED TO READ AS
46 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) A person may file
47 with the department of state revenue a claim for the refund of
48 inheritance or Indiana estate tax which has been erroneously or
49 illegally collected. Except as provided in section 2 of this chapter, the
50 person must file the claim within three (3) years after the tax is paid or
51 within one (1) year after the tax is finally determined, whichever is

1 later.

2 (b) The amount of the refund that a person is entitled to receive
3 under this chapter equals the amount of the erroneously or illegally
4 collected tax, plus interest ~~at the rate of six percent (6%) per annum~~
5 ~~computed from the date the tax was paid to the date it is refunded.~~
6 **calculated as specified in subsection (c).**

7 (c) **If a tax payment that has been erroneously or illegally**
8 **collected is not refunded within ninety (90) days after the date on**
9 **which the refund claim is filed with the department of state**
10 **revenue, interest accrues at the rate of six percent (6%) per annum**
11 **computed from the date the refund claim is filed until the tax**
12 **payment is refunded.**

13 SECTION 34. IC 6-5.5-6-3 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) Each
15 taxpayer subject to taxation under this article shall report and pay
16 quarterly an estimated tax equal to twenty-five percent (25%) of the
17 taxpayer's total estimated tax liability imposed by this article for the
18 taxable year. A taxpayer that uses a taxable year that ends on December
19 31 shall file the taxpayer's estimated quarterly financial institutions tax
20 return and pay the tax to the department on or before April 20, June 20,
21 September 20, and December 20 of the taxable year, without
22 assessment or notice and demand from the department. If a taxpayer
23 uses a taxable year that does not end on December 31, the due dates for
24 filing the estimated quarterly financial institutions tax return and
25 paying the tax are on or before the twentieth day of the fourth, sixth,
26 ninth, and twelfth months of the taxpayer's taxable year. The
27 department shall prescribe the manner and furnish the forms for
28 reporting and payment.

29 (b) Subsection (a) is applicable only to taxpayers having a tax
30 liability imposed under this article that exceeds ~~one two thousand five~~
31 **hundred dollars (\$1,000) (\$2,500)** for the taxable year.

32 (c) If the department determines that a taxpayer's:
33 (1) estimated quarterly financial institutions tax liability for the
34 current year; or
35 (2) average quarterly financial institutions tax payment for the
36 preceding year;
37 exceeds ~~ten five thousand dollars (\$10,000); (\$5,000)~~, the taxpayer
38 shall pay the quarterly financial institutions taxes due by electronic
39 fund transfer (as defined in IC 4-8.1-2-7) or by delivering in person or
40 by overnight courier a payment by cashier's check, certified check, or
41 money order to the department. The transfer or payment shall be made
42 on or before the date the tax is due.

43 (d) If a taxpayer's financial institutions tax payment is made by
44 electronic fund transfer, the taxpayer is not required to file a quarterly
45 financial institutions tax return.

46 SECTION 35. IC 6-6-1.1-502 IS AMENDED TO READ AS
47 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 502. (a) Except
48 as provided in subsection (b), at the time of filing each monthly report,
49 each distributor shall pay to the administrator the full amount of tax
50 due under this chapter for the preceding calendar month, computed as
51 follows:

- 1 (1) Enter the total number of invoiced gallons of gasoline
 2 received during the preceding calendar month.
- 3 (2) Subtract the number of gallons for which deductions are
 4 provided by sections 701 through 705 of this chapter from the
 5 number of gallons entered under subdivision (1).
- 6 (3) Subtract the number of gallons reported under section 501(3)
 7 of this chapter.
- 8 (4) Multiply the number of invoiced gallons remaining after
 9 making the computation in subdivisions (2) and (3) by the tax rate
 10 prescribed by section 201 of this chapter to compute that part of
 11 the gasoline tax to be deposited in the highway, road, and street
 12 fund under section 802(2) of this chapter or in the motor fuel tax
 13 fund under section 802(3) of this chapter.
- 14 (5) Multiply the number of gallons subtracted under subdivision
 15 (3) by the tax rate prescribed by section 201 of this chapter to
 16 compute that part of the gasoline tax to be deposited in the fish
 17 and wildlife fund under section 802(1) of this chapter.
- 18 (b) If the department determines that a distributor's:
- 19 (1) estimated monthly gasoline tax liability for the current year;
 20 or
- 21 (2) average monthly gasoline tax liability for the preceding year;
 22 exceeds ~~ten five~~ thousand dollars (~~\$10,000~~), **(\$5,000)**, the distributor
 23 shall pay the monthly gasoline taxes due by electronic fund transfer (as
 24 defined in IC 4-8.1-2-7) or by delivering in person or by overnight
 25 courier a payment by cashier's check, certified check, or money order
 26 to the department. The transfer or payment shall be made on or before
 27 the date the tax is due.
- 28 SECTION 36. IC 6-7-1-17 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 17. (a) Distributors
 30 who hold certificates and retailers shall be agents of the state in the
 31 collection of the taxes imposed by this chapter and the amount of the
 32 tax levied, assessed, and imposed by this chapter on cigarettes sold,
 33 exchanged, bartered, furnished, given away, or otherwise disposed of
 34 by distributors or to retailers. Distributors who hold certificates shall
 35 be agents of the department to affix the required stamps and shall be
 36 entitled to purchase the stamps from the department at a discount of
 37 ~~one and two-tenths percent (1.2%) of the amount of the tax stamps~~
 38 ~~purchased;~~ **one and two-tenths cents (\$0.012) per individual**
 39 **package of cigarettes** as compensation for their labor and expense.
- 40 (b) The department may permit distributors who hold certificates
 41 and who are admitted to do business in Indiana to pay for revenue
 42 stamps within thirty (30) days after the date of purchase. However, the
 43 privilege is extended upon the express condition that:
- 44 (1) except as provided in subsection (c), a bond or letter of credit
 45 satisfactory to the department, in an amount not less than the sales
 46 price of the stamps, is filed with the department; and
- 47 (2) proof of payment is made of all local property, state income,
 48 and excise taxes for which any such distributor may be liable. The
 49 bond or letter of credit, conditioned to secure payment for the
 50 stamps, shall be executed by the distributor as principal and by a
 51 corporation duly authorized to engage in business as a surety

1 company or financial institution in Indiana.

2 (c) If a distributor has at least five (5) consecutive years of good
3 credit standing with the state, the distributor shall not be required to
4 post a bond or letter of credit under subsection (b).

5 SECTION 37. IC 6-7-1-17.5 IS ADDED TO THE INDIANA CODE
6 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
7 1, 2007]: **Sec. 17.5. (a) Except as otherwise provided in this section,
8 in determining the amount to pay for stamps purchased under this
9 chapter, a distributor is entitled to a credit against the cost of
10 stamps purchased in an amount equal to the distributor's
11 receivables that:**

12 (1) are attributable to stamps purchased by the distributor
13 under this chapter and affixed to cigarettes that were
14 transferred to a retailer;

15 (2) resulted from a transfer of cigarettes to a retailer in which
16 the distributor did not collect the tax imposed by this chapter
17 from the retailer; and

18 (3) were written off as an uncollectible debt for federal tax
19 purposes under Section 166 of the Internal Revenue Code
20 after December 31, 2006.

21 (b) If a distributor claims a credit under subsection (a) and
22 subsequently collects all of the associated receivable, the
23 distributor shall remit the entire amount of the credit previously
24 claimed under subsection (a) to the department within thirty (30)
25 days of collection.

26 (c) If a distributor claims a credit under subsection (a) and
27 subsequently collects part of the associated receivable, the
28 distributor shall remit the amount determined under STEP SIX of
29 the following formula to the department within thirty (30) days
30 after collection:

31 **STEP ONE: Determine the part of the associated receivable**
32 **before collection that is attributable to the taxable price of the**
33 **products subject to the tax imposed by this chapter.**

34 **STEP TWO: Determine the part of the associated receivable**
35 **before collection that is attributable to the amount paid by the**
36 **distributor for the stamps affixed to the products that were**
37 **transferred to the retailer.**

38 **STEP THREE: Determine the sum of:**

39 (A) the STEP ONE result; plus

40 (B) the STEP TWO result.

41 **STEP FOUR: Determine the lesser of:**

42 (A) the amount collected; or

43 (B) the STEP THREE result.

44 **STEP FIVE: Divide:**

45 (A) the STEP TWO result; by

46 (B) the STEP THREE result.

47 **STEP SIX: Multiply:**

48 (A) the STEP FOUR result; by

49 (B) the STEP FIVE result.

50 (d) If the amount of the credit to which a distributor is entitled
51 under subsection (a) exceeds the cost of the stamps that the

1 distributor seeks to purchase, the remainder of the credit may be
 2 applied to future purchases of stamps by the distributor. For any
 3 uncollectible receivable used to establish a credit under subsection
 4 (a), the amount of the credit that is available to be applied to a
 5 purchase of stamps is the total amount of the credit determined
 6 under subsection (a) reduced by the sum of partial credits applied
 7 by the distributor to previous purchases of stamps.

8 (e) As used in this subsection, "affiliated group" means any
 9 combination of the following:

10 (1) An affiliated group within the meaning provided in Section
 11 1504 of the Internal Revenue Code (except that the ownership
 12 percentage in Section 1504(a)(2) of the Internal Revenue Code
 13 shall be determined using fifty percent (50%) instead of
 14 eighty percent (80%)) or a relationship described in Section
 15 267(b)(11) of the Internal Revenue Code.

16 (2) Two (2) or more partnerships (as defined in IC 6-3-1-19),
 17 including limited liability companies and limited liability
 18 partnerships, that have the same degree of mutual ownership
 19 as an affiliated group described in subdivision (1), as
 20 determined under the rules adopted by the department.

21 The right to a credit under this section is not assignable to an
 22 individual or entity that is not part of the same affiliated group as
 23 the assignor.

24 SECTION 38. IC 6-7-2-14.5 IS ADDED TO THE INDIANA CODE
 25 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 26 1, 2007]: Sec. 14.5. (a) In determining the amount of tax imposed by
 27 this chapter that a distributor must remit under section 12 of this
 28 chapter, the distributor shall, subject to subsections (c) and (d),
 29 deduct from the distributor's wholesale income subject to the tax
 30 imposed by this chapter that is derived from wholesale
 31 transactions made during a particular reporting period an amount
 32 equal to the distributor's receivables that:

33 (1) resulted from wholesale transactions on which the
 34 distributor has previously paid the tax imposed by this
 35 chapter to the department; and

36 (2) were written off as an uncollectible debt for federal tax
 37 purposes under Section 166 of the Internal Revenue Code
 38 during the particular reporting period.

39 (b) If a distributor deducts a receivable under subsection (a) and
 40 subsequently collects all or part of that receivable, the distributor
 41 shall, subject to subsection (d)(5), include the amount collected as
 42 part of the distributor's wholesale income subject to the tax
 43 imposed by this chapter for the particular reporting period in
 44 which the distributor makes the collection.

45 (c) As used in this subsection, "affiliated group" means any
 46 combination of the following:

47 (1) An affiliated group within the meaning provided in Section
 48 1504 of the Internal Revenue Code (except that the ownership
 49 percentage in Section 1504(a)(2) of the Internal Revenue Code
 50 shall be determined using fifty percent (50%) instead of
 51 eighty percent (80%)) or a relationship described in Section

1 267(b)(11) of the Internal Revenue Code.

2 (2) Two (2) or more partnerships (as defined in IC 6-3-1-19),
3 including limited liability companies and limited liability
4 partnerships, that have the same degree of mutual ownership
5 as an affiliated group described in subdivision (1), as
6 determined under the rules adopted by the department.

7 The right to a deduction under this section is not assignable to an
8 individual or entity that is not part of the same affiliated group as
9 the assignor.

10 (d) The following provisions apply to a deduction for a
11 receivable treated as uncollectible debt under subsection (a):

12 (1) The deduction does not include interest.

13 (2) The amount of the deduction shall be determined in the
14 manner provided by Section 166 of the Internal Revenue
15 Code for bad debts but shall be adjusted to exclude:

16 (A) financing charges or interest;

17 (B) uncollectible amounts on property that remain in the
18 possession of the distributor until the full purchase price is
19 paid;

20 (C) expenses incurred in attempting to collect any debt;
21 and

22 (D) repossessed property.

23 (3) The deduction shall be claimed on the return for the
24 period during which the receivable is written off as
25 uncollectible in the claimant's books and records and is
26 eligible to be deducted for federal income tax purposes. For
27 purposes of this subdivision, a claimant who is not required to
28 file federal income tax returns may deduct an uncollectible
29 receivable on a return filed for the period in which the
30 receivable is written off as uncollectible in the claimant's
31 books and records and would be eligible for a bad debt
32 deduction for federal income tax purposes if the claimant
33 were required to file a federal income tax return.

34 (4) If the amount of uncollectible receivables claimed as a
35 deduction by a distributor for a particular reporting period
36 exceeds the amount of the distributor's taxable wholesale sales
37 for that reporting period, the distributor may file a refund
38 claim under IC 6-8.1-9. However, the deadline for the refund
39 claim shall be measured from the due date of the return for
40 the reporting period on which the deduction for the
41 uncollectible receivables could first be claimed.

42 (5) For purposes of reporting a payment received on a
43 previously claimed uncollectible receivable, any payments
44 made on a debt or account shall be applied first
45 proportionally to the taxable wholesale price of the property
46 and the part of the receivable attributable to the tax imposed
47 by this chapter, and secondly to interest, service charges, and
48 any other charges.

49 SECTION 39. IC 6-8-12 IS ADDED TO THE INDIANA CODE AS
50 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
51 PASSAGE]:

Chapter 12. Eligible Event; Exemption from Taxation

Sec. 1. As used in this chapter, "eligible entity" means the National Football League and its affiliates as defined in the National Football League document titled "SUPER BOWL XLV HOST CITY BID SPECIFICATIONS & REQUIREMENTS" dated October 2006.

Sec. 2. As used in this chapter, "eligible event" means an event known as the Super Bowl that is conducted by an eligible entity described in section 1 of this chapter.

Sec. 3. All property owned by an eligible entity, revenues of an eligible entity, and expenditures and transactions of an eligible entity:

(1) in connection with an eligible event; and

(2) resulting from holding an eligible event in Indiana or making preparatory advance visits to Indiana in connection with an eligible event;

are exempt from taxation in Indiana for all purposes.

Sec. 4. The excise tax under IC 6-9-13 does not apply to an eligible event.

Sec. 5. The general assembly finds that:

(1) this chapter has been enacted as a requirement to host an eligible event in Indiana and that an eligible event would not be held in Indiana without the exemptions provided in this chapter;

(2) notwithstanding the exemptions provided in this chapter, an eligible event held in Indiana would generate a significant economic impact for Indiana and additional revenues from taxes affected by this chapter; and

(3) the exemptions provided in this chapter will not reduce or adversely affect the levy and collection of taxes pledged to the payment of bonds, notes, leases, or subleases payable from those taxes.

SECTION 40. IC 6-8.1-3-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.5. The department may not

(1) include the amount of revenue collected or tax liability assessed in the evaluation of an employee. or

(2) impose or suggest production quotas or goals for employees based on the number of cases closed.

SECTION 41. IC 6-8.1-6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) A document, including a form, a return, a payment, or a writing of any type, which must be filed with the department by a prescribed date, is considered filed:

(1) in cases where it is mailed through the United States mail, on the date displayed on the post office cancellation mark stamped on the document's wrapper;

(2) in cases where it is delivered to the department in any manner other than through the United States mail, on the date on which the department physically receives the document; or

(3) in cases where a payment is made by an electronic fund

1 transfer, on the date the ~~taxpayer's bank account is charged.~~
 2 **taxpayer issues the payment order for the electronic fund**
 3 **transfer.**

4 (b) If a document is sent through the United States mail by
 5 registered mail, certified mail, or certificate of mailing, then the date
 6 of the registration, certification, or certificate, as evidenced by any
 7 record authenticated by the United States Post Office, is considered the
 8 postmark date.

9 (c) If a document is mailed to the department through the United
 10 States mail and is physically received after the appropriate due date
 11 without a legible correct postmark, the person who mailed the
 12 document will be considered to have filed the document on or before
 13 the due date if the person can show by reasonable evidence to the
 14 department that the document was deposited in the United States mail
 15 on or before the due date.

16 (d) If a document is mailed to, but not received by, the department,
 17 the person who mailed the document will be considered to have filed
 18 the document on or before the due date if the person can show by
 19 reasonable evidence to the department that the document was deposited
 20 in the United States mail on or before the due date and if the person
 21 files with the department a duplicate document within thirty (30) days
 22 after the date the department sends notice that the document was not
 23 received.

24 SECTION 42. IC 6-8.1-9-1, AS AMENDED BY P.L.2-2005,
 25 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JULY 1, 2007]: Sec. 1. (a) If a person has paid more tax than the
 27 person determines is legally due for a particular taxable period, the
 28 person may file a claim for a refund with the department. Except as
 29 provided in subsections (f) and (g), in order to obtain the refund, the
 30 person must file the claim with the department within three (3) years
 31 after the latter of the following:

- 32 (1) The due date of the return.
 33 (2) The date of payment.

34 For purposes of this section, the due date for a return filed for the state
 35 gross retail or use tax, the gasoline tax, the special fuel tax, the motor
 36 carrier fuel tax, the oil inspection fee, or the petroleum severance tax
 37 is the end of the calendar year which contains the taxable period for
 38 which the return is filed. The claim must set forth the amount of the
 39 refund to which the person is entitled and the reasons that the person
 40 is entitled to the refund.

41 (b) When the department receives a claim for refund, the
 42 department shall consider the claim for refund and ~~may~~ **shall, if the**
 43 **taxpayer requests**, hold a hearing on the claim for refund to obtain and
 44 consider additional evidence. After considering the claim and all
 45 evidence relevant to the claim, the department shall issue a decision on
 46 the claim, stating the part, if any, of the refund allowed and containing
 47 a statement of the reasons for any part of the refund that is denied. The
 48 department shall mail a copy of the decision to the person who filed the
 49 claim. If the department allows the full amount of the refund claim, a
 50 warrant for the payment of the claim is sufficient notice of the decision.

51 (c) If the person disagrees with any part of the department's

1 decision, the person may appeal the decision, regardless of whether or
 2 not ~~he~~ **the person** protested the tax payment or whether or not the
 3 person has accepted a refund. The person must file the appeal with the
 4 tax court. The tax court does not have jurisdiction to hear a refund
 5 appeal suit, if:

6 (1) the appeal is filed more than three (3) years after the date the
 7 claim for refund was filed with the department;

8 (2) the appeal is filed more than ninety (90) days after the date the
 9 department mails the decision of denial to the person; or

10 (3) the appeal is filed both before the decision is issued and
 11 before the one hundred eighty-first day after the date the person
 12 files the claim for refund with the department.

13 (d) The tax court shall hear the appeal de novo and without a jury,
 14 and after the hearing may order or deny any part of the appealed
 15 refund. The court may assess the court costs in any manner that it feels
 16 is equitable. The court may enjoin the collection of any of the listed
 17 taxes under IC 33-26-6-2. The court may also allow a refund of taxes,
 18 interest, and penalties that have been paid to and collected by the
 19 department.

20 (e) With respect to the motor vehicle excise tax, this section applies
 21 only to penalties and interest paid on assessments of the motor vehicle
 22 excise tax. Any other overpayment of the motor vehicle excise tax is
 23 subject to IC 6-6-5.

24 (f) If a taxpayer's federal income tax liability for a taxable year is
 25 modified by the Internal Revenue Service, and the modification would
 26 result in a reduction of the tax legally due, the due date by which the
 27 taxpayer must file a claim for refund with the department is the later of:

28 (1) the date determined under subsection (a); or

29 (2) the date that is six (6) months after the date on which the
 30 taxpayer is notified of the modification by the Internal Revenue
 31 Service.

32 (g) If an agreement to extend the assessment time period is entered
 33 into under IC 6-8.1-5-2(f), the period during which a person may file
 34 a claim for a refund under subsection (a) is extended to the same date
 35 to which the assessment time period is extended.

36 SECTION 43. IC 6-8.1-10-1, AS AMENDED BY P.L.1-2006,
 37 SECTION 147, IS AMENDED TO READ AS FOLLOWS
 38 [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) If a person fails to file a
 39 return for any of the listed taxes, fails to pay the full amount of tax
 40 shown on the person's return by the due date for the return or the
 41 payment, or incurs a deficiency upon a determination by the
 42 department, the person is subject to interest on the nonpayment.

43 (b) The interest for a failure described in subsection (a) is the
 44 adjusted rate established by the commissioner under subsection (c),
 45 from the due date for payment. The interest applies to:

46 (1) the full amount of the unpaid tax due if the person failed to
 47 file the return;

48 (2) the amount of the tax that is not paid, if the person filed the
 49 return but failed to pay the full amount of tax shown on the return;
 50 or

51 (3) the amount of the deficiency.

1 (c) The commissioner shall establish an adjusted rate of interest for
 2 a failure described in subsection (a) and for an excess tax payment on
 3 or before November 1 of each year. For purposes of subsection (b), the
 4 adjusted rate of interest shall be the percentage rounded to the nearest
 5 whole number that equals two (2) percentage points above the average
 6 investment yield on state money for the state's previous fiscal year,
 7 excluding pension fund investments, as ~~published in the auditor of~~
 8 ~~state's comprehensive annual financial report. determined by the~~
 9 ~~treasurer of state on or before October 1 of each year and reported~~
 10 ~~to the commissioner.~~ For purposes of IC 6-8.1-9-2(c), the adjusted rate
 11 of interest for an excess tax payment is ~~the percentage rounded to the~~
 12 ~~nearest whole number that equals the average investment yield on state~~
 13 ~~money for the state's previous fiscal year, excluding pension fund~~
 14 ~~investments, as published in the auditor of state's comprehensive~~
 15 ~~annual financial report. must be the same as the adjusted rate of~~
 16 ~~interest determined under this subsection for a failure described in~~
 17 ~~subsection (a).~~ The adjusted rates of interest established under this
 18 subsection shall take effect on January 1 of the immediately succeeding
 19 year.

20 (d) For purposes of this section, the filing of a substantially blank or
 21 unsigned return does not constitute a return.

22 (e) Except as provided by IC 6-8.1-3-17(c) and IC 6-8.1-5-2, the
 23 department may not waive the interest imposed under this section.

24 (f) Subsections (a) through (c) do not apply to a motor carrier fuel
 25 tax return.

26 SECTION 44. IC 6-8.1-10-2.1 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2.1. (a) If a
 28 person:

- 29 (1) fails to file a return for any of the listed taxes;
- 30 (2) fails to pay the full amount of tax shown on the person's return
 31 on or before the due date for the return or payment;
- 32 (3) incurs, upon examination by the department, a deficiency that
 33 is due to negligence;
- 34 (4) fails to timely remit any tax held in trust for the state; or
- 35 (5) is required to make a payment by electronic funds transfer (as
 36 defined in IC 4-8.1-2-7), overnight courier, or personal delivery
 37 and the payment is not received by the department by the due date
 38 in funds acceptable to the department;

39 the person is subject to a penalty.

40 (b) Except as provided in subsection (g), the penalty described in
 41 subsection (a) is ten percent (10%) of:

- 42 (1) the full amount of the tax due if the person failed to file the
 43 return;
- 44 (2) the amount of the tax not paid, if the person filed the return
 45 but failed to pay the full amount of the tax shown on the return;
- 46 (3) the amount of the tax held in trust that is not timely remitted;
- 47 (4) the amount of deficiency as finally determined by the
 48 department; or
- 49 (5) the amount of tax due if a person failed to make payment by
 50 electronic funds transfer, overnight courier, or personal delivery
 51 by the due date.

1 (c) For purposes of this section, the filing of a substantially blank or
2 unsigned return does not constitute a return.

3 (d) If a person subject to the penalty imposed under this section can
4 show that the failure to file a return, pay the full amount of tax shown
5 on the person's return, timely remit tax held in trust, or pay the
6 deficiency determined by the department was due to reasonable cause
7 and not due to willful neglect, the department shall waive the penalty.

8 (e) A person who wishes to avoid the penalty imposed under this
9 section must make an affirmative showing of all facts alleged as a
10 reasonable cause for the person's failure to file the return, pay the
11 amount of tax shown on the person's return, pay the deficiency, or
12 timely remit tax held in trust, in a written statement containing a
13 declaration that the statement is made under penalty of perjury. The
14 statement must be filed with the return or payment within the time
15 prescribed for protesting departmental assessments. A taxpayer may
16 also avoid the penalty imposed under this section by obtaining a ruling
17 from the department before the end of a particular tax period on the
18 amount of tax due for that tax period.

19 (f) The department shall adopt rules under IC 4-22-2 to prescribe the
20 circumstances that constitute reasonable cause and negligence for
21 purposes of this section.

22 (g) A person who fails to file a return for a listed tax that shows no
23 tax liability for a taxable year, other than an information return (as
24 defined in section 6 of this chapter), on or before the due date of the
25 return shall pay a penalty of ten dollars (\$10) for each day that the
26 return is past due, up to a maximum of two hundred fifty dollars
27 (\$250).

28 (h) A corporation which otherwise qualifies under IC 6-3-2-2.8(2)
29 but fails to withhold and pay any amount of tax required to be withheld
30 under IC 6-3-4-13 shall pay a penalty equal to twenty percent (20%) of
31 the amount of tax required to be withheld under IC 6-3-4-13. This
32 penalty shall be in addition to any penalty imposed by section 6 of this
33 chapter.

34 (i) Subsections (a) through (c) do not apply to a motor carrier fuel
35 tax return.

36 **(j) If a partnership or an S corporation fails to include all**
37 **nonresidential individual partners or nonresidential individual**
38 **shareholders in a composite return as required by IC 6-3-4-12(h)**
39 **or IC 6-3-4-13(j), a penalty of five hundred dollars (\$500) per**
40 **partnership or S corporation is imposed on the partnership or S**
41 **corporation.**

42 SECTION 45. IC 6-9-2-2, AS AMENDED BY P.L.168-2005,
43 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
44 JANUARY 1, 2008]: Sec. 2. (a) The revenue received by the county
45 treasurer under this chapter shall be allocated to the Lake County
46 convention and visitor bureau, Indiana University-Northwest, Purdue
47 University-Calumet, municipal public safety departments, municipal
48 physical and economic development divisions, and the cities and towns
49 in the county as provided in this section. Subsections (b) through (g) do
50 not apply to the distribution of revenue received under section 1 of this
51 chapter from hotels, motels, inns, tourist camps, tourist cabins, and

1 other lodgings or accommodations built or refurbished after June 30,
2 1993, that are located in the largest city of the county.

3 (b) The Lake County convention and visitor bureau shall establish
4 a convention, tourism, and visitor promotion fund (referred to in this
5 chapter as the "promotion fund"). The county treasurer shall transfer to
6 the Lake County convention and visitor bureau for deposit in the
7 promotion fund ~~thirty-five~~ **thirty-six** percent (~~35%~~) (**36%**) of the first
8 one million two hundred **fifty** thousand dollars (~~\$1,200,000~~)
9 (**\$1,250,000**) of revenue received from the tax imposed under this
10 chapter in each year. The promotion fund consists of:

- 11 (1) money in the promotion fund on June 30, 2005;
- 12 (2) revenue deposited in the promotion fund under this subsection
13 after June 30, 2005; and
- 14 (3) investment income earned on the promotion fund's assets.

15 Money in the promotion fund may be expended only to promote and
16 encourage conventions, trade shows, special events, recreation, and
17 visitors within the county. Money may be paid from the promotion fund
18 by claim in the same manner as municipalities may pay claims under
19 IC 5-11-10-1.6.

20 (c) This subsection applies to the first one million two hundred **fifty**
21 thousand dollars (~~\$1,200,000~~) (**\$1,250,000**) of revenue received from
22 the tax imposed under this chapter in each year. During each year, the
23 county treasurer shall transfer to Indiana University-Northwest
24 ~~forty-four~~ **forty-two** and ~~thirty-three~~ **seventy-seven** hundredths percent
25 (~~44.33%~~) (**42.77%**) of the revenue received under this chapter for that
26 year to be used as follows:

- 27 (1) Seventy-five percent (75%) of the revenue received under this
28 subsection may be used only for the university's medical
29 education programs.
- 30 (2) Twenty-five percent (25%) of the revenue received under this
31 subsection may be used only for the university's allied health
32 education programs.

33 The amount for each year shall be transferred in four (4) approximately
34 equal quarterly installments.

35 (d) This subsection applies to the first one million two hundred **fifty**
36 thousand dollars (~~\$1,200,000~~) (**\$1,250,000**) of revenue received from
37 the tax imposed under this chapter in each year. During each year, the
38 county treasurer shall allocate among the cities and towns throughout
39 the county **nine and sixty-eight hundredths** percent (~~9%~~) (**9.68%**) of
40 the revenue received under this chapter for that year. The amount of
41 each city's or town's allocation is as follows:

- 42 (1) ~~Ten Nine~~ percent (~~10%~~) (**9%**) of the revenue covered by this
43 subsection shall be transferred to cities having a population of
44 more than ninety thousand (90,000) but less than one hundred
45 five thousand (105,000).
- 46 (2) ~~Ten Nine~~ percent (~~10%~~) (**9%**) of the revenue covered by this
47 subsection shall be transferred to cities having a population of
48 more than seventy-five thousand (75,000) but less than ninety
49 thousand (90,000).
- 50 (3) ~~Ten Nine~~ percent (~~10%~~) (**9%**) of the revenue covered by this

1 subsection shall be transferred to cities having a population of
 2 more than thirty-two thousand (32,000) but less than thirty-two
 3 thousand eight hundred (32,800).

4 (4) ~~Five percent (5%) of The remaining revenue covered by that~~
 5 **must be allocated among the cities and towns located in the**
 6 **county under** this subsection shall be transferred **in equal**
 7 **amounts** to each town and each city not receiving a transfer under
 8 subdivisions (1) through (3).

9 The money transferred under this subsection may be used only for
 10 economic development projects. The county treasurer shall make the
 11 transfers on or before December 1 of each year.

12 (e) This subsection applies to the first one million two hundred **fifty**
 13 thousand dollars ~~(\$1,200,000)~~ **(\$1,250,000)** of revenue received from
 14 the tax imposed under this chapter in each year. During each year, the
 15 county treasurer shall transfer to Purdue University-Calumet ~~nine eight~~
 16 **and eighty-eight hundredths** percent ~~(9%)~~ **(8.88%)** of the revenue
 17 received under this chapter for that year. The money received by
 18 Purdue University-Calumet may be used by the university only for
 19 nursing education programs.

20 (f) This subsection applies to the first one million two hundred **fifty**
 21 thousand dollars ~~(\$1,200,000)~~ **(\$1,250,000)** of revenue received from
 22 the tax imposed under this chapter in each year. During each year, the
 23 county treasurer shall transfer two and sixty-seven hundredths percent
 24 (2.67%) of the revenue received under this chapter for that year to the
 25 following cities:

26 (1) Fifty percent (50%) of the revenue covered by this subsection
 27 shall be transferred to cities having a population of more than
 28 ninety thousand (90,000) but less than one hundred five thousand
 29 (105,000).

30 (2) Fifty percent (50%) of the revenue covered by this subsection
 31 shall be transferred to cities having a population of more than
 32 seventy-five thousand (75,000) but less than ninety thousand
 33 (90,000).

34 Money transferred under this subsection may be used only for
 35 convention facilities located within the city. In addition, the money may
 36 be used only for facility marketing, sales, and public relations
 37 programs. Money transferred under this subsection may not be used for
 38 salaries, facility operating costs, or capital expenditures related to the
 39 convention facilities. The county treasurer shall make the transfers on
 40 or before December 1 of each year.

41 (g) This subsection applies to the revenue received from the tax
 42 imposed under this chapter in each year that exceeds one million two
 43 hundred **fifty** thousand dollars ~~(\$1,200,000)~~ **(\$1,250,000)**. During each
 44 year, the county treasurer shall distribute money in the promotion fund
 45 as follows:

46 (1) Eighty-five percent (85%) of the revenue covered by this
 47 subsection shall be deposited in the convention, tourism, and
 48 visitor promotion fund. The money deposited in the fund under
 49 this subdivision may be used only for the purposes for which
 50 other money in the fund may be used.

1 (2) Five percent (5%) of the revenue covered by this subsection
 2 shall be transferred to Purdue University-Calumet. The money
 3 received by Purdue University-Calumet under this subdivision
 4 may be used by the university only for nursing education
 5 programs.

6 (3) Five percent (5%) of the revenue covered by this subsection
 7 shall be transferred to Indiana University-Northwest. The money
 8 received by Indiana University-Northwest under this subdivision
 9 may be used only for the university's medical education programs.

10 (4) Five percent (5%) of the revenue covered by this subsection
 11 shall be transferred to Indiana University-Northwest. The money
 12 received by Indiana University-Northwest under this subdivision
 13 may be used only for the university's allied health education
 14 programs.

15 (h) The county treasurer may estimate the amount that will be
 16 received under this chapter for the year to determine the amount to be
 17 transferred under this section.

18 (i) This subsection applies only to the distribution of revenue
 19 received from the tax imposed under section 1 of this chapter from
 20 hotels, motels, inns, tourist camps, tourist cabins, and other lodgings or
 21 accommodations built or refurbished after June 30, 1993, that are
 22 located in the largest city of the county. During each year, the county
 23 treasurer shall transfer:

24 (1) seventy-five percent (75%) of the revenues under this
 25 subsection to the department of public safety; and

26 (2) twenty-five percent (25%) of the revenues under this
 27 subsection to the division of physical and economic development;
 28 of the largest city of the county.

29 (j) The Lake County convention and visitor bureau shall assist the
 30 county treasurer, as needed, with the calculation of the amounts that
 31 must be deposited and transferred under this section.

32 SECTION 46. IC 20-49-8.2 IS ADDED TO THE INDIANA CODE
 33 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 34 UPON PASSAGE]:

35 **Chapter 8.2. Shortfall Loan**

36 **Sec. 1. As used in this chapter, "eligible school corporation"**
 37 **refers to a school corporation located in a county that has been**
 38 **reassessed under IC 6-1.1-4-32.**

39 **Sec. 2. As used in this chapter, "fund" refers to the common**
 40 **school fund in the custody of the treasurer of state.**

41 **Sec. 3. As used in this chapter, "loan" means a loan made from**
 42 **the fund under the provisions this chapter.**

43 **Sec. 4. The state board may loan money to an eligible school**
 44 **corporation that has experienced a shortfall of at least five percent**
 45 **(5%) in the collection of property tax levies in the current year or**
 46 **the preceding years for the eligible school corporation's general**
 47 **fund as a result of any of the following:**

48 (1) **Erroneous assessed valuation amounts provided to the**
 49 **eligible school corporation.**

50 (2) **Erroneous figures used to determine the eligible school**
 51 **corporation's general fund property tax rate.**

1 **(3) A change in the assessed valuation of property as the result**
 2 **of appeals under IC 6-1.1 or IC 6-1.5.**

3 **(4) The payment of refunds that resulted from appeals under**
 4 **IC 6-1.1 or IC 6-1.5.**

5 **Sec. 5. An eligible school corporation that desires to obtain a**
 6 **loan under this chapter must submit an application to the state**
 7 **board on forms prescribed by the state board after consulting with**
 8 **the department and the state budget agency.**

9 **Sec. 6. (a) Subject to subsection (b), the state board shall**
 10 **determine the terms of a loan after consulting with the department.**
 11 **The state budget agency must approve the terms of a loan before**
 12 **the loan is made.**

13 **(b) An eligible school corporation receiving a loan under this**
 14 **chapter must be repay the loan within thirty-six (36) months of the**
 15 **date on which the loan is made.**

16 **Sec. 7. An eligible school corporation that obtains a loan under**
 17 **this chapter may annually levy a tax in the debt service fund to**
 18 **repay the loan.**

19 **Sec. 8. If the state board recommends that an eligible school**
 20 **corporation receive a loan under this chapter, the eligible school**
 21 **corporation may not request an excessive tax levy for the same**
 22 **amount.**

23 **Sec. 9. This chapter may not be construed to prohibit an eligible**
 24 **school corporation from repaying a loan under this chapter before**
 25 **the date specified in section 6(b) of this chapter.**

26 **Sec. 10. This chapter expires December 31, 2010.**

27 SECTION 47. IC 36-2-7-10, AS AMENDED BY SEA 526-2007,
 28 SECTION 384, IS AMENDED TO READ AS FOLLOWS
 29 [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) The county recorder shall
 30 tax and collect the fees prescribed by this section for recording, filing,
 31 copying, and other services the recorder renders, and shall pay them
 32 into the county treasury at the end of each calendar month. The fees
 33 prescribed and collected under this section supersede all other
 34 recording fees required by law to be charged for services rendered by
 35 the county recorder.

36 (b) The county recorder shall charge the following:

37 (1) Six dollars (\$6) for the first page and two dollars (\$2) for each
 38 additional page of any document the recorder records if the pages
 39 are not larger than eight and one-half (8 1/2) inches by fourteen
 40 (14) inches.

41 (2) Fifteen dollars (\$15) for the first page and five dollars (\$5) for
 42 each additional page of any document the recorder records, if the
 43 pages are larger than eight and one-half (8 1/2) inches by fourteen
 44 (14) inches.

45 (3) For attesting to the release, partial release, or assignment of
 46 any mortgage, judgment, lien, or oil and gas lease contained on a
 47 multiple transaction document, the fee for each transaction after
 48 the first is the amount provided in subdivision (1) plus the amount
 49 provided in subdivision (4) and one dollar (\$1) for marginal
 50 mortgage assignments or marginal mortgage releases.

51 (4) One dollar (\$1) for each cross-reference of a recorded

- 1 document.
- 2 (5) One dollar (\$1) per page not larger than eight and one-half (8
- 3 1/2) inches by fourteen (14) inches for furnishing copies of
- 4 records and two dollars (\$2) per page that is larger than eight and
- 5 one-half (8 1/2) inches by fourteen (14) inches.
- 6 (6) Five dollars (\$5) for acknowledging or certifying to a
- 7 document.
- 8 (7) Five dollars (\$5) for each deed the recorder records, in
- 9 addition to other fees for deeds, for the county surveyor's corner
- 10 perpetuation fund for use as provided in IC 21-47-3-3 or
- 11 IC 36-2-12-11(e).
- 12 (8) A fee in an amount authorized under IC 5-14-3-8 for
- 13 transmitting a copy of a document by facsimile machine.
- 14 (9) A fee in an amount authorized by an ordinance adopted by the
- 15 county legislative body for duplicating a computer tape, a
- 16 computer disk, an optical disk, microfilm, or similar media. This
- 17 fee may not cover making a handwritten copy or a photocopy or
- 18 using xerography or a duplicating machine.
- 19 (10) A supplemental fee of three dollars (\$3) for recording a
- 20 document that is paid at the time of recording. The fee under this
- 21 subdivision is in addition to other fees provided by law for
- 22 recording a document.
- 23 (11) Three dollars (\$3) for each mortgage on real estate recorded,
- 24 in addition to other fees required by this section, distributed as
- 25 follows:
- 26 (A) Fifty cents (\$0.50) is to be deposited in the recorder's
- 27 record perpetuation fund.
- 28 (B) Two dollars and fifty cents (\$2.50) is to be distributed to
- 29 the auditor of state on or before June 20 and December 20 of
- 30 each year as provided in IC 24-9-9-3.
- 31 **(12) This subdivision applies in a county only if at least one (1)**
- 32 **unit in the county has established an affordable housing fund**
- 33 **under IC 5-20-5-15.5 and the county fiscal body adopts an**
- 34 **ordinance authorizing the fee described in this subdivision. An**
- 35 **ordinance adopted under this subdivision may authorize the**
- 36 **county recorder to charge a fee of:**
- 37 **(A) two dollars and fifty cents (\$2.50) for the first page;**
- 38 **and**
- 39 **(B) one dollar (\$1) for each additional page;**
- 40 **of each document the recorder records.**
- 41 **(13) This subdivision applies in a county containing a**
- 42 **consolidated city that has established a housing trust fund**
- 43 **under IC 36-7-15.1-35.5(e). The county fiscal body may adopt**
- 44 **an ordinance authorizing the fee described in this subdivision.**
- 45 **An ordinance adopted under this subdivision may authorize**
- 46 **the county recorder to charge a fee of:**
- 47 **(A) two dollars and fifty cents (\$2.50) for the first page;**
- 48 **and**
- 49 **(B) one dollar (\$1) for each additional page;**
- 50 **of each document the recorder records.**
- 51 (c) The county recorder shall charge a two dollar (\$2) county

1 identification security protection fee for recording or filing a document.
 2 This fee shall be deposited under IC 36-2-7.5-6.

3 (d) The county treasurer shall establish a recorder's records
 4 perpetuation fund. All revenue received under subsection (b)(5), (b)(8),
 5 (b)(9), and (b)(10), and fifty cents (\$0.50) from revenue received under
 6 subsection (b)(11), shall be deposited in this fund. The county recorder
 7 may use any money in this fund without appropriation for the
 8 preservation of records and the improvement of record keeping systems
 9 and equipment.

10 (e) As used in this section, "record" or "recording" includes the
 11 functions of recording, filing, and filing for record.

12 (f) The county recorder shall post the fees set forth in subsection (b)
 13 in a prominent place within the county recorder's office where the fee
 14 schedule will be readily accessible to the public.

15 (g) The county recorder may not tax or collect any fee for:

16 (1) recording an official bond of a public officer, a deputy, a
 17 appointee, or an employee; or

18 (2) performing any service under any of the following:

19 (A) IC 6-1.1-22-2(c).

20 (B) IC 8-23-7.

21 (C) IC 8-23-23.

22 (D) IC 10-17-2-3.

23 (E) IC 10-17-3-2.

24 (F) IC 12-14-13.

25 (G) IC 12-14-16.

26 (h) The state and its agencies and instrumentalities are required to
 27 pay the recording fees and charges that this section prescribes.

28 **(i) This subsection applies to a county other than a county**
 29 **containing a consolidated city. The county treasurer shall**
 30 **distribute money collected by the county recorder under subsection**
 31 **(b)(12) as follows:**

32 **(1) Sixty percent (60%) of the money collected by the county**
 33 **recorder under subsection (b)(12) shall be distributed to the**
 34 **units in the county that have established an affordable**
 35 **housing fund under IC 5-20-5-15.5 for deposit in the fund. The**
 36 **amount to be distributed to a unit is the amount available for**
 37 **distribution multiplied by a fraction. The numerator of the**
 38 **fraction is the population of the unit. The denominator of the**
 39 **fraction is the population of all units in the county that have**
 40 **established an affordable housing fund. The population to be**
 41 **used for a county that establishes an affordable housing fund**
 42 **is the population of the county outside any city or town that**
 43 **has established an affordable housing fund.**

44 **(2) Forty percent (40%) of the money collected by the county**
 45 **recorder under subsection (b)(12) shall be distributed to the**
 46 **treasurer of state for deposit in the affordable housing and**
 47 **community development fund established under IC 5-20-4-7**
 48 **for the purposes of the fund.**

49 **Money shall be distributed under this subsection before the**
 50 **sixteenth day of the month following the month in which the money**
 51 **is collected from the county recorder.**

1 **(j) This subsection applies to a county described in subsection**
 2 **(b)(13). The county treasurer shall distribute money collected by**
 3 **the county recorder under subsection (b)(13) as follows:**

4 **(1) Sixty percent (60%) of the money collected by the county**
 5 **recorder under subsection (b)(13) shall be deposited in the**
 6 **housing trust fund established under IC 36-7-15.1-35.5(e) for**
 7 **the purposes of the fund.**

8 **(2) Forty percent (40%) of the money collected by the county**
 9 **recorder under subsection (b)(13) shall be distributed to the**
 10 **treasurer of state for deposit in the affordable housing and**
 11 **community development fund established under IC 5-20-4-7**
 12 **for the purposes of the fund.**

13 **Money shall be distributed under this subsection before the**
 14 **sixteenth day of the month following the month in which the money**
 15 **is collected from the county recorder.**

16 SECTION 48. IC 36-7-15.1-35.5 IS AMENDED TO READ AS
 17 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 35.5. (a) The general
 18 assembly finds the following:

19 (1) Federal law permits the sale of a multiple family housing
 20 project that is or has been covered, in whole or in part, by a
 21 contract for project based assistance from the United States
 22 Department of Housing and Urban Development without
 23 requiring the continuation of that project based assistance.

24 (2) Such a sale displaces the former residents of a multiple family
 25 housing project described in subdivision (1) and increases the
 26 shortage of safe and affordable housing for persons of low and
 27 moderate income within the county.

28 (3) The displacement of families and individuals from affordable
 29 housing requires increased expenditures of public funds for crime
 30 prevention, public health and safety, fire and accident prevention,
 31 and other public services and facilities.

32 (4) The establishment of a supplemental housing program under
 33 this section will do the following:

34 (A) Benefit the health, safety, morals, and welfare of the
 35 county and the state.

36 (B) Serve to protect and increase property values in the county
 37 and the state.

38 (C) Benefit persons of low and moderate income by making
 39 affordable housing available to them.

40 (5) The establishment of a supplemental housing program under
 41 this section and sections 32 through 35 of this chapter is:

42 (A) necessary in the public interest; and

43 (B) a public use and purpose for which public money may be
 44 spent and private property may be acquired.

45 (b) In addition to its other powers with respect to a housing program
 46 under sections 32 through 35 of this chapter, the commission may
 47 establish a supplemental housing program. Except as provided by this
 48 section, the commission has the same powers and duties with respect
 49 to the supplemental housing program that the commission has under
 50 sections 32 through 35 of this chapter with respect to the housing
 51 program.

1 (c) One (1) allocation area may be established for the supplemental
 2 housing program. The commission is not required to make the findings
 3 required under section 34(5) through 34(8) of this chapter with respect
 4 to the allocation area. However, the commission must find that the
 5 property contained within the boundaries of the allocation area consists
 6 solely of one (1) or more multiple family housing projects that are or
 7 have been covered, in whole or in part, by a contract for project based
 8 assistance from the United States Department of Housing and Urban
 9 Development or have been owned at one time by a public housing
 10 agency. The allocation area need not be contiguous. The definition of
 11 "base assessed value" set forth in section 35(a) of this chapter applies
 12 to the special fund established under section 26(b) of this chapter for
 13 the allocation area.

14 (d) The special fund established under section 26(b) of this chapter
 15 for the allocation area established under this section may be used only
 16 for the following purposes:

17 (1) Subject to subdivision (2), on January 1 and July 1 of each
 18 year the balance of the special fund shall be transferred to the
 19 housing trust fund established under subsection (e).

20 (2) The commission may provide each taxpayer in the allocation
 21 area a credit for property tax replacement in the manner provided
 22 by section 35(b)(7) of this chapter. Transfers made under
 23 subdivision (1) shall be reduced by the amount necessary to
 24 provide the credit.

25 (e) The commission shall, by resolution, establish a housing trust
 26 fund to be administered, subject to the terms of the resolution, by:

27 (1) the housing division of the consolidated city; or

28 (2) the department, division, or agency that has been designated
 29 to perform the public housing function by an ordinance adopted
 30 under IC 36-7-18-1.

31 (f) The housing trust fund consists of:

32 (1) amounts transferred to the fund under subsection (d);

33 (2) payments in lieu of taxes deposited in the fund under
 34 IC 36-3-2-11;

35 (3) gifts and grants to the fund;

36 (4) investment income earned on the fund's assets; ~~and~~

37 **(5) money deposited in the fund under IC 36-2-7-10(j); and**

38 ~~(5)~~ **(6) other funds from sources approved by the commission.**

39 (g) The commission shall, by resolution, establish uses for the
 40 housing trust fund. However, the uses must be limited to:

41 (1) providing financial assistance to those individuals and
 42 families whose income is at or below eighty percent (80%) of the
 43 county's median income for individuals and families, respectively,
 44 to enable those individuals and families to purchase or lease
 45 residential units within the county;

46 (2) paying expenses of administering the fund;

47 (3) making grants, loans, and loan guarantees for the
 48 development, rehabilitation, or financing of affordable housing
 49 for individuals and families whose income is at or below eighty
 50 percent (80%) of the county's median income for individuals and
 51 families, respectively, including the elderly, persons with

1 disabilities, and homeless individuals and families; and
 2 (4) providing technical assistance to nonprofit developers of
 3 affordable housing.

4 (h) At least fifty percent (50%) of the dollars allocated for
 5 production, rehabilitation, or purchase of housing must be used for
 6 units to be occupied by individuals and families whose income is at or
 7 below fifty percent (50%) of the county's area median income for
 8 individuals and families, respectively.

9 (i) The low income housing trust fund advisory committee is
 10 established. The low-income housing trust fund advisory committee
 11 consists of eleven (11) members. The membership of the low income
 12 housing trust fund advisory committee is comprised of:

13 (1) one (1) member appointed by the mayor, to represent the
 14 interests of low income families;

15 (2) one (1) member appointed by the mayor, to represent the
 16 interests of owners of subsidized, multifamily housing
 17 communities;

18 (3) one (1) member appointed by the mayor, to represent the
 19 interests of banks and other financial institutions;

20 (4) one (1) member appointed by the mayor, of the department of
 21 metropolitan development;

22 (5) three (3) members representing the community at large
 23 appointed by the commission, from nominations submitted to the
 24 commission as a result of a general call for nominations from
 25 neighborhood associations, community based organizations, and
 26 other social services agencies;

27 (6) one (1) member appointed by and representing the Coalition
 28 for Homeless Intervention and Prevention of Greater Indianapolis;

29 (7) one (1) member appointed by and representing the Local
 30 Initiatives Support Corporation;

31 (8) one (1) member appointed by and representing the
 32 Indianapolis Coalition for Neighborhood Development; and

33 (9) one (1) member appointed by and representing the
 34 Indianapolis Neighborhood Housing Partnership.

35 Members of the low income housing trust fund advisory committee
 36 serve for a term of four (4) years, and are eligible for reappointment. If
 37 a vacancy exists on the committee, the appointing authority who
 38 appointed the former member whose position has become vacant shall
 39 appoint an individual to fill the vacancy. A committee member may be
 40 removed at any time by the appointing authority who appointed the
 41 committee member.

42 (j) The low income housing trust fund advisory committee shall
 43 make recommendations to the commission regarding:

44 (1) the development of policies and procedures for the uses of the
 45 low income housing trust fund; and

46 (2) long term sources of capital for the low income housing trust
 47 fund, including:

48 (A) revenue from:

49 (i) development ordinances;

50 (ii) fees; or

51 (iii) taxes;

- 1 (B) financial market based income;
 2 (C) revenue derived from private sources; and
 3 (D) revenue generated from grants, gifts, donations, or income
 4 in any other form, from a:
 5 (i) government program;
 6 (ii) foundation; or
 7 (iii) corporation.

8 (k) The county treasurer shall invest the money in the fund not
 9 currently needed to meet the obligations of the fund in the same
 10 manner as other public funds may be invested.

11 SECTION 49. IC 6-2.5-8-10 IS REPEALED [EFFECTIVE UPON
 12 PASSAGE].

13 SECTION 50. [EFFECTIVE UPON PASSAGE] (a) **The**
 14 **commissioner of the department of state revenue shall revise any**
 15 **schedule specifying the adjusted rate of interest for excess tax**
 16 **payments as necessary to comply with IC 6-8.1-10-1, as amended**
 17 **by this act. A schedule revised under this SECTION takes effect**
 18 **July 1, 2007.**

19 (b) **This SECTION expires December 31, 2007.**

20 SECTION 51. [EFFECTIVE JULY 1, 2007] **IC 6-7-1-17, as**
 21 **amended by this act, applies only to cigarette stamps purchased by**
 22 **distributors after June 30, 2007.**

23 SECTION 52. [EFFECTIVE JANUARY 1, 2007
 24 (RETROACTIVE)] **IC 6-3-3-12, as amended by this act, applies to**
 25 **taxable years beginning after December 31, 2006.**

26 SECTION 53. [EFFECTIVE JULY 1, 2007] **IC 6-2.3-6-1 and**
 27 **IC 6-3-4-4.1, both as amended by this act, apply to taxable years**
 28 **beginning after December 15, 2007.**

29 SECTION 54. [EFFECTIVE JANUARY 1, 2007
 30 (RETROACTIVE)] (a) **As used in this SECTION, "department"**
 31 **refers to the department of state revenue.**

32 (b) **A retail merchant that sold tangible personal property to a**
 33 **person that used or consumed the tangible personal property in**
 34 **providing public transportation under IC 6-2.5-5-27 may verify**
 35 **that the sale was exempt from taxation under IC 6-2.5 by using the**
 36 **information contained in form ST-135 for the transaction.**

37 (c) **If a retail merchant provides the department with the**
 38 **information from form ST-135 to verify that a sale described in**
 39 **subsection (b) is exempt from taxation under IC 6-2.5, the retail**
 40 **merchant may request:**

41 (1) **a refund of gross retail tax plus any penalties and interest**
 42 **paid to the department; or**

43 (2) **that the department satisfy any outstanding gross retail**
 44 **tax liabilities, including any penalties and interest for tax**
 45 **liabilities;**

46 **for the tangible personal property used or consumed in providing**
 47 **public transportation.**

48 (d) **This SECTION expires December 31, 2008.**

49 SECTION 55. [EFFECTIVE JANUARY 1, 2008] **IC 6-3-1-3.5, as**
 50 **amended by this act, applies to taxable years beginning after**
 51 **December 31, 2007.**

1 SECTION 56. [EFFECTIVE JULY 1, 2007] **(a) IC 6-2.5-6-10, as**
2 **amended by this act, applies to reporting periods beginning after**
3 **June 30, 2007.**

4 **(b) The amount of a retail merchant's state gross retail and use**
5 **tax liability under IC 6-2.5 accrued during the period beginning**
6 **after December 31, 2006, and ending before July 1, 2007, must be**
7 **used to determine the applicable percentage applied under**
8 **IC 6-2.5-6-10(b), as amended by this act, for a reporting period**
9 **beginning after June 30, 2007, and ending before January 1, 2008.**

10 SECTION 57. [EFFECTIVE JANUARY 1, 2007
11 (RETROACTIVE)] **IC 6-1.1-45-12, as amended by this act, applies**
12 **to assessment dates occurring after February 28, 2007, for**
13 **property taxes first due and payable after December 31, 2007.**

14 SECTION 58. [EFFECTIVE JANUARY 1, 2008] **IC 6-3-4-12,**
15 **IC 6-3-4-13, and IC 6-8.1-10-2.1, all as amended by this act, apply**
16 **to taxable years beginning after December 31, 2007.**

17 SECTION 59. **An emergency is declared for this act.**

(Reference is to ESB 500 as reprinted April 10, 2007.)

Conference Committee Report
on
Engrossed Senate Bill 500

Signed by:

Senator Kenley
Chairperson

Representative Kuzman

Senator Mrvan

Representative Crawford

Senate Conferees

House Conferees