

Adopted	Rejected
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# COMMITTEE REPORT

YES:	18
NO:	4

## MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred Senate Bill 589, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 2-5-31.8 IS ADDED TO THE INDIANA CODE
- 3 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 4 JULY 1, 2011]:
- 5 **Chapter 31.8. Interim Study Committee on Economic**
- 6 **Development**
- 7 **Sec. 1. The interim study committee on economic development**
- 8 **is established.**
- 9 **Sec. 2. (a) The committee consists of the following members:**
- 10 **(1) Two (2) members of the senate, who must be affiliated**
- 11 **with different political parties, appointed by the president pro**
- 12 **tempore of the senate.**
- 13 **(2) Two (2) members of the house of representatives, who**
- 14 **must be affiliated with different political parties, appointed by**
- 15 **the speaker of the house of representatives.**

- 1           **(3) The chief executive officer of the Indiana economic**  
2           **development corporation (or the chief executive officer's**  
3           **designee).**
- 4           **(4) The following twelve (12) members appointed as follows:**
- 5               **(A) The following four (4) members appointed by the**  
6               **governor, not more than two (2) of whom may be affiliated**  
7               **with the same political party and at least one (1) of whom**  
8               **must be a woman who is an owner of a women's business**  
9               **enterprise (as defined in IC 4-13-16.5-1.3) that is certified**  
10              **under IC 4-13-16.5 or a member of a minority group (as**  
11              **defined in IC 4-13-16.5-1) who is an owner of a minority**  
12              **business enterprise (as defined in IC 4-13-16.5-1) that is**  
13              **certified under IC 4-13-16.5:**
- 14                   **(i) One (1) member to represent large businesses.**  
15                   **(ii) One (1) member to represent small businesses.**  
16                   **(iii) One (1) member to represent banking and finance.**  
17                   **(iv) One (1) member to represent labor interests.**
- 18              **(B) The following four (4) members appointed by the**  
19              **president pro tempore of the senate, not more than two (2)**  
20              **of whom may be affiliated with the same political party:**
- 21                   **(i) One (1) member to represent higher education.**  
22                   **(ii) One (1) member to represent local economic**  
23                   **development organizations and officials.**  
24                   **(iii) One (1) member to represent cities.**  
25                   **(iv) One (1) member to represent counties.**
- 26              **(C) The following four (4) members appointed by the**  
27              **speaker of the house of representatives, not more than two**  
28              **(2) of whom may be affiliated with the same political**  
29              **party:**
- 30                   **(i) One (1) member to represent agricultural interests.**  
31                   **(ii) One (1) member to represent the public at large.**  
32                   **(iii) One (1) member to represent kindergarten through**  
33                   **grade 12 education.**  
34                   **(iv) One (1) member to represent quality of life issues.**
- 35              **(b) The president pro tempore of the senate shall appoint one (1)**  
36              **of the members appointed by the president under subsection (a)(1)**  
37              **as a co-chair of the committee. The speaker of the house of**  
38              **representatives shall appoint one (1) of the members appointed by**

1 the speaker under subsection (a)(2) as a co-chair of the committee.

2 (c) The affirmative votes of a majority of the voting members  
3 appointed to the committee are required for the committee to take  
4 action on any measure, including final reports.

5 Sec. 3. The committee shall study the following during each  
6 interim:

7 (1) Best practices in state and local economic development  
8 policies and activities.

9 (2) The use and effectiveness of tax credits and deductions.

10 (3) Whether there are any specific sectors of the economy for  
11 which Indiana might have comparative advantages over other  
12 states.

13 (4) The extent to which Indiana's tax laws encourage business  
14 investment, and any improvements that might be made to  
15 Indiana's tax laws.

16 (5) The extent to which Indiana's education systems support  
17 economic development.

18 (6) The benefits of existing community revitalization  
19 enhancement districts and possible new community  
20 revitalization enhancement districts as an economic  
21 development tool.

22 (7) Methods for eliminating or reducing the personal property  
23 tax statewide and the appropriateness of allowing local  
24 government the option of eliminating or abating personal  
25 property tax for new investment and economic development  
26 purposes.

27 (8) Any other issue assigned to the committee by the  
28 legislative council or as directed by the committee's co-chairs.

29 Sec. 4. The committee shall issue a final report before November  
30 1 each year to the legislative council containing any findings and  
31 recommendations of the committee. The report must be in an  
32 electronic format under IC 5-14-6.

33 Sec. 5. Except as otherwise provided in this chapter, the  
34 committee shall operate under the policies governing study  
35 committees adopted by the legislative council.

36 Sec. 6. This chapter expires December 31, 2014.

37 SECTION 2. IC 5-28-6-1, AS ADDED BY P.L.4-2005, SECTION  
38 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,

- 1 2011]: Sec. 1. The corporation shall do the following:
- 2 (1) Create and regularly update a strategic economic development
- 3 plan **based on a statewide study to determine specific**
- 4 **economic sectors that should be emphasized by the state and**
- 5 **by local economic development organizations within**
- 6 **geographic regions in Indiana.**
- 7 (2) Establish strategic benchmarks and performance measures.
- 8 (3) Monitor and report on Indiana's economic performance.
- 9 (4) Market Indiana to businesses worldwide.
- 10 (5) Assist Indiana businesses that want to grow.
- 11 (6) Solicit funding from the private sector for selected initiatives.
- 12 (7) Provide for the orderly economic development and growth of
- 13 Indiana.
- 14 (8) Establish and coordinate the operation of programs commonly
- 15 available to all citizens of Indiana to implement a strategic plan
- 16 for the state's economic development and enhance the general
- 17 welfare.
- 18 (9) Evaluate and analyze the state's economy to determine the
- 19 direction of future public and private actions, and report and make
- 20 recommendations to the general assembly in an electronic format
- 21 under IC 5-14-6 with respect to the state's economy.

22 SECTION 3. IC 5-28-6-2, AS AMENDED BY P.L.120-2008,

23 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

24 JULY 1, 2011]: Sec. 2. (a) The corporation shall develop and promote

25 programs designed to make the best use of Indiana resources to ensure

26 a balanced economy and continuing economic growth for Indiana, and,

27 for those purposes, may do the following:

- 28 (1) Cooperate with federal, state, and local governments and
- 29 agencies in the coordination of programs to make the best use of
- 30 Indiana resources, **based on a statewide study to determine**
- 31 **specific economic sectors that should be emphasized by the**
- 32 **state and by local economic development organizations within**
- 33 **geographic regions in Indiana.**
- 34 (2) Receive and expend funds, grants, gifts, and contributions of
- 35 money, property, labor, interest accrued from loans made by the
- 36 corporation, and other things of value from public and private
- 37 sources, including grants from agencies and instrumentalities of
- 38 the state and the federal government. The corporation:

- 1 (A) may accept federal grants for providing planning  
 2 assistance, making grants, or providing other services or  
 3 functions necessary to political subdivisions, planning  
 4 commissions, or other public or private organizations;  
 5 (B) shall administer these grants in accordance with the terms  
 6 of the grants; and  
 7 (C) may contract with political subdivisions, planning  
 8 commissions, or other public or private organizations to carry  
 9 out the purposes for which the grants were made.
- 10 (3) Direct that assistance, information, and advice regarding the  
 11 duties and functions of the corporation be given to the corporation  
 12 by an officer, agent, or employee of the executive branch of the  
 13 state. The head of any other state department or agency may  
 14 assign one (1) or more of the department's or agency's employees  
 15 to the corporation on a temporary basis or may direct a division  
 16 or an agency under the department's or agency's supervision and  
 17 control to make a special study or survey requested by the  
 18 corporation.
- 19 (b) The corporation shall perform the following duties:
- 20 (1) Develop and implement industrial development programs to  
 21 encourage expansion of existing industrial, commercial, and  
 22 business facilities in Indiana and to encourage new industrial,  
 23 commercial, and business locations in Indiana.
- 24 (2) Assist businesses and industries in acquiring, improving, and  
 25 developing overseas markets and encourage international plant  
 26 locations in Indiana. The corporation, with the approval of the  
 27 governor, may establish foreign offices to assist in this function.
- 28 (3) Promote the growth of minority business enterprises by doing  
 29 the following:
- 30 (A) Mobilizing and coordinating the activities, resources, and  
 31 efforts of governmental and private agencies, businesses, trade  
 32 associations, institutions, and individuals.
- 33 (B) Assisting minority businesses in obtaining governmental  
 34 or commercial financing for expansion or establishment of  
 35 new businesses or individual development projects.
- 36 (C) Aiding minority businesses in procuring contracts from  
 37 governmental or private sources, or both.
- 38 (D) Providing technical, managerial, and counseling assistance

- 1 to minority business enterprises.
- 2 (4) Assist the office of the lieutenant governor in:
- 3 (A) community economic development planning;
- 4 (B) implementation of programs designed to further
- 5 community economic development; and
- 6 (C) the development and promotion of Indiana's tourist
- 7 resources.
- 8 (5) Assist the secretary of agriculture and rural development in
- 9 promoting and marketing of Indiana's agricultural products and
- 10 provide assistance to the director of the Indiana state department
- 11 of agriculture.
- 12 (6) With the approval of the governor, implement federal
- 13 programs delegated to the state to carry out the purposes of this
- 14 article.
- 15 (7) Promote the growth of small businesses by doing the
- 16 following:
- 17 (A) Assisting small businesses in obtaining and preparing the
- 18 permits required to conduct business in Indiana.
- 19 (B) Serving as a liaison between small businesses and state
- 20 agencies.
- 21 (C) Providing information concerning business assistance
- 22 programs available through government agencies and private
- 23 sources.
- 24 (8) Establish a public information page on its current Internet site
- 25 on the world wide web. The page must provide the following:
- 26 (A) By program, cumulative information on the total amount
- 27 of incentives awarded, the total number of companies that
- 28 received the incentives and were assisted in a year, and the
- 29 names and addresses of those companies.
- 30 (B) A mechanism on the page whereby the public may request
- 31 further information online about specific programs or
- 32 incentives awarded.
- 33 (C) A mechanism for the public to receive an electronic
- 34 response.
- 35 (c) The corporation may do the following:
- 36 (1) Disseminate information concerning the industrial,
- 37 commercial, governmental, educational, cultural, recreational,
- 38 agricultural, and other advantages of Indiana.

- 1 (2) Plan, direct, and conduct research activities.  
 2 (3) Assist in community economic development planning and the  
 3 implementation of programs designed to further community  
 4 economic development.

5 SECTION 4. IC 5-28-11-10 IS ADDED TO THE INDIANA CODE  
 6 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 7 1, 2011]: **Sec. 10. The corporation shall collaborate with local  
 8 economic development organizations throughout Indiana. Before  
 9 August 1 each year through 2014, the corporation shall submit a  
 10 written report to the interim study committee on economic  
 11 development established by IC 2-5-31.8-1, indicating how the  
 12 corporation has collaborated with local economic development  
 13 organizations during the previous state fiscal year, including  
 14 details and analysis of each collaboration.**

15 SECTION 5. IC 6-1.1-22.5-9, AS AMENDED BY P.L.89-2010,  
 16 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17 UPON PASSAGE]: Sec. 9. (a) Except as provided in **subsection (e)**  
 18 **and** section 12(b) of this chapter, property taxes billed on a provisional  
 19 statement are due in two (2) equal installments on May 10 and  
 20 November 10 of the year following the assessment date covered by the  
 21 provisional statement.

22 (b) The county treasurer may mail or transmit the provisional  
 23 statement one (1) time each year at least fifteen (15) days before the  
 24 date on which the first installment is due under subsection (a) in the  
 25 manner provided in IC 6-1.1-22-8.1, regardless of whether the notice  
 26 required under section 6(b) of this chapter has been published.

27 (c) This subsection applies to a provisional statement issued under  
 28 section 6 of this chapter. Except when the second installment of a  
 29 provisional statement is replaced by a final reconciling statement  
 30 providing for taxes to be due on November 10, the amount of tax due  
 31 for each installment of a provisional statement issued for a year after  
 32 2010 is fifty percent (50%) of the tax that was due for the immediately  
 33 preceding year under IC 6-1.1-22 subject to any adjustments to the tax  
 34 liability as prescribed by the department of local government finance.  
 35 If no bill was issued in the prior year, the provisional bill shall be based  
 36 on the amount that would have been due if a provisional tax statement  
 37 had been issued for the immediately preceding year. The department  
 38 of local government finance may prescribe standards to implement this

1 subsection, including a method of calculating the taxes due when an  
2 abstract or other information is not complete.

3 (d) This subsection applies only if a provisional statement for  
4 payment of property taxes and special assessments by electronic mail  
5 is transmitted to a person under IC 6-1.1-22-8.1(h). If a response to the  
6 transmission of electronic mail to a person indicates that the electronic  
7 mail was not received, the county treasurer shall mail to the person a  
8 hard copy of the provisional statement in the manner required by this  
9 chapter for persons who do not opt to receive statements by electronic  
10 mail. The due date for the property taxes and special assessments under  
11 a provisional statement mailed to a person under this subsection is the  
12 due date indicated in the statement transmitted to the person by  
13 electronic mail.

14 **(e) This subsection applies only to property taxes first due and**  
15 **payable in 2011. If a county is more than two (2) years behind in**  
16 **issuing property tax bills, the county treasurer of the county may**  
17 **petition the department in writing to extend the deadline for**  
18 **making the first installment payment on a provisional statement**  
19 **issued under this chapter. Upon receiving a petition under this**  
20 **subsection, the department may extend the payment deadline to a**  
21 **date that is not later than July 1, 2011.**

22 SECTION 6. IC 6-2.5-5-5.1 IS AMENDED TO READ AS  
23 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5.1. (a) As used in this  
24 section, "tangible personal property" includes electrical energy, natural  
25 or artificial gas, water, steam, and steam heat.

26 (b) Transactions involving tangible personal property are exempt  
27 from the state gross retail tax if the person acquiring the property  
28 acquires it for direct consumption as a material to be consumed in the  
29 direct production of other tangible personal property in the person's  
30 business of manufacturing, processing, refining, repairing, mining,  
31 agriculture, horticulture, floriculture, or arboriculture. This exemption  
32 includes transactions involving acquisitions of tangible personal  
33 property used in commercial printing.

34 **(c) A refund claim based on the exemption provided by this**  
35 **section for electrical energy, natural or artificial gas, water, steam,**  
36 **and steam heat may not cover transactions that occur more than**  
37 **eighteen (18) months before the date of the refund claim.**

38 SECTION 7. IC 6-3-1-3.5, AS AMENDED BY P.L.182-2009(ss),

1 SECTION 186, IS AMENDED TO READ AS FOLLOWS  
 2 [EFFECTIVE JANUARY 1, 2012]: Sec. 3.5. When used in this article,  
 3 the term "adjusted gross income" shall mean the following:

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

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

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

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

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

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

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

21 (C) the spouse of the taxpayer if a separate return is made by  
 22 the taxpayer and if the spouse, for the calendar year in which  
 23 the taxable year of the taxpayer begins, has no gross income  
 24 and is not the dependent of another taxpayer.

25 (5) Subtract:

26 (A) ~~for taxable years beginning after December 31, 2004~~, one  
 27 thousand five hundred dollars (\$1,500) for each of the  
 28 exemptions allowed under Section 151(c)(1)(B) of the Internal  
 29 Revenue Code (as effective January 1, 2004); and

30 (B) five hundred dollars (\$500) for each additional amount  
 31 allowable under Section 63(f)(1) of the Internal Revenue Code  
 32 if the adjusted gross income of the taxpayer, or the taxpayer  
 33 and the taxpayer's spouse in the case of a joint return, is less  
 34 than forty thousand dollars (\$40,000).

35 This amount is in addition to the amount subtracted under  
 36 subdivision (4).

37 (6) Subtract an amount equal to the lesser of:

38 (A) that part of the individual's adjusted gross income (as

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

- 1 assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or  
 2 IC 12-15-7, subtract an amount equal to that portion of the  
 3 individual's adjusted gross income with respect to which the  
 4 individual is not allowed under federal law to retain an amount to  
 5 pay state and local income taxes.
- 6 ~~(15)~~ **(13)** In the case of an eligible individual, subtract the amount  
 7 of a Holocaust victim's settlement payment included in the  
 8 individual's federal adjusted gross income.
- 9 ~~(16)~~ **(14)** For taxable years beginning after December 31, 1999; **(14)**  
 10 Subtract an amount equal to the portion of any premiums paid  
 11 during the taxable year by the taxpayer for a qualified long term  
 12 care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the  
 13 taxpayer's spouse, or both.
- 14 ~~(17)~~ **(15)** Subtract an amount equal to the lesser of:
- 15 (A) for a taxable year:
- 16 (i) including any part of 2004, the amount determined under  
 17 subsection (f); and
- 18 (ii) beginning after December 31, 2004, two thousand five  
 19 hundred dollars (\$2,500); or
- 20 (B) the amount of property taxes that are paid during the  
 21 taxable year in Indiana by the individual on the individual's  
 22 principal place of residence.
- 23 ~~(18)~~ **(16)** Subtract an amount equal to the amount of a September  
 24 11 terrorist attack settlement payment included in the individual's  
 25 federal adjusted gross income.
- 26 ~~(19)~~ **(17)** Add or subtract the amount necessary to make the  
 27 adjusted gross income of any taxpayer that owns property for  
 28 which bonus depreciation was allowed in the current taxable year  
 29 or in an earlier taxable year equal to the amount of adjusted gross  
 30 income that would have been computed had an election not been  
 31 made under Section 168(k) of the Internal Revenue Code to apply  
 32 bonus depreciation to the property in the year that it was placed  
 33 in service.
- 34 ~~(20)~~ **(18)** Add an amount equal to any deduction allowed under  
 35 Section 172 of the Internal Revenue Code.
- 36 ~~(21)~~ **(19)** Add or subtract the amount necessary to make the  
 37 adjusted gross income of any taxpayer that placed Section 179  
 38 property (as defined in Section 179 of the Internal Revenue Code)

1 in service in the current taxable year or in an earlier taxable year  
 2 equal to the amount of adjusted gross income that would have  
 3 been computed had an election for federal income tax purposes  
 4 not been made for the year in which the property was placed in  
 5 service to take deductions under Section 179 of the Internal  
 6 Revenue Code in a total amount exceeding twenty-five thousand  
 7 dollars (\$25,000).

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

12 ~~(23)~~ **(21)** Subtract an amount equal to the amount of the taxpayer's  
 13 qualified military income that was not excluded from the  
 14 taxpayer's gross income for federal income tax purposes under  
 15 Section 112 of the Internal Revenue Code.

16 ~~(24)~~ **(22)** Subtract income that is:

- 17 (A) exempt from taxation under IC 6-3-2-21.7; and
- 18 (B) included in the individual's federal adjusted gross income  
 19 under the Internal Revenue Code.

20 ~~(25)~~ **(23)** Subtract any amount of a credit (including an advance  
 21 refund of the credit) that is provided to an individual under 26  
 22 U.S.C. 6428 (federal Economic Stimulus Act of 2008) and  
 23 included in the individual's federal adjusted gross income.

24 ~~(26)~~ **(24)** Add any amount of unemployment compensation  
 25 excluded from federal gross income, as defined in Section 61 of  
 26 the Internal Revenue Code, under Section 85(c) of the Internal  
 27 Revenue Code.

28 ~~(27)~~ **(25)** Add the amount excluded from gross income under  
 29 Section 108(a)(1)(e) of the Internal Revenue Code for the  
 30 discharge of debt on a qualified principal residence.

31 ~~(28)~~ **(26)** Add an amount equal to any income not included in  
 32 gross income as a result of the deferral of income arising from  
 33 business indebtedness discharged in connection with the  
 34 reacquisition after December 31, 2008, and before January 1,  
 35 2011, of an applicable debt instrument, as provided in Section  
 36 108(i) of the Internal Revenue Code. Subtract the amount  
 37 necessary from the adjusted gross income of any taxpayer that  
 38 added an amount to adjusted gross income in a previous year to

1 offset the amount included in federal gross income as a result of  
2 the deferral of income arising from business indebtedness  
3 discharged in connection with the reacquisition after December  
4 31, 2008, and before January 1, 2011, of an applicable debt  
5 instrument, as provided in Section 108(i) of the Internal Revenue  
6 Code.

7 ~~(29)~~ **(27)** Add the amount necessary to make the adjusted gross  
8 income of any taxpayer that placed qualified restaurant property  
9 in service during the taxable year and that was classified as  
10 15-year property under Section 168(e)(3)(E)(v) of the Internal  
11 Revenue Code equal to the amount of adjusted gross income that  
12 would have been computed had the classification not applied to  
13 the property in the year that it was placed in service.

14 ~~(30)~~ **(28)** Add the amount necessary to make the adjusted gross  
15 income of any taxpayer that placed qualified retail improvement  
16 property in service during the taxable year and that was classified  
17 as 15-year property under Section 168(e)(3)(E)(ix) of the Internal  
18 Revenue Code equal to the amount of adjusted gross income that  
19 would have been computed had the classification not applied to  
20 the property in the year that it was placed in service.

21 ~~(31)~~ **(29)** Add or subtract the amount necessary to make the  
22 adjusted gross income of any taxpayer that claimed the special  
23 allowance for qualified disaster assistance property under Section  
24 168(n) of the Internal Revenue Code equal to the amount of  
25 adjusted gross income that would have been computed had the  
26 special allowance not been claimed for the property.

27 ~~(32)~~ **(30)** Add or subtract the amount necessary to make the  
28 adjusted gross income of any taxpayer that made an election  
29 under Section 179C of the Internal Revenue Code to expense  
30 costs for qualified refinery property equal to the amount of  
31 adjusted gross income that would have been computed had an  
32 election for federal income tax purposes not been made for the  
33 year.

34 ~~(33)~~ **(31)** Add or subtract the amount necessary to make the  
35 adjusted gross income of any taxpayer that made an election  
36 under Section 181 of the Internal Revenue Code to expense costs  
37 for a qualified film or television production equal to the amount  
38 of adjusted gross income that would have been computed had an

1 election for federal income tax purposes not been made for the  
2 year.

3 ~~(34)~~ **(32)** Add or subtract the amount necessary to make the  
4 adjusted gross income of any taxpayer that treated a loss from the  
5 sale or exchange of preferred stock in:

6 (A) the Federal National Mortgage Association, established  
7 under the Federal National Mortgage Association Charter Act  
8 (12 U.S.C. 1716 et seq.); or

9 (B) the Federal Home Loan Mortgage Corporation, established  
10 under the Federal Home Loan Mortgage Corporation Act (12  
11 U.S.C. 1451 et seq.);

12 as an ordinary loss under Section 301 of the Emergency  
13 Economic Stabilization Act of 2008 in the current taxable year or  
14 in an earlier taxable year equal to the amount of adjusted gross  
15 income that would have been computed had the loss not been  
16 treated as an ordinary loss.

17 **(33) Add the amount excluded from federal gross income**  
18 **under Section 103 of the Internal Revenue Code for interest**  
19 **received on an obligation of a state other than Indiana or a**  
20 **political subdivision of such a state that was initially**  
21 **purchased by the taxpayer after December 31, 2012.**

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

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

27 (2) Add an amount equal to any deduction or deductions allowed  
28 or allowable pursuant to Section 170 of the Internal Revenue  
29 Code.

30 (3) Add an amount equal to any deduction or deductions allowed  
31 or allowable pursuant to Section 63 of the Internal Revenue Code  
32 for taxes based on or measured by income and levied at the state  
33 level by any state of the United States.

34 (4) Subtract an amount equal to the amount included in the  
35 corporation's taxable income under Section 78 of the Internal  
36 Revenue Code.

37 (5) Add or subtract the amount necessary to make the adjusted  
38 gross income of any taxpayer that owns property for which bonus

1 depreciation was allowed in the current taxable year or in a  
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 (9) Add to the extent required by IC 6-3-2-20 the amount of  
24 intangible expenses (as defined in IC 6-3-2-20) and any directly  
25 related intangible interest expenses (as defined in IC 6-3-2-20) for  
26 the taxable year that reduced the corporation's taxable income (as  
27 defined in Section 63 of the Internal Revenue Code) for federal  
28 income tax purposes.

29 (10) Add an amount equal to any deduction for dividends paid (as  
30 defined in Section 561 of the Internal Revenue Code) to  
31 shareholders of a captive real estate investment trust (as defined  
32 in section 34.5 of this chapter).

33 (11) Subtract income that is:

34 (A) exempt from taxation under IC 6-3-2-21.7; and

35 (B) included in the corporation's taxable income under the  
36 Internal Revenue Code.

37 (12) Add an amount equal to any income not included in gross  
38 income as a result of the deferral of income arising from business

1           indebtedness discharged in connection with the reacquisition after  
2           December 31, 2008, and before January 1, 2011, of an applicable  
3           debt instrument, as provided in Section 108(i) of the Internal  
4           Revenue Code. Subtract from the adjusted gross income of any  
5           taxpayer that added an amount to adjusted gross income in a  
6           previous year the amount necessary to offset the amount included  
7           in federal gross income as a result of the deferral of income  
8           arising from business indebtedness discharged in connection with  
9           the reacquisition after December 31, 2008, and before January 1,  
10          2011, of an applicable debt instrument, as provided in Section  
11          108(i) of the Internal Revenue Code.

12          (13) Add the amount necessary to make the adjusted gross income  
13          of any taxpayer that placed qualified restaurant property in service  
14          during the taxable year and that was classified as 15-year property  
15          under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal  
16          to the amount of adjusted gross income that would have been  
17          computed had the classification not applied to the property in the  
18          year that it was placed in service.

19          (14) Add the amount necessary to make the adjusted gross income  
20          of any taxpayer that placed qualified retail improvement property  
21          in service during the taxable year and that was classified as  
22          15-year property under Section 168(e)(3)(E)(ix) of the Internal  
23          Revenue Code equal to the amount of adjusted gross income that  
24          would have been computed had the classification not applied to  
25          the property in the year that it was placed in service.

26          (15) Add or subtract the amount necessary to make the adjusted  
27          gross income of any taxpayer that claimed the special allowance  
28          for qualified disaster assistance property under Section 168(n) of  
29          the Internal Revenue Code equal to the amount of adjusted gross  
30          income that would have been computed had the special allowance  
31          not been claimed for the property.

32          (16) Add or subtract the amount necessary to make the adjusted  
33          gross income of any taxpayer that made an election under Section  
34          179C of the Internal Revenue Code to expense costs for qualified  
35          refinery property equal to the amount of adjusted gross income  
36          that would have been computed had an election for federal  
37          income tax purposes not been made for the year.

38          (17) Add or subtract the amount necessary to make the adjusted

1 gross income of any taxpayer that made an election under Section  
 2 181 of the Internal Revenue Code to expense costs for a qualified  
 3 film or television production equal to the amount of adjusted  
 4 gross income that would have been computed had an election for  
 5 federal income tax purposes not been made for the year.

6 (18) Add or subtract the amount necessary to make the adjusted  
 7 gross income of any taxpayer that treated a loss from the sale or  
 8 exchange of preferred stock in:

9 (A) the Federal National Mortgage Association, established  
 10 under the Federal National Mortgage Association Charter Act  
 11 (12 U.S.C. 1716 et seq.); or

12 (B) the Federal Home Loan Mortgage Corporation, established  
 13 under the Federal Home Loan Mortgage Corporation Act (12  
 14 U.S.C. 1451 et seq.);

15 as an ordinary loss under Section 301 of the Emergency  
 16 Economic Stabilization Act of 2008 in the current taxable year or  
 17 in an earlier taxable year equal to the amount of adjusted gross  
 18 income that would have been computed had the loss not been  
 19 treated as an ordinary loss.

20 **(19) Add the amount excluded from federal gross income**  
 21 **under Section 103 of the Internal Revenue Code for interest**  
 22 **received on an obligation of a state other than Indiana or a**  
 23 **political subdivision of such a state that was initially**  
 24 **purchased by the taxpayer after December 31, 2012.**

25 (c) In the case of life insurance companies (as defined in Section  
 26 816(a) of the Internal Revenue Code) that are organized under Indiana  
 27 law, the same as "life insurance company taxable income" (as defined  
 28 in Section 801 of the Internal Revenue Code), adjusted as follows:

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

31 (2) Add an amount equal to any deduction allowed or allowable  
 32 under Section 170 of the Internal Revenue Code.

33 (3) Add an amount equal to a deduction allowed or allowable  
 34 under Section 805 or Section 831(c) of the Internal Revenue Code  
 35 for taxes based on or measured by income and levied at the state  
 36 level by any state.

37 (4) Subtract an amount equal to the amount included in the  
 38 company's taxable income under Section 78 of the Internal

- 1 Revenue Code.
- 2 (5) Add or subtract the amount necessary to make the adjusted  
3 gross income of any taxpayer that owns property for which bonus  
4 depreciation was allowed in the current taxable year or in an  
5 earlier taxable year equal to the amount of adjusted gross income  
6 that would have been computed had an election not been made  
7 under Section 168(k) of the Internal Revenue Code to apply bonus  
8 depreciation to the property in the year that it was placed in  
9 service.
- 10 (6) Add an amount equal to any deduction allowed under Section  
11 172 or Section 810 of the Internal Revenue Code.
- 12 (7) Add or subtract the amount necessary to make the adjusted  
13 gross income of any taxpayer that placed Section 179 property (as  
14 defined in Section 179 of the Internal Revenue Code) in service  
15 in the current taxable year or in an earlier taxable year equal to  
16 the amount of adjusted gross income that would have been  
17 computed had an election for federal income tax purposes not  
18 been made for the year in which the property was placed in  
19 service to take deductions under Section 179 of the Internal  
20 Revenue Code in a total amount exceeding twenty-five thousand  
21 dollars (\$25,000).
- 22 (8) Add an amount equal to the amount that a taxpayer claimed as  
23 a deduction for domestic production activities for the taxable year  
24 under Section 199 of the Internal Revenue Code for federal  
25 income tax purposes.
- 26 (9) Subtract income that is:
- 27 (A) exempt from taxation under IC 6-3-2-21.7; and  
28 (B) included in the insurance company's taxable income under  
29 the Internal Revenue Code.
- 30 (10) Add an amount equal to any income not included in gross  
31 income as a result of the deferral of income arising from business  
32 indebtedness discharged in connection with the reacquisition after  
33 December 31, 2008, and before January 1, 2011, of an applicable  
34 debt instrument, as provided in Section 108(i) of the Internal  
35 Revenue Code. Subtract from the adjusted gross income of any  
36 taxpayer that added an amount to adjusted gross income in a  
37 previous year the amount necessary to offset the amount included  
38 in federal gross income as a result of the deferral of income

1 arising from business indebtedness discharged in connection with  
2 the reacquisition after December 31, 2008, and before January 1,  
3 2011, of an applicable debt instrument, as provided in Section  
4 108(i) of the Internal Revenue Code.

5 (11) Add the amount necessary to make the adjusted gross income  
6 of any taxpayer that placed qualified restaurant property in service  
7 during the taxable year and that was classified as 15-year property  
8 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal  
9 to the amount of adjusted gross income that would have been  
10 computed had the classification not applied to the property in the  
11 year that it was placed in service.

12 (12) Add the amount necessary to make the adjusted gross income  
13 of any taxpayer that placed qualified retail improvement property  
14 in service during the taxable year and that was classified as  
15 15-year property under Section 168(e)(3)(E)(ix) of the Internal  
16 Revenue Code equal to the amount of adjusted gross income that  
17 would have been computed had the classification not applied to  
18 the property in the year that it was placed in service.

19 (13) Add or subtract the amount necessary to make the adjusted  
20 gross income of any taxpayer that claimed the special allowance  
21 for qualified disaster assistance property under Section 168(n) of  
22 the Internal Revenue Code equal to the amount of adjusted gross  
23 income that would have been computed had the special allowance  
24 not been claimed for the property.

25 (14) Add or subtract the amount necessary to make the adjusted  
26 gross income of any taxpayer that made an election under Section  
27 179C of the Internal Revenue Code to expense costs for qualified  
28 refinery property equal to the amount of adjusted gross income  
29 that would have been computed had an election for federal  
30 income tax purposes not been made for the year.

31 (15) Add or subtract the amount necessary to make the adjusted  
32 gross income of any taxpayer that made an election under Section  
33 181 of the Internal Revenue Code to expense costs for a qualified  
34 film or television production equal to the amount of adjusted  
35 gross income that would have been computed had an election for  
36 federal income tax purposes not been made for the year.

37 (16) Add or subtract the amount necessary to make the adjusted  
38 gross income of any taxpayer that treated a loss from the sale or

- 1 exchange of preferred stock in:
- 2 (A) the Federal National Mortgage Association, established
- 3 under the Federal National Mortgage Association Charter Act
- 4 (12 U.S.C. 1716 et seq.); or
- 5 (B) the Federal Home Loan Mortgage Corporation, established
- 6 under the Federal Home Loan Mortgage Corporation Act (12
- 7 U.S.C. 1451 et seq.);
- 8 as an ordinary loss under Section 301 of the Emergency
- 9 Economic Stabilization Act of 2008 in the current taxable year or
- 10 in an earlier taxable year equal to the amount of adjusted gross
- 11 income that would have been computed had the loss not been
- 12 treated as an ordinary loss.
- 13 (17) Add an amount equal to any exempt insurance income under
- 14 Section 953(e) of the Internal Revenue Code that is active
- 15 financing income under Subpart F of Subtitle A, Chapter 1,
- 16 Subchapter N of the Internal Revenue Code.
- 17 **(18) Add the amount excluded from federal gross income**
- 18 **under Section 103 of the Internal Revenue Code for interest**
- 19 **received on an obligation of a state other than Indiana or a**
- 20 **political subdivision of such a state that was initially**
- 21 **purchased by the taxpayer after December 31, 2012.**
- 22 (d) In the case of insurance companies subject to tax under Section
- 23 831 of the Internal Revenue Code and organized under Indiana law, the
- 24 same as "taxable income" (as defined in Section 832 of the Internal
- 25 Revenue Code), 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) Add an amount equal to any deduction allowed or allowable
- 29 under Section 170 of the Internal Revenue Code.
- 30 (3) Add an amount equal to a deduction allowed or allowable
- 31 under Section 805 or Section 831(c) of the Internal Revenue Code
- 32 for taxes based on or measured by income and levied at the state
- 33 level by any state.
- 34 (4) Subtract an amount equal to the amount included in the
- 35 company's taxable income under Section 78 of the Internal
- 36 Revenue Code.
- 37 (5) Add or subtract the amount necessary to make the adjusted
- 38 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 (9) Subtract income that is:

24 (A) exempt from taxation under IC 6-3-2-21.7; and

25 (B) included in the insurance company's taxable income under  
26 the Internal Revenue Code.

27 (10) Add an amount equal to any income not included in gross  
28 income as a result of the deferral of income arising from business  
29 indebtedness discharged in connection with the reacquisition after  
30 December 31, 2008, and before January 1, 2011, of an applicable  
31 debt instrument, as provided in Section 108(i) of the Internal  
32 Revenue Code. Subtract from the adjusted gross income of any  
33 taxpayer that added an amount to adjusted gross income in a  
34 previous year the amount necessary to offset the amount included  
35 in federal gross income as a result of the deferral of income  
36 arising from business indebtedness discharged in connection with  
37 the reacquisition after December 31, 2008, and before January 1,  
38 2011, of an applicable debt instrument, as provided in Section

- 1 108(i) of the Internal Revenue Code.
- 2 (11) Add the amount necessary to make the adjusted gross income
- 3 of any taxpayer that placed qualified restaurant property in service
- 4 during the taxable year and that was classified as 15-year property
- 5 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal
- 6 to the amount of adjusted gross income that would have been
- 7 computed had the classification not applied to the property in the
- 8 year that it was placed in service.
- 9 (12) Add the amount necessary to make the adjusted gross income
- 10 of any taxpayer that placed qualified retail improvement property
- 11 in service during the taxable year and that was classified as
- 12 15-year property under Section 168(e)(3)(E)(ix) of the Internal
- 13 Revenue Code equal to the amount of adjusted gross income that
- 14 would have been computed had the classification not applied to
- 15 the property in the year that it was placed in service.
- 16 (13) Add or subtract the amount necessary to make the adjusted
- 17 gross income of any taxpayer that claimed the special allowance
- 18 for qualified disaster assistance property under Section 168(n) of
- 19 the Internal Revenue Code equal to the amount of adjusted gross
- 20 income that would have been computed had the special allowance
- 21 not been claimed for the property.
- 22 (14) Add or subtract the amount necessary to make the adjusted
- 23 gross income of any taxpayer that made an election under Section
- 24 179C of the Internal Revenue Code to expense costs for qualified
- 25 refinery property equal to the amount of adjusted gross income
- 26 that would have been computed had an election for federal
- 27 income tax purposes not been made for the year.
- 28 (15) Add or subtract the amount necessary to make the adjusted
- 29 gross income of any taxpayer that made an election under Section
- 30 181 of the Internal Revenue Code to expense costs for a qualified
- 31 film or television production equal to the amount of adjusted
- 32 gross income that would have been computed had an election for
- 33 federal income tax purposes not been made for the year.
- 34 (16) Add or subtract the amount necessary to make the adjusted
- 35 gross income of any taxpayer that treated a loss from the sale or
- 36 exchange of preferred stock in:
- 37 (A) the Federal National Mortgage Association, established
- 38 under the Federal National Mortgage Association Charter Act

- 1 (12 U.S.C. 1716 et seq.); or  
 2 (B) the Federal Home Loan Mortgage Corporation, established  
 3 under the Federal Home Loan Mortgage Corporation Act (12  
 4 U.S.C. 1451 et seq.);  
 5 as an ordinary loss under Section 301 of the Emergency  
 6 Economic Stabilization Act of 2008 in the current taxable year or  
 7 in an earlier taxable year equal to the amount of adjusted gross  
 8 income that would have been computed had the loss not been  
 9 treated as an ordinary loss.
- 10 (17) Add an amount equal to any exempt insurance income under  
 11 Section 953(e) of the Internal Revenue Code that is active  
 12 financing income under Subpart F of Subtitle A, Chapter 1,  
 13 Subchapter N of the Internal Revenue Code.
- 14 **(18) Add the amount excluded from federal gross income**  
 15 **under Section 103 of the Internal Revenue Code for interest**  
 16 **received on an obligation of a state other than Indiana or a**  
 17 **political subdivision of such a state that was initially**  
 18 **purchased by the taxpayer after December 31, 2012.**
- 19 (e) In the case of trusts and estates, "taxable income" (as defined for  
 20 trusts and estates in Section 641(b) of the Internal Revenue Code)  
 21 adjusted as follows:
- 22 (1) Subtract income that is exempt from taxation under this article  
 23 by the Constitution and statutes of the United States.
- 24 (2) Subtract an amount equal to the amount of a September 11  
 25 terrorist attack settlement payment included in the federal  
 26 adjusted gross income of the estate of a victim of the September  
 27 11 terrorist attack or a trust to the extent the trust benefits a victim  
 28 of the September 11 terrorist attack.
- 29 (3) Add or subtract the amount necessary to make the adjusted  
 30 gross income of any taxpayer that owns property for which bonus  
 31 depreciation was allowed in the current taxable year or in an  
 32 earlier taxable year equal to the amount of adjusted gross income  
 33 that would have been computed had an election not been made  
 34 under Section 168(k) of the Internal Revenue Code to apply bonus  
 35 depreciation to the property in the year that it was placed in  
 36 service.
- 37 (4) Add an amount equal to any deduction allowed under Section  
 38 172 of the Internal Revenue Code.

- 1 (5) Add or subtract the amount necessary to make the adjusted  
2 gross income of any taxpayer that placed Section 179 property (as  
3 defined in Section 179 of the Internal Revenue Code) in service  
4 in the current taxable year or in an earlier taxable year equal to  
5 the amount of adjusted gross income that would have been  
6 computed had an election for federal income tax purposes not  
7 been made for the year in which the property was placed in  
8 service to take deductions under Section 179 of the Internal  
9 Revenue Code in a total amount exceeding twenty-five thousand  
10 dollars (\$25,000).
- 11 (6) Add an amount equal to the amount that a taxpayer claimed as  
12 a deduction for domestic production activities for the taxable year  
13 under Section 199 of the Internal Revenue Code for federal  
14 income tax purposes.
- 15 (7) Subtract income that is:
- 16 (A) exempt from taxation under IC 6-3-2-21.7; and  
17 (B) included in the taxpayer's taxable income under the  
18 Internal Revenue Code.
- 19 (8) Add an amount equal to any income not included in gross  
20 income as a result of the deferral of income arising from business  
21 indebtedness discharged in connection with the reacquisition after  
22 December 31, 2008, and before January 1, 2011, of an applicable  
23 debt instrument, as provided in Section 108(i) of the Internal  
24 Revenue Code. Subtract from the adjusted gross income of any  
25 taxpayer that added an amount to adjusted gross income in a  
26 previous year the amount necessary to offset the amount included  
27 in federal gross income as a result of the deferral of income  
28 arising from business indebtedness discharged in connection with  
29 the reacquisition after December 31, 2008, and before January 1,  
30 2011, of an applicable debt instrument, as provided in Section  
31 108(i) of the Internal Revenue Code.
- 32 (9) Add the amount necessary to make the adjusted gross income  
33 of any taxpayer that placed qualified restaurant property in service  
34 during the taxable year and that was classified as 15-year property  
35 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal  
36 to the amount of adjusted gross income that would have been  
37 computed had the classification not applied to the property in the  
38 year that it was placed in service.

- 1 (10) Add the amount necessary to make the adjusted gross income  
2 of any taxpayer that placed qualified retail improvement property  
3 in service during the taxable year and that was classified as  
4 15-year property under Section 168(e)(3)(E)(ix) of the Internal  
5 Revenue Code equal to the amount of adjusted gross income that  
6 would have been computed had the classification not applied to  
7 the property in the year that it was placed in service.
- 8 (11) Add or subtract the amount necessary to make the adjusted  
9 gross income of any taxpayer that claimed the special allowance  
10 for qualified disaster assistance property under Section 168(n) of  
11 the Internal Revenue Code equal to the amount of adjusted gross  
12 income that would have been computed had the special allowance  
13 not been claimed for the property.
- 14 (12) Add or subtract the amount necessary to make the adjusted  
15 gross income of any taxpayer that made an election under Section  
16 179C of the Internal Revenue Code to expense costs for qualified  
17 refinery property equal to the amount of adjusted gross income  
18 that would have been computed had an election for federal  
19 income tax purposes not been made for the year.
- 20 (13) Add or subtract the amount necessary to make the adjusted  
21 gross income of any taxpayer that made an election under Section  
22 181 of the Internal Revenue Code to expense costs for a qualified  
23 film or television production equal to the amount of adjusted  
24 gross income that would have been computed had an election for  
25 federal income tax purposes not been made for the year.
- 26 (14) Add or subtract the amount necessary to make the adjusted  
27 gross income of any taxpayer that treated a loss from the sale or  
28 exchange of preferred stock in:
- 29 (A) the Federal National Mortgage Association, established  
30 under the Federal National Mortgage Association Charter Act  
31 (12 U.S.C. 1716 et seq.); or
- 32 (B) the Federal Home Loan Mortgage Corporation, established  
33 under the Federal Home Loan Mortgage Corporation Act (12  
34 U.S.C. 1451 et seq.);
- 35 as an ordinary loss under Section 301 of the Emergency  
36 Economic Stabilization Act of 2008 in the current taxable year or  
37 in an earlier taxable year equal to the amount of adjusted gross  
38 income that would have been computed had the loss not been

1 treated as an ordinary loss.

2 (15) Add the amount excluded from gross income under Section  
3 108(a)(1)(e) of the Internal Revenue Code for the discharge of  
4 debt on a qualified principal residence.

5 **(16) Add the amount excluded from federal gross income**  
6 **under Section 103 of the Internal Revenue Code for interest**  
7 **received on an obligation of a state other than Indiana or a**  
8 **political subdivision of such a state that was initially**  
9 **purchased by the taxpayer after December 31, 2012.**

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

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

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

22 STEP THREE: Determine the result of the STEP ONE amount  
23 divided by the STEP TWO amount.

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

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

28 SECTION 8. IC 6-3-2-1 IS AMENDED TO READ AS FOLLOWS  
29 [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) Each taxable year, a tax at the  
30 rate of three and four-tenths percent (3.4%) of adjusted gross income  
31 is imposed upon the adjusted gross income of every resident person,  
32 and on that part of the adjusted gross income derived from sources  
33 within Indiana of every nonresident person.

34 (b) Except as provided in section 1.5 of this chapter, each taxable  
35 year, a tax at the **following** rate **of eight and five-tenths percent (8.5%)**  
36 of adjusted gross income is imposed on that part of the adjusted gross  
37 income derived from sources within Indiana of every corporation:

38 **(1) For taxable years beginning before January 1, 2013, eight**

- 1           **and five-tenths percent (8.5%).**  
 2           **(2) For taxable years beginning after December 31, 2012, and**  
 3           **before January 1, 2014, eight percent (8.0%).**  
 4           **(3) For taxable years beginning after December 31, 2013, and**  
 5           **before January 1, 2015, seven and five-tenths percent (7.5%).**  
 6           **(4) For taxable years beginning after December 31, 2014, and**  
 7           **before January 1, 2016, seven percent (7.0%).**  
 8           **(5) For taxable years beginning after December 31, 2015, six**  
 9           **and five-tenths percent (6.5%).**

10           SECTION 9. IC 6-3-2-2, AS AMENDED BY P.L.182-2009(ss),  
 11           SECTION 191, IS AMENDED TO READ AS FOLLOWS  
 12           [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 2. (a) With  
 13           regard to corporations and nonresident persons, "adjusted gross income  
 14           derived from sources within Indiana", for the purposes of this article,  
 15           shall mean and include:

- 16           (1) income from real or tangible personal property located in this  
 17           state;  
 18           (2) income from doing business in this state;  
 19           (3) income from a trade or profession conducted in this state;  
 20           (4) compensation for labor or services rendered within this state;  
 21           and  
 22           (5) income from stocks, bonds, notes, bank deposits, patents,  
 23           copyrights, secret processes and formulas, good will, trademarks,  
 24           trade brands, franchises, and other intangible personal property if  
 25           the receipt from the intangible is attributable to Indiana under  
 26           ~~section 2.2 of this chapter.~~ **to the extent that the income is**  
 27           **apportioned to Indiana under this section or if the income is**  
 28           **allocated to Indiana or considered to be derived from sources**  
 29           **within Indiana under this section.**

30           Income from a pass through entity shall be characterized in a manner  
 31           consistent with the income's characterization for federal income tax  
 32           purposes and shall be considered Indiana source income as if the  
 33           person, corporation, or pass through entity that received the income had  
 34           directly engaged in the income producing activity. Income that is  
 35           derived from one (1) pass through entity and is considered to pass  
 36           through to another pass through entity does not change these  
 37           characteristics or attribution provisions. In the case of nonbusiness  
 38           income described in subsection (g), only so much of such income as is

1 allocated to this state under the provisions of subsections (h) through  
 2 (k) shall be deemed to be derived from sources within Indiana. In the  
 3 case of business income, only so much of such income as is  
 4 apportioned to this state under the provision of subsection (b) shall be  
 5 deemed to be derived from sources within the state of Indiana. In the  
 6 case of compensation of a team member (as defined in section 2.7 of  
 7 this chapter), only the portion of income determined to be Indiana  
 8 income under section 2.7 of this chapter is considered derived from  
 9 sources within Indiana. In the case of a corporation that is a life  
 10 insurance company (as defined in Section 816(a) of the Internal  
 11 Revenue Code) or an insurance company that is subject to tax under  
 12 Section 831 of the Internal Revenue Code, only so much of the income  
 13 as is apportioned to Indiana under subsection (r) is considered derived  
 14 from sources within Indiana.

15 (b) Except as provided in subsection (l), if business income of a  
 16 corporation or a nonresident person is derived from sources within the  
 17 state of Indiana and from sources without the state of Indiana, the  
 18 business income derived from sources within this state shall be  
 19 determined by multiplying the business income derived from sources  
 20 both within and without the state of Indiana by the following:

21 (1) For all taxable years that begin after December 31, 2006, and  
 22 before January 1, 2008, a fraction. The:

23 (A) numerator of the fraction is the sum of the property factor  
 24 plus the payroll factor plus the product of the sales factor  
 25 multiplied by three (3); and

26 (B) denominator of the fraction is five (5).

27 (2) For all taxable years that begin after December 31, 2007, and  
 28 before January 1, 2009, a fraction. The:

29 (A) numerator of the fraction is the property factor plus the  
 30 payroll factor plus the product of the sales factor multiplied by  
 31 four and sixty-seven hundredths (4.67); and

32 (B) denominator of the fraction is six and sixty-seven  
 33 hundredths (6.67).

34 (3) For all taxable years beginning after December 31, 2008, and  
 35 before January 1, 2010, a fraction. The:

36 (A) numerator of the fraction is the property factor plus the  
 37 payroll factor plus the product of the sales factor multiplied by  
 38 eight (8); and

- 1 (B) denominator of the fraction is ten (10).
- 2 (4) For all taxable years beginning after December 31, 2009, and  
3 before January 1, 2011, a fraction. The:
- 4 (A) numerator of the fraction is the property factor plus the  
5 payroll factor plus the product of the sales factor multiplied by  
6 eighteen (18); and
- 7 (B) denominator of the fraction is twenty (20).
- 8 (5) For all taxable years beginning after December 31, 2010, the  
9 sales factor.
- 10 (c) The property factor is a fraction, the numerator of which is the  
11 average value of the taxpayer's real and tangible personal property  
12 owned or rented and used in this state during the taxable year and the  
13 denominator of which is the average value of all the taxpayer's real and  
14 tangible personal property owned or rented and used during the taxable  
15 year. However, with respect to a foreign corporation, the denominator  
16 does not include the average value of real or tangible personal property  
17 owned or rented and used in a place that is outside the United States.  
18 Property owned by the taxpayer is valued at its original cost. Property  
19 rented by the taxpayer is valued at eight (8) times the net annual rental  
20 rate. Net annual rental rate is the annual rental rate paid by the taxpayer  
21 less any annual rental rate received by the taxpayer from subrentals.  
22 The average of property shall be determined by averaging the values at  
23 the beginning and ending of the taxable year, but the department may  
24 require the averaging of monthly values during the taxable year if  
25 reasonably required to reflect properly the average value of the  
26 taxpayer's property.
- 27 (d) The payroll factor is a fraction, the numerator of which is the  
28 total amount paid in this state during the taxable year by the taxpayer  
29 for compensation, and the denominator of which is the total  
30 compensation paid everywhere during the taxable year. However, with  
31 respect to a foreign corporation, the denominator does not include  
32 compensation paid in a place that is outside the United States.  
33 Compensation is paid in this state if:
- 34 (1) the individual's service is performed entirely within the state;  
35 (2) the individual's service is performed both within and without  
36 this state, but the service performed without this state is incidental  
37 to the individual's service within this state; or  
38 (3) some of the service is performed in this state and:

1 (A) the base of operations or, if there is no base of operations,  
2 the place from which the service is directed or controlled is in  
3 this state; or

4 (B) the base of operations or the place from which the service  
5 is directed or controlled is not in any state in which some part  
6 of the service is performed, but the individual is a resident of  
7 this state.

8 (e) The sales factor is a fraction, the numerator of which is the total  
9 sales of the taxpayer in this state during the taxable year, and the  
10 denominator of which is the total sales of the taxpayer everywhere  
11 during the taxable year. Sales include receipts from intangible property  
12 and receipts from the sale or exchange of intangible property. However,  
13 with respect to a foreign corporation, the denominator does not include  
14 sales made in a place that is outside the United States. Receipts from  
15 intangible personal property are derived from sources within Indiana  
16 if the receipts from the intangible personal property are attributable to  
17 Indiana under section 2.2 of this chapter. Regardless of the f.o.b. point  
18 or other conditions of the sale, sales of tangible personal property are  
19 in this state if:

20 (1) the property is delivered or shipped to a purchaser that is  
21 within Indiana, other than the United States government; or

22 (2) the property is shipped from an office, a store, a warehouse, a  
23 factory, or other place of storage in this state and:

24 (A) the purchaser is the United States government; or

25 (B) the taxpayer is not taxable in the state of the purchaser.

26 Gross receipts derived from commercial printing as described in  
27 IC 6-2.5-1-10 shall be treated as sales of tangible personal property for  
28 purposes of this chapter.

29 (f) Sales, other than receipts from intangible property covered by  
30 subsection (e) and sales of tangible personal property, are in this state  
31 if:

32 (1) the income-producing activity is performed in this state; or

33 (2) the income-producing activity is performed both within and  
34 without this state and a greater proportion of the  
35 income-producing activity is performed in this state than in any  
36 other state, based on costs of performance.

37 (g) Rents and royalties from real or tangible personal property,  
38 capital gains, interest, dividends, or patent or copyright royalties, to the

1 extent that they constitute nonbusiness income, shall be allocated as  
2 provided in subsections (h) through (k).

3 (h)(1) Net rents and royalties from real property located in this state  
4 are allocable to this state.

5 (2) Net rents and royalties from tangible personal property are  
6 allocated to this state:

7 (i) if and to the extent that the property is utilized in this state; or

8 (ii) in their entirety if the taxpayer's commercial domicile is in this  
9 state and the taxpayer is not organized under the laws of or  
10 taxable in the state in which the property is utilized.

11 (3) The extent of utilization of tangible personal property in a state  
12 is determined by multiplying the rents and royalties by a fraction, the  
13 numerator of which is the number of days of physical location of the  
14 property in the state during the rental or royalty period in the taxable  
15 year, and the denominator of which is the number of days of physical  
16 location of the property everywhere during all rental or royalty periods  
17 in the taxable year. If the physical location of the property during the  
18 rental or royalty period is unknown or unascertainable by the taxpayer,  
19 tangible personal property is utilized in the state in which the property  
20 was located at the time the rental or royalty payer obtained possession.

21 (i)(1) Capital gains and losses from sales of real property located in  
22 this state are allocable to this state.

23 (2) Capital gains and losses from sales of tangible personal property  
24 are allocable to this state if:

25 (i) the property had a situs in this state at the time of the sale; or

26 (ii) the taxpayer's commercial domicile is in this state and the  
27 taxpayer is not taxable in the state in which the property had a  
28 situs.

29 (3) Capital gains and losses from sales of intangible personal  
30 property are allocable to this state if the taxpayer's commercial  
31 domicile is in this state.

32 (j) Interest and dividends are allocable to this state if the taxpayer's  
33 commercial domicile is in this state.

34 (k)(1) Patent and copyright royalties are allocable to this state:

35 (i) if and to the extent that the patent or copyright is utilized by  
36 the taxpayer in this state; or

37 (ii) if and to the extent that the patent or copyright is utilized by  
38 the taxpayer in a state in which the taxpayer is not taxable and the

1 taxpayer's commercial domicile is in this state.

2 (2) A patent is utilized in a state to the extent that it is employed  
3 in production, fabrication, manufacturing, or other processing in  
4 the state or to the extent that a patented product is produced in the  
5 state. If the basis of receipts from patent royalties does not permit  
6 allocation to states or if the accounting procedures do not reflect  
7 states of utilization, the patent is utilized in the state in which the  
8 taxpayer's commercial domicile is located.

9 (3) A copyright is utilized in a state to the extent that printing or  
10 other publication originates in the state. If the basis of receipts  
11 from copyright royalties does not permit allocation to states or if  
12 the accounting procedures do not reflect states of utilization, the  
13 copyright is utilized in the state in which the taxpayer's  
14 commercial domicile is located.

15 (l) If the allocation and apportionment provisions of this article do  
16 not fairly represent the taxpayer's income derived from sources within  
17 the state of Indiana, the taxpayer may petition for or the department  
18 may require, in respect to all or any part of the taxpayer's business  
19 activity, if reasonable:

20 (1) separate accounting;

21 (2) for a taxable year beginning before January 1, 2011, the  
22 exclusion of any one (1) or more of the factors, except the sales  
23 factor;

24 (3) the inclusion of one (1) or more additional factors which will  
25 fairly represent the taxpayer's income derived from sources within  
26 the state of Indiana; or

27 (4) the employment of any other method to effectuate an equitable  
28 allocation and apportionment of the taxpayer's income.

29 (m) In the case of two (2) or more organizations, trades, or  
30 businesses owned or controlled directly or indirectly by the same  
31 interests, the department shall distribute, apportion, or allocate the  
32 income derived from sources within the state of Indiana between and  
33 among those organizations, trades, or businesses in order to fairly  
34 reflect and report the income derived from sources within the state of  
35 Indiana by various taxpayers.

36 (n) For purposes of allocation and apportionment of income under  
37 this article, a taxpayer is taxable in another state if:

38 (1) in that state the taxpayer is subject to a net income tax, a

1 franchise tax measured by net income, a franchise tax for the  
2 privilege of doing business, or a corporate stock tax; or  
3 (2) that state has jurisdiction to subject the taxpayer to a net  
4 income tax regardless of whether, in fact, the state does or does  
5 not.

6 (o) Notwithstanding subsections (l) and (m), the department may  
7 not, under any circumstances, require that income, deductions, and  
8 credits attributable to a taxpayer and another entity be reported in a  
9 combined income tax return for any taxable year, if the other entity is:

- 10 (1) a foreign corporation; or  
11 (2) a corporation that is classified as a foreign operating  
12 corporation for the taxable year by section 2.4 of this chapter.

13 (p) Notwithstanding subsections (l) and (m), the department may not  
14 require that income, deductions, and credits attributable to a taxpayer  
15 and another entity not described in subsection (o)(1) or (o)(2) be  
16 reported in a combined income tax return for any taxable year, unless  
17 the department is unable to fairly reflect the taxpayer's adjusted gross  
18 income for the taxable year through use of other powers granted to the  
19 department by subsections (l) and (m).

20 (q) Notwithstanding subsections (o) and (p), one (1) or more  
21 taxpayers may petition the department under subsection (l) for  
22 permission to file a combined income tax return for a taxable year. The  
23 petition to file a combined income tax return must be completed and  
24 filed with the department not more than thirty (30) days after the end  
25 of the taxpayer's taxable year. A taxpayer filing a combined income tax  
26 return must petition the department within thirty (30) days after the end  
27 of the taxpayer's taxable year to discontinue filing a combined income  
28 tax return.

29 (r) This subsection applies to a corporation that is a life insurance  
30 company (as defined in Section 816(a) of the Internal Revenue Code)  
31 or an insurance company that is subject to tax under Section 831 of the  
32 Internal Revenue Code. The corporation's adjusted gross income that  
33 is derived from sources within Indiana is determined by multiplying the  
34 corporation's adjusted gross income by a fraction:

- 35 (1) the numerator of which is the direct premiums and annuity  
36 considerations received during the taxable year for insurance  
37 upon property or risks in the state; and  
38 (2) the denominator of which is the direct premiums and annuity

1           considerations received during the taxable year for insurance  
2           upon property or risks everywhere.

3           The term "direct premiums and annuity considerations" means the  
4           gross premiums received from direct business as reported in the  
5           corporation's annual statement filed with the department of insurance.

6           SECTION 10. IC 6-3-2-2.5, AS AMENDED BY P.L.113-2010,  
7           SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
8           JANUARY 1, 2013]: Sec. 2.5. (a) This section applies to a resident  
9           person.

10          (b) Resident persons are entitled to a net operating loss deduction.  
11          The amount of the deduction taken in a taxable year may not exceed  
12          the taxpayer's unused Indiana net operating losses ~~carried back or~~  
13          carried over to that year. **A taxpayer is not entitled to carryback any**  
14          **net operating losses after December 31, 2012.**

15          (c) An Indiana net operating loss equals the taxpayer's federal net  
16          operating loss for a taxable year as calculated under Section 172 of the  
17          Internal Revenue Code, adjusted for the modifications required by  
18          IC 6-3-1-3.5.

19          (d) The following provisions apply for purposes of subsection (c):

20                 (1) The modifications that are to be applied are those  
21                 modifications required under IC 6-3-1-3.5 for the same taxable  
22                 year in which each net operating loss was incurred.

23                 (2) An Indiana net operating loss includes a net operating loss that  
24                 arises when the modifications required by IC 6-3-1-3.5 exceed the  
25                 taxpayer's federal adjusted gross income (as defined in Section 62  
26                 of the Internal Revenue Code) for the taxable year in which the  
27                 Indiana net operating loss is determined.

28          (e) Subject to the limitations contained in subsection (g), an Indiana  
29          net operating loss ~~carryback or~~ carryover shall be available as a  
30          deduction from the taxpayer's adjusted gross income (as defined in  
31          IC 6-3-1-3.5) in the ~~carryback or~~ carryover year provided in subsection  
32          (f).

33          (f) ~~Carrybacks and~~ Carryovers shall be determined under this  
34          subsection as follows:

35                 ~~(1) An Indiana net operating loss shall be an Indiana net operating~~  
36                 ~~loss carryback to each of the carryback years preceding the~~  
37                 ~~taxable year of the loss.~~

38                 ~~(2)~~ (1) An Indiana net operating loss shall be an Indiana net

1 operating loss carryover to each of the carryover years following  
2 the taxable year of the loss.

3 ~~(3)~~ Carryback years shall be determined by reference to the  
4 number of years allowed for carrying back a net operating loss  
5 under Section 172(b) of the Internal Revenue Code. However,  
6 with respect to the carryback period for a net operating loss:

7 (A) for which a taxpayer made an election to use five (5) years  
8 instead of two (2) years under Section 172(b)(1)(H) of the  
9 Internal Revenue Code; two (2) years shall be used instead of  
10 five (5) years; or

11 ~~(B)~~ that is a qualified disaster loss for which the taxpayer  
12 elected to have the net operating loss carryback period with  
13 respect to the loss year determined without regard to Section  
14 172(b)(1)(J) of the Internal Revenue Code; five (5) years shall  
15 be used:

16 ~~(4)~~ (2) Carryover years shall be determined by reference to the  
17 number of years allowed for carrying over net operating losses  
18 under Section 172(b) of the Internal Revenue Code.

19 (5) A taxpayer who makes an election under Section 172(b)(3) of  
20 the Internal Revenue Code to relinquish the carryback period with  
21 respect to a net operating loss for any taxable year shall be  
22 considered to have also relinquished the carryback of the Indiana  
23 net operating loss for purposes of this section:

24 (g) The entire amount of the Indiana net operating loss for any  
25 taxable year shall be carried to the earliest of the taxable years to which  
26 (as determined under subsection (f)) the loss may be carried. The  
27 amount of the Indiana net operating loss remaining after the deduction  
28 is taken under this section in a taxable year may be ~~carried back or~~  
29 carried over as provided in subsection (f). The amount of the Indiana  
30 net operating loss ~~carried back or~~ carried over from year to year shall  
31 be reduced to the extent that the Indiana net operating loss ~~carryback~~  
32 ~~or~~ carryover is used by the taxpayer to obtain a deduction in a taxable  
33 year until the occurrence of the earlier of the following:

34 (1) The entire amount of the Indiana net operating loss has been  
35 used as a deduction.

36 (2) The Indiana net operating loss has been carried over to each  
37 of the carryover years provided by subsection (f).

38 SECTION 11. IC 6-3-2-2.6, AS AMENDED BY P.L.113-2010,

1 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
2 JANUARY 1, 2013]: Sec. 2.6. (a) This section applies to a corporation  
3 or a nonresident person.

4 (b) Corporations and nonresident persons are entitled to a net  
5 operating loss deduction. The amount of the deduction taken in a  
6 taxable year may not exceed the taxpayer's unused Indiana net  
7 operating losses ~~carried back or~~ carried over to that year. **A taxpayer  
8 is not entitled to carryback any net operating losses after  
9 December 31, 2012.**

10 (c) An Indiana net operating loss equals the taxpayer's federal net  
11 operating loss for a taxable year as calculated under Section 172 of the  
12 Internal Revenue Code, derived from sources within Indiana and  
13 adjusted for the modifications required by IC 6-3-1-3.5.

14 (d) The following provisions apply for purposes of subsection (c):

15 (1) The modifications that are to be applied are those  
16 modifications required under IC 6-3-1-3.5 for the same taxable  
17 year in which each net operating loss was incurred.

18 (2) The amount of the taxpayer's net operating loss that is derived  
19 from sources within Indiana shall be determined in the same  
20 manner that the amount of the taxpayer's adjusted income derived  
21 from sources within Indiana is determined under section 2 of this  
22 chapter for the same taxable year during which each loss was  
23 incurred.

24 (3) An Indiana net operating loss includes a net operating loss that  
25 arises when the modifications required by IC 6-3-1-3.5 exceed the  
26 taxpayer's federal taxable income (as defined in Section 63 of the  
27 Internal Revenue Code), if the taxpayer is a corporation, or when  
28 the modifications required by IC 6-3-1-3.5 exceed the taxpayer's  
29 federal adjusted gross income (as defined by Section 62 of the  
30 Internal Revenue Code), if the taxpayer is a nonresident person,  
31 for the taxable year in which the Indiana net operating loss is  
32 determined.

33 (e) Subject to the limitations contained in subsection (g), an Indiana  
34 net operating loss ~~carryback or~~ carryover shall be available as a  
35 deduction from the taxpayer's adjusted gross income derived from  
36 sources within Indiana (as defined in section 2 of this chapter) in the  
37 ~~carryback or~~ carryover year provided in subsection (f).

38 ~~Carrybacks and~~ Carryovers shall be determined under this

1 subsection as follows:

2 (1) An Indiana net operating loss shall be an Indiana net operating  
3 loss carryback to each of the carryback years preceding the  
4 taxable year of the loss.

5 (2) (1) An Indiana net operating loss shall be an Indiana net  
6 operating loss carryover to each of the carryover years following  
7 the taxable year of the loss.

8 (3) Carryback years shall be determined by reference to the  
9 number of years allowed for carrying back a net operating loss  
10 under Section 172(b) of the Internal Revenue Code. However;  
11 with respect to the carryback period for a net operating loss:

12 (A) for which a taxpayer made an election to use five (5) years  
13 instead of two (2) years under Section 172(b)(1)(H) of the  
14 Internal Revenue Code; two (2) years shall be used instead of  
15 five (5) years; or

16 (B) that is a qualified disaster loss for which the taxpayer  
17 elected to have the net operating loss carryback period with  
18 respect to the loss year determined without regard to Section  
19 172(b)(1)(J) of the Internal Revenue Code; five (5) years shall  
20 be used.

21 (4) (2) Carryover years shall be determined by reference to the  
22 number of years allowed for carrying over net operating losses  
23 under Section 172(b) of the Internal Revenue Code.

24 (5) A taxpayer who makes an election under Section 172(b)(3) of  
25 the Internal Revenue Code to relinquish the carryback period with  
26 respect to a net operating loss for any taxable year shall be  
27 considered to have also relinquished the carryback of the Indiana  
28 net operating loss for purposes of this section:

29 (g) The entire amount of the Indiana net operating loss for any  
30 taxable year shall be carried to the earliest of the taxable years to which  
31 (as determined under subsection (f)) the loss may be carried. The  
32 amount of the Indiana net operating loss remaining after the deduction  
33 is taken under this section in a taxable year may be carried back or  
34 carried over as provided in subsection (f). The amount of the Indiana  
35 net operating loss carried back or carried over from year to year shall  
36 be reduced to the extent that the Indiana net operating loss carryback  
37 or carryover is used by the taxpayer to obtain a deduction in a taxable  
38 year until the occurrence of the earlier of the following:

1 (1) The entire amount of the Indiana net operating loss has been  
2 used as a deduction.

3 (2) The Indiana net operating loss has been carried over to each  
4 of the carryover years provided by subsection (f).

5 (h) An Indiana net operating loss deduction determined under this  
6 section shall be allowed notwithstanding the fact that in the year the  
7 taxpayer incurred the net operating loss the taxpayer was not subject to  
8 the tax imposed under section 1 of this chapter because the taxpayer  
9 was:

10 (1) a life insurance company (as defined in Section 816(a) of the  
11 Internal Revenue Code); or

12 (2) an insurance company subject to tax under Section 831 of the  
13 Internal Revenue Code.

14 (i) In the case of a life insurance company that claims an operations  
15 loss deduction under Section 810 of the Internal Revenue Code, this  
16 section shall be applied by:

17 (1) substituting the corresponding provisions of Section 810 of the  
18 Internal Revenue Code in place of references to Section 172 of  
19 the Internal Revenue Code; and

20 (2) substituting life insurance company taxable income (as  
21 defined in Section 801 the Internal Revenue Code) in place of  
22 references to taxable income (as defined in Section 63 of the  
23 Internal Revenue Code).

24 (j) ~~For purposes of an amended return filed to carry back an Indiana~~  
25 ~~net operating loss:~~

26 ~~(1) the term "due date of the return", as used in IC 6-8.1-9-1(a)(1);~~  
27 ~~means the due date of the return for the taxable year in which the~~  
28 ~~net operating loss was incurred; and~~

29 ~~(2) the term "date the payment was due", as used in~~  
30 ~~IC 6-8.1-9-2(c); means the due date of the return for the taxable~~  
31 ~~year in which the net operating loss was incurred.~~

32 SECTION 12. IC 6-3-4-6 IS AMENDED TO READ AS FOLLOWS  
33 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 6. (a) Any  
34 taxpayer, upon request by the department, shall furnish to the  
35 department a true and correct copy of any tax return which ~~he~~ **the**  
36 **taxpayer** has filed with the United States Internal Revenue Service  
37 which copy shall be certified to by the taxpayer under penalties of  
38 perjury.

1 (b) Each taxpayer shall notify the department of any modification  
2 of:

3 (1) a federal income tax return filed by the taxpayer after January  
4 1, 1978; or

5 (2) the taxpayer's federal income tax liability for a taxable year  
6 which begins after December 31, 1977.

7 The taxpayer shall file the notice on the form prescribed by the  
8 department within one hundred twenty (120) days after the  
9 modification is made **if the modification was made before January**  
10 **1, 2011, and one hundred eighty (180) days after the modification**  
11 **is made if the modification is made after December 31, 2010.**

12 (c) If the federal modification results in a change in the taxpayer's  
13 federal or Indiana adjusted gross income, the taxpayer shall file an  
14 Indiana amended return within one hundred twenty (120) days after the  
15 modification is made **if the modification was made before January**  
16 **1, 2011, and one hundred eighty (180) days after the modification**  
17 **is made if the modification is made after December 31, 2010.**

18 SECTION 13. IC 6-3.5-7-28, AS ADDED BY P.L.232-2007,  
19 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
20 JULY 1, 2011]: Sec. 28. (a) This section applies only to a county that  
21 is a member of a regional development authority under IC 36-7.6.

22 (b) In addition to the rates permitted by section 5 of this chapter, the  
23 entity that imposed the county economic development income tax  
24 under section 5 of this chapter (or, in the case of a county that has not  
25 imposed the county economic development income tax, the entity that  
26 may impose the county economic development income tax under  
27 section 5(a)(3) of this chapter) may by ordinance impose an additional  
28 county economic development income tax at a rate of:

29 **(1) in the case of a county described in IC 36-7.6-4-2(b)(2),**  
30 **twenty-five thousandths of one percent (0.025%); or**

31 **(2) in the case of any other county to which this section**  
32 **applies, five-hundredths of one percent (0.05%);**

33 on the adjusted gross income of county taxpayers.

34 (c) If an additional county economic development income tax is  
35 imposed under this section, the county treasurer shall establish a county  
36 regional development authority fund. Notwithstanding any other  
37 provision of this chapter, the county economic development income tax  
38 revenues derived from the additional county economic development

1 income tax imposed under this section must be deposited in the county  
2 regional development authority fund before any certified distributions  
3 are made under section 12 of this chapter.

4 (d) County economic development income tax revenues derived  
5 from the additional county economic development income tax imposed  
6 under this section and deposited in the county regional development  
7 authority fund:

8 (1) shall, not more than thirty (30) days after being deposited in  
9 the county regional development authority fund, be transferred as  
10 provided in IC 36-7.6-4-2 to the development fund of the regional  
11 development authority for which the county is a member; and

12 (2) may not be considered by the department of local government  
13 finance in determining the county's maximum permissible  
14 property tax levy under IC 6-1.1-18.5.

15 (e) Notwithstanding sections 5 and 6 of this chapter, if a county  
16 becomes a member of a regional development authority under  
17 IC 36-7.6 and imposes an additional county economic development  
18 income tax under this section, then, notwithstanding section 11 or any  
19 other provision of this chapter, the initial certified distribution of the  
20 tax revenue that results from the additional tax shall be distributed to  
21 the county treasurer from the account established for the county under  
22 this chapter according to the following schedule during the eighteen  
23 (18) month period beginning on July 1 of the year in which the county  
24 adopts the ordinance to impose the additional tax:

25 (1) One-fourth (1/4) on October 1 of the year in which the  
26 ordinance to impose the additional tax is adopted.

27 (2) One-fourth (1/4) on January 1 of the calendar year following  
28 the year in which the ordinance to impose the additional tax is  
29 adopted.

30 (3) One-fourth (1/4) on May 1 of the calendar year following the  
31 year in which the ordinance to impose the additional tax is  
32 adopted.

33 (4) One-fourth (1/4) on November 1 of the calendar year  
34 following the year in which the ordinance to impose the additional  
35 tax is adopted.

36 SECTION 14. IC 6-5.5-1-2, AS AMENDED BY P.L.182-2009(ss),  
37 SECTION 233, IS AMENDED TO READ AS FOLLOWS  
38 [EFFECTIVE JANUARY 1, 2012]: Sec. 2. (a) Except as provided in

1 subsections (b) through (d), "adjusted gross income" means taxable  
2 income as defined in Section 63 of the Internal Revenue Code, adjusted  
3 as follows:

4 (1) Add the following amounts:

5 (A) An amount equal to a deduction allowed or allowable  
6 under Section 166, Section 585, or Section 593 of the Internal  
7 Revenue Code.

8 (B) An amount equal to a deduction allowed or allowable  
9 under Section 170 of the Internal Revenue Code.

10 (C) An amount equal to a deduction or deductions allowed or  
11 allowable under Section 63 of the Internal Revenue Code for  
12 taxes based on or measured by income and levied at the state  
13 level by a state of the United States or levied at the local level  
14 by any subdivision of a state of the United States.

15 (D) The amount of interest excluded under Section 103 of the  
16 Internal Revenue Code or under any other federal law, minus  
17 the associated expenses disallowed in the computation of  
18 taxable income under Section 265 of the Internal Revenue  
19 Code.

20 (E) An amount equal to the deduction allowed under Section  
21 172 or 1212 of the Internal Revenue Code for net operating  
22 losses or net capital losses.

23 (F) For a taxpayer that is not a large bank (as defined in  
24 Section 585(c)(2) of the Internal Revenue Code), an amount  
25 equal to the recovery of a debt, or part of a debt, that becomes  
26 worthless to the extent a deduction was allowed from gross  
27 income in a prior taxable year under Section 166(a) of the  
28 Internal Revenue Code.

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

37 (H) Add the amount necessary to make the adjusted gross  
38 income of any taxpayer that placed Section 179 property (as

1 defined in Section 179 of the Internal Revenue Code) in  
2 service in the current taxable year or in an earlier taxable year  
3 equal to the amount of adjusted gross income that would have  
4 been computed had an election for federal income tax  
5 purposes not been made for the year in which the property was  
6 placed in service to take deductions under Section 179 of the  
7 Internal Revenue Code in a total amount exceeding  
8 twenty-five thousand dollars (\$25,000).

9 (I) Add an amount equal to the amount that a taxpayer claimed  
10 as a deduction for domestic production activities for the  
11 taxable year under Section 199 of the Internal Revenue Code  
12 for federal income tax purposes.

13 (J) Add an amount equal to any income not included in gross  
14 income as a result of the deferral of income arising from  
15 business indebtedness discharged in connection with the  
16 reacquisition after December 31, 2008, and before January 1,  
17 2011, of an applicable debt instrument, as provided in Section  
18 108(i) of the Internal Revenue Code. Subtract from the  
19 adjusted gross income of any taxpayer that added an amount  
20 to adjusted gross income in a previous year the amount  
21 necessary to offset the amount included in federal gross  
22 income as a result of the deferral of income arising from  
23 business indebtedness discharged in connection with the  
24 reacquisition after December 31, 2008, and before January 1,  
25 2011, of an applicable debt instrument, as provided in Section  
26 108(i) of the Internal Revenue Code.

27 (K) Add the amount necessary to make the adjusted gross  
28 income of any taxpayer that placed qualified restaurant  
29 property in service during the taxable year and that was  
30 classified as 15-year property under Section 168(e)(3)(E)(v) of  
31 the Internal Revenue Code equal to the amount of adjusted  
32 gross income that would have been computed had the  
33 classification not applied to the property in the year that it was  
34 placed in service.

35 (L) Add the amount necessary to make the adjusted gross  
36 income of any taxpayer that placed qualified retail  
37 improvement property in service during the taxable year and  
38 that was classified as 15-year property under Section

1 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the  
2 amount of adjusted gross income that would have been  
3 computed had the classification not applied to the property in  
4 the year that it was placed in service.

5 (M) Add or subtract the amount necessary to make the  
6 adjusted gross income of any taxpayer that claimed the special  
7 allowance for qualified disaster assistance property under  
8 Section 168(n) of the Internal Revenue Code equal to the  
9 amount of adjusted gross income that would have been  
10 computed had the special allowance not been claimed for the  
11 property.

12 (N) Add or subtract the amount necessary to make the adjusted  
13 gross income of any taxpayer that made an election under  
14 Section 179C of the Internal Revenue Code to expense costs  
15 for qualified refinery property equal to the amount of adjusted  
16 gross income that would have been computed had an election  
17 for federal income tax purposes not been made for the year.

18 (O) Add or subtract the amount necessary to make the adjusted  
19 gross income of any taxpayer that made an election under  
20 Section 181 of the Internal Revenue Code to expense costs for  
21 a qualified film or television production equal to the amount  
22 of adjusted gross income that would have been computed had  
23 an election for federal income tax purposes not been made for  
24 the year.

25 (P) Add or subtract the amount necessary to make the adjusted  
26 gross income of any taxpayer that treated a loss from the sale  
27 or exchange of preferred stock in:

28 (i) the Federal National Mortgage Association, established  
29 under the Federal National Mortgage Association Charter  
30 Act (12 U.S.C. 1716 et seq.); or

31 (ii) the Federal Home Loan Mortgage Corporation,  
32 established under the Federal Home Loan Mortgage  
33 Corporation Act (12 U.S.C. 1451 et seq.);

34 as an ordinary loss under Section 301 of the Emergency  
35 Economic Stabilization Act of 2008 in the current taxable year  
36 or in an earlier taxable year equal to the amount of adjusted  
37 gross income that would have been computed had the loss not  
38 been treated as an ordinary loss.

- 1 (Q) Add an amount equal to any exempt insurance income  
2 under Section 953(e) of the Internal Revenue Code for active  
3 financing income under Subpart F, Subtitle A, Chapter 1,  
4 Subchapter N of the Internal Revenue Code.
- 5 (2) Subtract the following amounts:
- 6 (A) Income that the United States Constitution or any statute  
7 of the United States prohibits from being used to measure the  
8 tax imposed by this chapter.
- 9 (B) Income that is derived from sources outside the United  
10 States, as defined by the Internal Revenue Code.
- 11 (C) An amount equal to a debt or part of a debt that becomes  
12 worthless, as permitted under Section 166(a) of the Internal  
13 Revenue Code.
- 14 (D) An amount equal to any bad debt reserves that are  
15 included in federal income because of accounting method  
16 changes required by Section 585(c)(3)(A) or Section 593 of  
17 the Internal Revenue Code.
- 18 (E) The amount necessary to make the adjusted gross income  
19 of any taxpayer that owns property for which bonus  
20 depreciation was allowed in the current taxable year or in an  
21 earlier taxable year equal to the amount of adjusted gross  
22 income that would have been computed had an election not  
23 been made under Section 168(k) of the Internal Revenue Code  
24 to apply bonus depreciation.
- 25 (F) The amount necessary to make the adjusted gross income  
26 of any taxpayer that placed Section 179 property (as defined  
27 in Section 179 of the Internal Revenue Code) in service in the  
28 current taxable year or in an earlier taxable year equal to the  
29 amount of adjusted gross income that would have been  
30 computed had an election for federal income tax purposes not  
31 been made for the year in which the property was placed in  
32 service to take deductions under Section 179 of the Internal  
33 Revenue Code in a total amount exceeding twenty-five  
34 thousand dollars (\$25,000).
- 35 (G) Income that is:
- 36 (i) exempt from taxation under IC 6-3-2-21.7; and  
37 (ii) included in the taxpayer's taxable income under the  
38 Internal Revenue Code.

1 (b) In the case of a credit union, "adjusted gross income" for a  
 2 taxable year means the total transfers to undivided earnings **plus the**  
 3 **amount excluded from federal gross income under Section 103 of**  
 4 **the Internal Revenue Code for interest received on an obligation of**  
 5 **a state other than Indiana or a political subdivision of such a state**  
 6 **that was initially purchased by the taxpayer after December 31,**  
 7 **2012**, minus dividends for that taxable year after statutory reserves are  
 8 set aside under IC 28-7-1-24.

9 (c) In the case of an investment company, "adjusted gross income"  
 10 means the company's federal taxable income **plus the amount**  
 11 **excluded from federal gross income under Section 103 of the**  
 12 **Internal Revenue Code for interest received on an obligation of a**  
 13 **state other than Indiana or a political subdivision of such a state**  
 14 **that was initially purchased by the taxpayer after December 31,**  
 15 **2012**, multiplied by the quotient of:

16 (1) the aggregate of the gross payments collected by the company  
 17 during the taxable year from old and new business upon  
 18 investment contracts issued by the company and held by residents  
 19 of Indiana; divided by

20 (2) the total amount of gross payments collected during the  
 21 taxable year by the company from the business upon investment  
 22 contracts issued by the company and held by persons residing  
 23 within Indiana and elsewhere.

24 (d) As used in subsection (c), "investment company" means a  
 25 person, copartnership, association, limited liability company, or  
 26 corporation, whether domestic or foreign, that:

27 (1) is registered under the Investment Company Act of 1940 (15  
 28 U.S.C. 80a-1 et seq.); and

29 (2) solicits or receives a payment to be made to itself and issues  
 30 in exchange for the payment:

31 (A) a so-called bond;

32 (B) a share;

33 (C) a coupon;

34 (D) a certificate of membership;

35 (E) an agreement;

36 (F) a pretended agreement; or

37 (G) other evidences of obligation;

38 entitling the holder to anything of value at some future date, if the

1 gross payments received by the company during the taxable year  
 2 on outstanding investment contracts, plus interest and dividends  
 3 earned on those contracts (by prorating the interest and dividends  
 4 earned on investment contracts by the same proportion that  
 5 certificate reserves (as defined by the Investment Company Act  
 6 of 1940) is to the company's total assets) is at least fifty percent  
 7 (50%) of the company's gross payments upon investment  
 8 contracts plus gross income from all other sources except  
 9 dividends from subsidiaries for the taxable year. The term  
 10 "investment contract" means an instrument listed in clauses (A)  
 11 through (G).

12 SECTION 15. IC 6-7-2-2.1 IS ADDED TO THE INDIANA CODE  
 13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 14 JANUARY 1, 2012]: **Sec. 2.1. As used in this chapter, "moist snuff"**  
 15 **means any finely cut, ground, or powdered tobacco that is not**  
 16 **intended to be:**

- 17 (1) smoked; or
- 18 (2) placed in the nasal cavity.

19 SECTION 16. IC 6-7-2-5 IS AMENDED TO READ AS FOLLOWS  
 20 [EFFECTIVE JANUARY 1, 2012]: Sec. 5. As used in this chapter,  
 21 "tobacco product" means:

- 22 (1) any product made from tobacco, other than a cigarette (as  
 23 defined in IC 6-7-1-2), that is made for smoking, chewing, or  
 24 both; or
- 25 (2) snuff, **including moist snuff.**

26 SECTION 17. IC 6-7-2-7, AS AMENDED BY P.L.234-2007,  
 27 SECTION 201, IS AMENDED TO READ AS FOLLOWS  
 28 [EFFECTIVE JANUARY 1, 2012]: Sec. 7. **(a)** A tax is imposed on the  
 29 distribution of tobacco products in Indiana at the rate of:

- 30 (1) twenty-four percent (24%) of the wholesale price of ~~the~~  
 31 tobacco products **other than moist snuff; or**
- 32 **(2) for moist snuff, thirty-eight cents (\$0.38) per ounce, and a**  
 33 **proportionate tax at the same rate on all fractional parts of an**  
 34 **ounce. If the tax calculated for a fractional part of an ounce**  
 35 **carried to the third decimal place results in the numeral in the**  
 36 **third decimal place being greater than four (4), the amount of**  
 37 **the tax shall be rounded to the next additional cent.**

38 **(b)** The distributor of the tobacco products is liable for the tax

1 **imposed under subsection (a).** The tax is imposed at the time the  
2 distributor:

- 3 (1) brings or causes tobacco products to be brought into Indiana  
4 for distribution;  
5 (2) manufactures tobacco products in Indiana for distribution; or  
6 (3) transports tobacco products to retail dealers in Indiana for  
7 resale by those retail dealers.

8 SECTION 18. IC 6-7-2-12 IS AMENDED TO READ AS  
9 FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 12. ~~(a)~~ Before the  
10 fifteenth day of each month, each distributor liable for the tax imposed  
11 by this chapter shall:

12 (1) file a return with the department that includes all information  
13 required by the department including, but not limited to:

- 14 (A) name of distributor;  
15 (B) address of distributor;  
16 (C) license number of distributor;  
17 (D) invoice date;  
18 (E) invoice number;  
19 (F) name and address of person from whom tobacco products  
20 were purchased or name and address of person to whom  
21 tobacco products were sold; ~~and~~  
22 (G) **the wholesale price for tobacco products other than**  
23 **moist snuff; and**  
24 **(H) for moist snuff, the weight of the moist snuff; and**

25 (2) pay the tax for which it is liable under this chapter for the  
26 preceding month minus the amount specified in section 13 of this  
27 chapter.

28 SECTION 19. IC 6-8.1-5-1, AS AMENDED BY P.L.1-2007,  
29 SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
30 JANUARY 1, 2011 (RETROACTIVE)]: Sec. 1. (a) As used in this  
31 section, "letter of findings" includes a supplemental letter of findings.

32 (b) If the department reasonably believes that a person has not  
33 reported the proper amount of tax due, the department shall make a  
34 proposed assessment of the amount of the unpaid tax on the basis of the  
35 best information available to the department. The amount of the  
36 assessment is considered a tax payment not made by the due date and  
37 is subject to IC 6-8.1-10 concerning the imposition of penalties and  
38 interest. The department shall send the person a notice of the proposed

1 assessment through the United States mail.

2 (c) If the person has a surety bond guaranteeing payment of the tax  
3 for which the proposed assessment is made, the department shall  
4 furnish a copy of the proposed assessment to the surety. The notice of  
5 proposed assessment is prima facie evidence that the department's  
6 claim for the unpaid tax is valid. The burden of proving that the  
7 proposed assessment is wrong rests with the person against whom the  
8 proposed assessment is made.

9 (d) The notice shall state that the person has forty-five (45) days  
10 from the date the notice is mailed, **if the notice was mailed before**  
11 **January 1, 2011, and sixty (60) days from the date the notice is**  
12 **mailed, if the notice was mailed after December 31, 2010**, to pay the  
13 assessment or to file a written protest. If the person files a protest and  
14 requires a hearing on the protest, the department shall:

15 (1) set the hearing at the department's earliest convenient time;  
16 and

17 (2) notify the person by United States mail of the time, date, and  
18 location of the hearing.

19 (e) The department may hold the hearing at the location of its choice  
20 within Indiana if that location complies with IC 6-8.1-3-8.5.

21 (f) No later than sixty (60) days after conducting a hearing on a  
22 protest, or after making a decision on a protest when no hearing is  
23 requested, the department shall issue a letter of findings and shall send  
24 a copy of the letter through the United States mail to the person who  
25 filed the protest and to the person's surety, if the surety was notified of  
26 the proposed assessment under subsection (b). The department may  
27 continue the hearing until a later date if the taxpayer presents  
28 additional information at the hearing or the taxpayer requests an  
29 opportunity to present additional information after the hearing.

30 (g) A person that disagrees with a decision in a letter of findings  
31 may request a rehearing not more than thirty (30) days after the date on  
32 which the letter of findings is issued by the department. The  
33 department shall consider the request and may grant the rehearing if the  
34 department reasonably believes that a rehearing would be in the best  
35 interests of the taxpayer and the state.

36 (h) If a person disagrees with a decision in a letter of findings, the  
37 person may appeal the decision to the tax court. However, the tax court  
38 does not have jurisdiction to hear an appeal that is filed more than sixty

- 1 (60) days after the date on which:
- 2 (1) the letter of findings is issued by the department, if the person
- 3 does not make a timely request for a rehearing under subsection
- 4 (g) on the letter of findings; or
- 5 (2) the department issues a denial of the person's timely request
- 6 for a rehearing under subsection (g) on the letter of findings.
- 7 (i) The tax court shall hear an appeal under subsection (h) de novo
- 8 and without a jury. The tax court may do the following:
- 9 (1) Uphold or deny any part of the assessment that is appealed.
- 10 (2) Assess the court costs in a manner that the court believes to be
- 11 equitable.
- 12 (3) Enjoin the collection of a listed tax under IC 33-26-6-2.
- 13 (j) The department shall demand payment, as provided in
- 14 IC 6-8.1-8-2(a), of any part of the proposed tax assessment, interest,
- 15 and penalties that it finds owing because:
- 16 (1) the person failed to properly respond within the forty-five (45)
- 17 day period;
- 18 (2) the person requested a hearing but failed to appear at that
- 19 hearing; or
- 20 (3) after consideration of the evidence presented in the protest or
- 21 hearing, the department finds that the person still owes tax.
- 22 (k) The department shall make the demand for payment in the
- 23 manner provided in IC 6-8.1-8-2.
- 24 (l) Subsection (b) does not apply to a motor carrier fuel tax return.
- 25 SECTION 20. IC 6-8.1-8-2, AS AMENDED BY P.L.111-2006,
- 26 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 27 UPON PASSAGE]: Sec. 2. (a) Except as provided in IC 6-8.1-5-3 **and**
- 28 **section 16 of this chapter**, the department must issue a demand notice
- 29 for the payment of a tax and any interest or penalties accrued on the
- 30 tax, if a person files a tax return without including full payment of the
- 31 tax or if the department, after ruling on a protest, finds that a person
- 32 owes the tax before the department issues a tax warrant. The demand
- 33 notice must state the following:
- 34 (1) That the person has ten (10) days from the date the department
- 35 mails the notice to either pay the amount demanded or show
- 36 reasonable cause for not paying the amount demanded.
- 37 (2) The statutory authority of the department for the issuance of
- 38 a tax warrant.

1 (3) The earliest date on which a tax warrant may be filed and  
2 recorded.

3 (4) The statutory authority for the department to levy against a  
4 person's property that is held by a financial institution.

5 (5) The remedies available to the taxpayer to prevent the filing  
6 and recording of the judgment.

7 If the department files a tax warrant in more than one (1) county, the  
8 department is not required to issue more than one (1) demand notice.

9 (b) If the person does not pay the amount demanded or show  
10 reasonable cause for not paying the amount demanded within the ten  
11 (10) day period, the department may issue a tax warrant for the amount  
12 of the tax, interest, penalties, collection fee, sheriff's costs, clerk's costs,  
13 and fees established under section 4(b) of this chapter when applicable.  
14 When the department issues a tax warrant, a collection fee of ten  
15 percent (10%) of the unpaid tax is added to the total amount due.

16 (c) When the department issues a tax warrant, it may not file the  
17 warrant with the circuit court clerk of any county in which the person  
18 owns property until at least twenty (20) days after the date the demand  
19 notice was mailed to the taxpayer. The department may also send the  
20 warrant to the sheriff of any county in which the person owns property  
21 and direct the sheriff to file the warrant with the circuit court clerk:

22 (1) at least twenty (20) days after the date the demand notice was  
23 mailed to the taxpayer; and

24 (2) no later than five (5) days after the date the department issues  
25 the warrant.

26 (d) When the circuit court clerk receives a tax warrant from the  
27 department or the sheriff, the clerk shall record the warrant by making  
28 an entry in the judgment debtor's column of the judgment record,  
29 listing the following:

30 (1) The name of the person owing the tax.

31 (2) The amount of the tax, interest, penalties, collection fee,  
32 sheriff's costs, clerk's costs, and fees established under section  
33 4(b) of this chapter when applicable.

34 (3) The date the warrant was filed with the clerk.

35 (e) When the entry is made, the total amount of the tax warrant  
36 becomes a judgment against the person owing the tax. The judgment  
37 creates a lien in favor of the state that attaches to all the person's  
38 interest in any:

- 1 (1) chose in action in the county; and  
 2 (2) real or personal property in the county;  
 3 excepting only negotiable instruments not yet due.
- 4 (f) A judgment obtained under this section is valid for ten (10) years  
 5 from the date the judgment is filed. The department may renew the  
 6 judgment for additional ten (10) year periods by filing an alias tax  
 7 warrant with the circuit court clerk of the county in which the judgment  
 8 previously existed.
- 9 (g) A judgment arising from a tax warrant in a county may be  
 10 released by the department:
- 11 (1) after the judgment, including all accrued interest to the date of  
 12 payment, has been fully satisfied; or  
 13 (2) if the department determines that the tax assessment or the  
 14 issuance of the tax warrant was in error.
- 15 (h) If the department determines that the filing of a tax warrant was  
 16 in error, the department shall mail a release of the judgment to the  
 17 taxpayer and the circuit court clerk of each county where the warrant  
 18 was filed. **The circuit court clerk of each county where the warrant**  
 19 **was filed shall expunge the warrant from the judgment debtor's**  
 20 **column of the judgment record.** The department shall mail the  
 21 release **and the order for the warrant to be expunged** as soon as  
 22 possible but no later than seven (7) days after:
- 23 (1) the determination by the department that the filing of the  
 24 warrant was in error; and  
 25 (2) the receipt of information by the department that the judgment  
 26 has been recorded under subsection (d).
- 27 (i) If the department determines that a judgment described in  
 28 subsection (h) is obstructing a lawful transaction, the department shall  
 29 **immediately upon making the determination** mail a release of the  
 30 judgment to the taxpayer and **an order requiring** the circuit court clerk  
 31 of each county where the judgment was filed ~~immediately upon making~~  
 32 ~~the determination:~~ **to expunge the warrant.**
- 33 (j) A release issued under subsection (h) or (i) must state that the  
 34 filing of the tax warrant was in error. Upon the request of the taxpayer,  
 35 the department shall mail a copy of a release **and the order for the**  
 36 **warrant to be expunged** issued under subsection (h) or (i) to each  
 37 major credit reporting company located in each county where the  
 38 judgment was filed.

1 (k) The commissioner shall notify each state agency or officer  
2 supplied with a tax warrant list of the issuance of a release under  
3 subsection (h) or (i).

4 (l) If the sheriff collects the full amount of a tax warrant, the sheriff  
5 shall disburse the money collected in the manner provided in section  
6 3(c) of this chapter. If a judgment has been partially or fully satisfied  
7 by a person's surety, the surety becomes subrogated to the department's  
8 rights under the judgment. If a sheriff releases a judgment:

9 (1) before the judgment is fully satisfied;

10 (2) before the sheriff has properly disbursed the amount collected;

11 or

12 (3) after the sheriff has returned the tax warrant to the department;  
13 the sheriff commits a Class B misdemeanor and is personally liable for  
14 the part of the judgment not remitted to the department.

15 SECTION 21. IC 6-8.1-8-16 IS ADDED TO THE INDIANA CODE  
16 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**  
17 **UPON PASSAGE]: Sec. 16. (a) This section applies without an**  
18 **injunction from the tax court to any assessment that is made or**  
19 **pending after April 30, 2011.**

20 **(b) Except as provided in IC 6-8.1-5-3, no demand notice,**  
21 **warrant, levy, or proceeding in court for the collection of a**  
22 **protested listed tax or any penalties and interest on a listed tax may**  
23 **be issued, commenced, or conducted against a taxpayer and no lien**  
24 **on the taxpayer's property may be imposed until after the later of**  
25 **the following:**

26 **(1) The expiration of the period in which the taxpayer may**  
27 **appeal the listed tax to the tax court.**

28 **(2) A decision of the tax court concerning the listed tax**  
29 **becomes final, if the taxpayer filed a timely appeal.**

30 SECTION 22. IC 6-8.1-9-1, AS AMENDED BY P.L.182-2009(ss),  
31 SECTION 256, IS AMENDED TO READ AS FOLLOWS  
32 [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) If a person has paid more  
33 tax than the person determines is legally due for a particular taxable  
34 period, the person may file a claim for a refund with the department.  
35 Except as provided in subsections (f), ~~and~~ (g), **and (h)**, in order to  
36 obtain the refund, the person must file the claim with the department  
37 within three (3) years after the latter of the following:

38 (1) The due date of the return.

1 (2) The date of payment.

2 For purposes of this section, the due date for a return filed for the state  
3 gross retail or use tax, the gasoline tax, the special fuel tax, the motor  
4 carrier fuel tax, the oil inspection fee, or the petroleum severance tax  
5 is the end of the calendar year which contains the taxable period for  
6 which the return is filed. The claim must set forth the amount of the  
7 refund to which the person is entitled and the reasons that the person  
8 is entitled to the refund.

9 (b) ~~When the department receives a claim for refund, the~~  
10 ~~department shall consider the claim for refund and shall, if the taxpayer~~  
11 ~~requests, hold a hearing on the claim for refund to obtain and consider~~  
12 ~~additional evidence.~~ After considering the claim and all evidence  
13 relevant to the claim, the department shall issue a decision on the  
14 claim, stating the part, if any, of the refund allowed and containing a  
15 statement of the reasons for any part of the refund that is denied. The  
16 department shall mail a copy of the decision to the person who filed the  
17 claim. **If the person disagrees with a part of the decision, the person**  
18 **may file a protest and request a hearing with the department. The**  
19 **department shall mail a copy of the decision to the person who filed**  
20 **the protest.** If the department allows the full amount of the refund  
21 claim, a warrant for the payment of the claim is sufficient notice of the  
22 decision.

23 (c) If the person disagrees with any part of the department's  
24 decision, the person may appeal the decision, regardless of whether or  
25 not the person protested the tax payment or whether or not the person  
26 has accepted a refund. The person must file the appeal with the tax  
27 court. The tax court does not have jurisdiction to hear a refund appeal  
28 suit, if:

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

31 (2) the appeal is filed more than ninety (90) days after **the later**  
32 **of the date the department mails:**

33 **(A) the decision of denial of the claim to the person; or**

34 **(B) the decision made on the protest filed under subsection**  
35 **(b); or**

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

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

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

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

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

17 (2) the date that is ~~six (6) months~~ **one hundred eighty (180) days**  
 18 after the date on which the taxpayer is notified of the modification  
 19 by the Internal Revenue Service.

20 (g) If an agreement to extend the assessment time period is entered  
 21 into under IC 6-8.1-5-2(h), the period during which a person may file  
 22 a claim for a refund under subsection (a) is extended to the same date  
 23 to which the assessment time period is extended.

24 **(h) If a taxpayer's claim for a refund of gross retail or use tax is**  
 25 **based on:**

26 **(1) IC 6-2.5-4-5(c)(3); or**

27 **(2) the exemption provided by IC 6-2.5-5-5.1 for electrical**  
 28 **energy, natural or artificial gas, water, steam, and steam heat;**  
 29 **the person must file the claim with the department within eighteen**  
 30 **(18) months after the date of payment.**

31 SECTION 23. IC 20-19-2-14, AS ADDED BY P.L.1-2005,  
 32 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 33 JULY 1, 2011]: Sec. 14. The state board shall do the following:

34 (1) Establish the educational goals of the state, developing  
 35 standards and objectives for local school corporations.

36 (2) Assess the attainment of the established goals.

37 (3) Assure compliance with established standards and objectives.

38 **(4) Coordinate with the commission for higher education**

1           **(IC 21-18-1) and the department of workforce development**  
 2           **(IC 22-4.1-2) to develop entrepreneurship education programs**  
 3           **for elementary and secondary education, higher education,**  
 4           **and individuals in the work force.**

5           ~~(4)~~ **(5)** Make recommendations to the governor and general  
 6           assembly concerning the educational needs of the state, including  
 7           financial needs.

8           SECTION 24. IC 21-18-8-5 IS ADDED TO THE INDIANA CODE  
 9           AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 10          1, 2011]: **Sec. 5. (a) The commission shall coordinate with the**  
 11          **Indiana state board of education (IC 20-19-2) and the department**  
 12          **of workforce development (IC 22-4.1-2) to develop**  
 13          **entrepreneurship education programs for elementary and**  
 14          **secondary education, higher education, and individuals in the work**  
 15          **force.**

16          **(b) The commission shall require each state educational**  
 17          **institution to expand technology and innovation commercialization**  
 18          **programs.**

19          SECTION 25. IC 22-4.1-4-5 IS ADDED TO THE INDIANA CODE  
 20          AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 21          1, 2011]: **Sec. 5. The department shall coordinate with the**  
 22          **commission for higher education (IC 21-18-1) and the Indiana state**  
 23          **board of education (IC 20-19-2) to develop entrepreneurship**  
 24          **education programs for elementary and secondary education,**  
 25          **higher education, and individuals in the work force.**

26          SECTION 26. IC 36-7.6-4-2, AS ADDED BY P.L.232-2007,  
 27          SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 28          JULY 1, 2011]: **Sec. 2. (a)** Beginning January 1 of the year following  
 29          the year in which a development authority is established, the fiscal  
 30          officer of each county and each municipality that is a member of the  
 31          development authority shall transfer the amount determined under  
 32          subsection (b) to the development authority for deposit in the  
 33          development authority fund.

34          **(b)** The amount of the transfer required each year by subsection (a)  
 35          from each county and each municipality is equal to **the following:**

36                  **(1) Except as provided in subdivision (2),** the amount that  
 37                  would be distributed to the county or the municipality as certified  
 38                  distributions of county economic development income tax

1 revenue raised from a county economic development income tax  
2 rate of five-hundredths of one percent (0.05%) in the county.

3 **(2) In the case of a county or municipality that becomes a**  
4 **member of a development authority after June 30, 2011, and**  
5 **before July 1, 2013, the amount that would be distributed to**  
6 **the county or municipality as certified distributions of county**  
7 **economic development income tax revenue raised from a**  
8 **county economic development income tax rate of twenty-five**  
9 **thousandths of one percent (0.025%) in the county.**

10 (c) Notwithstanding subsection (b), if the additional county  
11 economic development income tax under IC 6-3.5-7-28 is in effect in  
12 a county, the obligations of the county and each municipality in the  
13 county under this section are satisfied by the transfer to the  
14 development fund of all county economic development income tax  
15 revenue derived from the additional tax and deposited in the county  
16 regional development authority fund.

17 (d) The following apply to the transfers required by this section:

18 (1) The transfers shall be made without appropriation by the fiscal  
19 body of the county or the fiscal body of the municipality.

20 (2) Except as provided in subdivision (3), the fiscal officer of  
21 each county and each municipality that is a member of the  
22 development authority shall transfer twenty-five percent (25%) of  
23 the total transfers due for the year before the last business day of  
24 January, April, July, and October of each year.

25 (3) County economic development income tax revenue derived  
26 from the additional county economic development income tax  
27 under IC 6-3.5-7-28 must be transferred to the development fund  
28 not more than thirty (30) days after being deposited in the county  
29 regional development fund.

30 (4) This subdivision does not apply to a county in which the  
31 additional county economic development income tax under  
32 IC 6-3.5-7-28 has been imposed or to any municipality in the  
33 county. The transfers required by this section may be made from  
34 any local revenue (other than property tax revenue) of the county  
35 or municipality, including excise tax revenue, income tax  
36 revenue, local option tax revenue, riverboat tax revenue,  
37 distributions, incentive payments, or money deposited in the  
38 county's or municipality's local major moves construction fund

1           under IC 8-14-16.

2           SECTION 27. [EFFECTIVE JANUARY 1, 2011

3           (RETROACTIVE)] (a) **IC 6-3-2-2, as amended by this act, applies**

4           **to taxable years beginning after December 31, 2010.**

5           **(b) This SECTION expires January 1, 2014.**

6           SECTION 28. [EFFECTIVE UPON PASSAGE] (a) **The**

7           **department of state revenue shall conduct a study of the ways to**

8           **detect and eliminate fraud and abuse of earned income tax credits**

9           **provided under IC 6-3.1-21. The department of state revenue shall**

10          **prepare a report containing its findings and recommendations and**

11          **submit the report to the legislative council in an electronic format**

12          **under IC 5-14-6 before October 1, 2011.**

13          **(b) The commission on state tax and financing policy shall study**

14          **all aspects, including the advantages and disadvantages of phasing**

15          **out the state inheritance tax. The commission on state tax and**

16          **financing policy shall prepare a report containing its findings and**

17          **recommendations and submit the report to the legislative council**

18          **in an electronic format under IC 5-14-6 before November 1, 2011.**

19          **(c) This SECTION expires January 1, 2012.**

20          SECTION 29. [EFFECTIVE JULY 1, 2011] (a) **IC 6-7-2-2.1, as**

21          **added by this act, and IC 6-7-2-5, IC 6-7-2-7, and IC 6-7-2-12, all**

22          **as amended by this act, apply to a tobacco product:**

23                  **(1) brought into Indiana for distribution;**

24                  **(2) manufactured in Indiana for distribution; or**

25                  **(3) transported to a retail dealer in Indiana for resale by the**

26                  **retail dealer;**

27          **by a distributor after December 31, 2011.**

28          **(b) This SECTION expires January 1, 2012.**

29          SECTION 30. **An emergency is declared for this act.**  
                (Reference is to SB 589 as reprinted February 22, 2011.)

**and when so amended that said bill do pass.**

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Representative Espich