

## SENATE BILL No. 148

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-4.1.

**Synopsis:** Inheritance tax and estate tax. Phases out the inheritance tax beginning July 1, 2013, by giving an increasing credit against the inheritance tax due. Provides that the inheritance tax does not apply to the transfer of property interests by a decedent whose death occurs after June 30, 2018. Phases out payments of the inheritance tax replacement amount to counties over a period between 2013 and 2018. Provides that the estate tax and generation skipping transfer tax do not apply after June 30, 2018. Makes technical corrections.

**Effective:** July 1, 2011.

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**Banks, Yoder, Holdman**

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January 5, 2011, read first time and referred to Committee on Tax and Fiscal Policy.

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First Regular Session 117th General Assembly (2011)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2010 Regular Session of the General Assembly.

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## SENATE BILL No. 148



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

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

1 SECTION 1. IC 6-4.1-1-0.5 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2011]: **Sec. 0.5. This chapter does not apply to a property interest**  
4 **transferred by a decedent whose death occurs after June 30, 2018.**

5 SECTION 2. IC 6-4.1-2-0.5 IS ADDED TO THE INDIANA CODE  
6 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
7 1, 2011]: **Sec. 0.5. This chapter does not apply to a property interest**  
8 **transferred by a decedent whose death occurs after June 30, 2018.**

9 SECTION 3. IC 6-4.1-2-1 IS AMENDED TO READ AS  
10 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) An inheritance  
11 tax is imposed at the time of a decedent's death on certain property  
12 interest transfers made by ~~him~~: **the decedent**. The transfer of a property  
13 interest is subject to the tax if:

- 14 (1) the property transferred is described in:  
15 (i) **(A)** section 2 of this chapter, if the property is transferred  
16 by a resident decedent; or  
17 (ii) **(B)** section 3 of this chapter, if the property is transferred



- 1 by a nonresident decedent;
- 2 (2) the transfer is described in section 4 of this chapter; and
- 3 (3) neither the transfer nor the property is exempt from the
- 4 inheritance tax under IC 6-4.1-3.

5 (b) For purposes of this article, a transfer described in section 4 of  
 6 this chapter is considered a transfer made by the deceased transferor  
 7 regardless of when the transferee acquires the property interest.

8 SECTION 4. IC 6-4.1-3-0.5 IS ADDED TO THE INDIANA CODE  
 9 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 10 1, 2011]: **Sec. 0.5. This chapter does not apply to a property interest**  
 11 **transferred by a decedent whose death occurs after June 30, 2018.**

12 SECTION 5. IC 6-4.1-4-0.2 IS ADDED TO THE INDIANA CODE  
 13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 14 1, 2011]: **Sec. 0.2. This chapter does not apply to a property interest**  
 15 **transferred by a decedent whose death occurs after June 30, 2018.**

16 SECTION 6. IC 6-4.1-5-0.5 IS ADDED TO THE INDIANA CODE  
 17 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 18 1, 2011]: **Sec. 0.5. This chapter does not apply to a property interest**  
 19 **transferred by a decedent whose death occurs after June 30, 2018.**

20 SECTION 7. IC 6-4.1-5-1.1 IS ADDED TO THE INDIANA CODE  
 21 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 22 1, 2011]: **Sec. 1.1. (a) This section applies to a property interest**  
 23 **transferred by a decedent whose death occurs after June 30, 2013.**

24 (b) For purposes of determining the amount of inheritance tax  
 25 imposed under this article, a credit is allowed against the tax  
 26 imposed under section 1 of this chapter on a decedent's transfer of  
 27 property interests. The amount of the credit equals the inheritance  
 28 tax imposed under section 1 of this chapter multiplied by the  
 29 percentage prescribed in the following table:

DATE OF INDIVIDUAL'S DEATH	PERCENTAGE OF CREDIT
32 After June 30, 2013, and	
33 before July 1, 2014 .....	30%
34 After June 30, 2014, and	
35 before July 1, 2015 .....	40%
36 After June 30, 2015, and	
37 before July 1, 2016 .....	50%
38 After June 30, 2016, and	
39 before July 1, 2017 .....	60%
40 After June 30, 2017, and	
41 before July 1, 2018 .....	75%

42 (c) A person who is liable for inheritance tax imposed under this

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1 **article may claim the credit allowed under this section at the time**  
2 **the person pays the tax. When the payment is made, the person**  
3 **collecting the tax shall reduce the inheritance tax due by the**  
4 **amount of the credit specified in subsection (b).**

5 SECTION 8. IC 6-4.1-6-0.5 IS ADDED TO THE INDIANA CODE  
6 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY  
7 1, 2011]: **Sec. 0.5. This chapter does not apply to a property interest**  
8 **transferred by a decedent whose death occurs after June 30, 2018.**

9 SECTION 9. IC 6-4.1-7-0.5 IS ADDED TO THE INDIANA CODE  
10 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY  
11 1, 2011]: **Sec. 0.5. This chapter does not apply to a property interest**  
12 **transferred by a decedent whose death occurs after June 30, 2018.**

13 SECTION 10. IC 6-4.1-8-0.5 IS ADDED TO THE INDIANA  
14 CODE AS A **NEW SECTION** TO READ AS FOLLOWS  
15 [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. This chapter does not apply**  
16 **to a property interest transferred by a decedent whose death**  
17 **occurs after June 30, 2018.**

18 SECTION 11. IC 6-4.1-9-0.5 IS ADDED TO THE INDIANA  
19 CODE AS A **NEW SECTION** TO READ AS FOLLOWS  
20 [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. This chapter does not apply**  
21 **to a property interest transferred by a decedent whose death**  
22 **occurs after June 30, 2018.**

23 SECTION 12. IC 6-4.1-11-0.5 IS ADDED TO THE INDIANA  
24 CODE AS A **NEW SECTION** TO READ AS FOLLOWS  
25 [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. This chapter does not apply**  
26 **to the estate of an individual who dies after June 30, 2018.**

27 SECTION 13. IC 6-4.1-11-6 IS AMENDED TO READ AS  
28 FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 6. (a) The department**  
29 **of state revenue shall collect the Indiana estate tax and the interest**  
30 **charges imposed under this chapter. The department shall remit the**  
31 **money which it collects under this chapter to the state treasurer, and the**  
32 **state treasurer shall deposit the money in the state general fund.**

33 **(b) Before August 15 of each year Except as provided in**  
34 **subsection (e), the treasurer of state shall annually distribute to each**  
35 **county the amount determined under subsection (c) or (d) for the**  
36 **county. The distribution for a particular state fiscal year must be**  
37 **made before August 15 of the following state fiscal year. There is**  
38 **appropriated from the state general fund the amount necessary to make**  
39 **the distributions under this section: subsection.**

40 **(c) For a state fiscal year ending before July 1, 2013, the**  
41 **department of state revenue shall determine the inheritance tax**  
42 **replacement amount for each county using the following formula:**

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1 STEP ONE: Determine the amount of inheritance tax revenue  
2 retained by each county in each state fiscal year beginning with  
3 the state fiscal year that began July 1, 1990, and ending with the  
4 state fiscal year that ends June 30, 1997.

5 STEP TWO: Determine the average annual amount of inheritance  
6 tax revenue retained by each county using five (5) of the seven (7)  
7 state fiscal years described in STEP ONE after excluding the two  
8 (2) years in which each county retained its highest and lowest  
9 totals of inheritance tax revenue.

10 STEP THREE: Determine the remainder of the STEP TWO  
11 amount minus the amount of inheritance taxes retained by the  
12 county during the immediately preceding state fiscal year.

13 **(d) For a state fiscal year beginning after June 30, 2013, and**  
14 **ending before July 1, 2018, the department of state revenue shall**  
15 **determine the inheritance tax replacement amount for each county**  
16 **using the following formula:**

17 **STEP ONE: Determine the inheritance tax replacement**  
18 **amount distributed to the county for the state fiscal year**  
19 **beginning after June 30, 2012, and ending before July 1, 2013.**

20 **STEP TWO: Multiply the amount determined under STEP**  
21 **ONE by the appropriate percentage as follows:**

22 **(A) Seventy percent (70%) for a state fiscal year beginning**  
23 **after June 30, 2013, and ending before July 1, 2014.**

24 **(B) Sixty percent (60%) for a state fiscal year beginning**  
25 **after June 30, 2014, and ending before July 1, 2015.**

26 **(C) Fifty percent (50%) for a state fiscal year beginning**  
27 **after June 30, 2015, and ending before July 1, 2016.**

28 **(D) Forty percent (40%) for a state fiscal year beginning**  
29 **after June 30, 2016, and ending before July 1, 2017.**

30 **(E) Twenty-five percent (25%) for a state fiscal year**  
31 **beginning after June 30, 2017, and ending before July 1,**  
32 **2018.**

33 **(e) A county is not entitled to a distribution under subsection (b)**  
34 **for a state fiscal year beginning after June 30, 2018.**

35 SECTION 14. IC 6-4.1-11.5-0.5 IS ADDED TO THE INDIANA  
36 CODE AS A NEW SECTION TO READ AS FOLLOWS  
37 [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. This chapter does not apply**  
38 **to a property interest transferred by a decedent whose death**  
39 **occurs after June 30, 2018.**

40 SECTION 15. IC 6-4.1-12-0.5 IS ADDED TO THE INDIANA  
41 CODE AS A NEW SECTION TO READ AS FOLLOWS  
42 [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. (a) For an individual who**

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1 **dies after June 30, 2018, there is no inheritance tax imposed on the**  
2 **decedent's transfer of property interests.**

3 **(b) Sections 1 through 12 of this chapter do not apply to a**  
4 **property interest transferred by a decedent whose death occurs**  
5 **after June 30, 2018.**

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