

---

---

# HOUSE BILL No. 1470

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-10-22; IC 6-1.1; IC 6-2.5-11-10; IC 6-3; IC 6-4.1; IC 6-7-2; IC 6-8.1; IC 33-26-6-2; IC 33-26-6-2.5.

**Synopsis:** Taxes. Provides for the return of a part of the state's year-end general revenue surplus to Indiana residents in the form of a refundable adjusted gross income tax credit. Establishes the income tax reduction reserve and procedures to implement the credit program. Indicates that the standard deduction and the circuit breaker credit applies to improvements to structures and improvements on the same land that a building is located. Permits an enhanced tax abatement for vacant buildings in a designated downtown area. Permits the fiscal body for a county, city, or town to grant a deduction of 100% of the assessed value of personal property or a credit equal to 100% of the property tax liability that is imposed on personal property. Permits the department of state revenue to negotiate a collection allowance for the collection of sales taxes by an out-of-state seller. Increases the personal deduction allowed against individual adjusted gross income tax. Taxes interest on bonds issued by another state or a political subdivision in another state. Prohibits a carryback of an Indiana net operating loss to a prior taxable year. Decreases the adjusted gross income tax rate applicable to corporations. Requires the recapture of a credit given for a contribution to a college choice 529 education savings plan if withdrawals or distributions exceeding 10% of the amount deposited or earned in interest in the immediately preceding three years is withdrawn or distributed. 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, 2023. Phases out payments of the inheritance tax replacement amount  
(Continued next page)

C  
o  
p  
y

**Effective:** Upon passage; January 1, 2011 (retroactive); March 1, 2011 (retroactive); July 1, 2011.

---

---

## Turner, Welch, Thompson, Stemler

---

---

January 20, 2011, read first time and referred to Committee on Ways and Means.

---

---



Digest Continued

to counties over a period between 2013 and 2023. Provides that the estate tax and generation skipping transfer tax do not apply after June 30, 2023. Makes technical corrections. Extends the time in which a person must file an amended Indiana adjusted gross income tax return to reflect modifications made in a federal income tax return. Prohibits the department of state revenue from taking an action to collect a delinquent tax until the later of the time to file a tax appeal has expired or a final decision is made in a tax appeal. Provides that the tobacco products tax on moist snuff is based on the weight of the moist snuff and calculated at the rate of \$0.50 per ounce. Requires a study of ways to reduce fraud and abuse of the Indiana earned income tax credit. Makes an appropriation.

**C  
o  
p  
y**



Introduced

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.

C  
O  
P  
Y

## HOUSE BILL No. 1470

---

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

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

1 SECTION 1. IC 4-10-22 IS ADDED TO THE INDIANA CODE AS  
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2011]:

4 **Chapter 22. Income Tax Reduction Reserve Fund**

5 **Sec. 1. As used in this chapter, "budget bill" refers to a budget**  
6 **bill (as defined in IC 4-12-1-2) that is enacted in an odd-numbered**  
7 **year.**

8 **Sec. 2. As used in this chapter, "fund" refers to the income tax**  
9 **reduction reserve fund established by section 8 of this chapter.**

10 **Sec. 3. As used in this chapter, "state general fund**  
11 **appropriations" refers to the sum of the specific amounts**  
12 **appropriated by a budget bill from the state general fund for**  
13 **expenditure in a particular state fiscal year, excluding transfers to**  
14 **the income tax reduction reserve fund. The term includes any**  
15 **amount appropriated in a budget bill for a period exceeding one (1)**



1 state fiscal year that is allocated by the budget agency to a  
 2 particular state fiscal year in a list of appropriations prepared  
 3 under IC 4-12-1-12.

4 **Sec. 4.** As used in this chapter, "general revenue fund" refers to  
 5 the following:

6 (1) Counter-cyclical revenue and economic stabilization fund  
 7 (IC 4-10-18-2).

8 (2) State general fund, including the Medicaid contingency  
 9 and reserve account of the state general fund (IC 4-12-1-15.5).

10 (3) State tuition reserve fund (IC 4-12-1-15.7).

11 **Sec. 5.** As used in this chapter, "resident" refers to an individual  
 12 who resides in Indiana on January 1 of the calendar year in which  
 13 the individual's taxable year commences.

14 **Sec. 6.** As used in this chapter, "state fiscal year" means a  
 15 period beginning July 1 in one (1) calendar year and ending on  
 16 June 30 in the immediately succeeding calendar year.

17 **Sec. 7.** As used in this chapter, "taxable year" has the meaning  
 18 set forth in IC 6-3-1-16.

19 **Sec. 8. (a)** An income tax reduction reserve fund is established.  
 20 The fund is established to:

21 (1) replace revenue lost from granting credits under  
 22 IC 6-3-3-13; and

23 (2) pay or reimburse other funds for refunds paid under  
 24 IC 6-3-3-13.

25 (b) The budget agency shall administer the fund.

26 (c) The fund consists of money transferred to the fund under  
 27 section 9 of this chapter.

28 (d) The treasurer of state shall invest the money in the fund not  
 29 currently needed to meet the obligations of the fund in the same  
 30 manner as other public funds may be invested.

31 (e) The money in the fund at the end of a state fiscal year does  
 32 not revert to the general revenue fund but remains in the fund to  
 33 be used exclusively for the purposes of the fund.

34 **Sec. 9.** Not later than thirty-one (31) days after the end of a state  
 35 fiscal year, the auditor of state, after reviewing the  
 36 recommendation of the budget agency, shall transfer an amount  
 37 from the general revenue fund to the fund. The total amount  
 38 transferred under this section must equal the amount by which the  
 39 year-end general revenue fund balance for the immediately  
 40 preceding state fiscal year exceeds ten percent (10%) of the general  
 41 revenue fund appropriations for the current state fiscal year.

42 **Sec. 10.** In each state fiscal year, the budget agency shall

**C  
O  
P  
Y**



1 calculate the tax reduction amount that will apply under  
2 IC 6-3-3-13 to taxable years ending in that state fiscal year. The tax  
3 reduction amount for a state fiscal year must equal the amount  
4 determined under STEP THREE of the following formula:

5 STEP ONE: Determine the amount transferred in the state  
6 fiscal year to the fund under section 9 of this chapter.

7 STEP TWO: Determine the sum of the following:

8 (A) The number of individual tax returns that are likely to  
9 be filed under IC 6-3 for a taxable year that ends in the  
10 state fiscal year described in STEP ONE on which the  
11 individual filing the return is an Indiana resident.

12 (B) The number of joint tax returns that are likely to be  
13 filed under IC 6-3 for a taxable year that ends in the state  
14 fiscal year described in STEP ONE on which only a  
15 individual filing the return or the individual's spouse is a  
16 resident of Indiana.

17 (C) The product of:

18 (i) the number of joint tax returns that are likely to be  
19 filed under IC 6-3 for a taxable year that ends in the  
20 state fiscal year described in STEP ONE on which both  
21 an individual filing the return and the individual's  
22 spouse are residents of Indiana; multiplied by

23 (ii) two (2).

24 STEP THREE: Determine the result of:

25 (A) the STEP ONE amount; divided by

26 (B) the STEP TWO amount.

27 The budget agency shall certify the tax reduction amount to the  
28 department of state revenue.

29 Sec. 11. The department of state revenue shall report to the  
30 auditor of state and the budget agency the total amount of credits  
31 granted under IC 6-3-3-13 on returns processed by the department  
32 of state revenue. The information shall be reported in the manner  
33 and on the schedule specified by the budget agency.

34 Sec. 12. The auditor of state shall transfer amounts equal to the  
35 credits granted under IC 6-3-3-13 from the fund to the general  
36 revenue fund on the schedule designated by the budget agency.

37 Sec. 13. There is continuously appropriated a sufficient amount  
38 from the fund and the general revenue fund to make the transfers  
39 required by this chapter.

40 SECTION 2. IC 6-1.1-12-37, AS AMENDED BY P.L.113-2010,  
41 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
42 MARCH 1, 2011 (RETROACTIVE)]: Sec. 37. (a) The following

C  
o  
p  
y



- 1 definitions apply throughout this section:  
 2 (1) "Dwelling" means any of the following:  
 3 (A) Residential real property improvements that an individual  
 4 uses as the individual's residence, including a house or garage.  
 5 (B) A mobile home that is not assessed as real property that an  
 6 individual uses as the individual's residence.  
 7 (C) A manufactured home that is not assessed as real property  
 8 that an individual uses as the individual's residence.  
 9 (2) "Homestead" means an individual's principal place of  
 10 residence:  
 11 (A) that is located in Indiana;  
 12 (B) that:  
 13 (i) the individual owns;  
 14 (ii) the individual is buying under a contract, recorded in the  
 15 county recorder's office, that provides that the individual is  
 16 to pay the property taxes on the residence;  
 17 (iii) the individual is entitled to occupy as a  
 18 tenant-stockholder (as defined in 26 U.S.C. 216) of a  
 19 cooperative housing corporation (as defined in 26 U.S.C.  
 20 216); or  
 21 (iv) is a residence described in section 17.9 of this chapter  
 22 that is owned by a trust if the individual is an individual  
 23 described in section 17.9 of this chapter; and  
 24 (C) that consists of a dwelling and the real estate, not  
 25 exceeding one (1) acre, that immediately surrounds that  
 26 dwelling.  
 27 Except as provided in subsection (k), the term does not include  
 28 property owned by a corporation, partnership, limited liability  
 29 company, or other entity not described in this subdivision.  
 30 (b) Each year a homestead is eligible for a standard deduction from  
 31 the assessed value of the homestead for an assessment date. The  
 32 deduction provided by this section applies to property taxes first due  
 33 and payable for an assessment date only if an individual has an interest  
 34 in the homestead described in subsection (a)(2)(B) on:  
 35 (1) the assessment date; or  
 36 (2) any date in the same year after an assessment date that a  
 37 statement is filed under subsection (e) or section 44 of this  
 38 chapter, if the property consists of real property.  
 39 Subject to subsection (c), the auditor of the county shall record and  
 40 make the deduction for the individual or entity qualifying for the  
 41 deduction.  
 42 (c) Except as provided in section 40.5 of this chapter, the total

C  
 O  
 P  
 Y



1 amount of the deduction that a person may receive under this section  
2 for a particular year is the lesser of:

- 3 (1) sixty percent (60%) of the assessed value of the real property,
- 4 mobile home not assessed as real property, or manufactured home
- 5 not assessed as real property; or
- 6 (2) forty-five thousand dollars (\$45,000).

7 (d) A person who has sold real property, a mobile home not assessed  
8 as real property, or a manufactured home not assessed as real property  
9 to another person under a contract that provides that the contract buyer  
10 is to pay the property taxes on the real property, mobile home, or  
11 manufactured home may not claim the deduction provided under this  
12 section with respect to that real property, mobile home, or  
13 manufactured home.

14 (e) Except as provided in sections 17.8 and 44 of this chapter and  
15 subject to section 45 of this chapter, an individual who desires to claim  
16 the deduction provided by this section must file a certified statement in  
17 duplicate, on forms prescribed by the department of local government  
18 finance, with the auditor of the county in which the homestead is  
19 located. The statement must include:

- 20 (1) the parcel number or key number of the property and the name
- 21 of the city, town, or township in which the property is located;
- 22 (2) the name of any other location in which the applicant or the
- 23 applicant's spouse owns, is buying, or has a beneficial interest in
- 24 residential real property;
- 25 (3) the names of:
  - 26 (A) the applicant and the applicant's spouse (if any):
    - 27 (i) as the names appear in the records of the United States
    - 28 Social Security Administration for the purposes of the
    - 29 issuance of a Social Security card and Social Security
    - 30 number; or
    - 31 (ii) that they use as their legal names when they sign their
    - 32 names on legal documents;
    - 33 if the applicant is an individual; or
    - 34 (B) each individual who qualifies property as a homestead
    - 35 under subsection (a)(2)(B) and the individual's spouse (if any):
      - 36 (i) as the names appear in the records of the United States
      - 37 Social Security Administration for the purposes of the
      - 38 issuance of a Social Security card and Social Security
      - 39 number; or
      - 40 (ii) that they use as their legal names when they sign their
      - 41 names on legal documents;
      - 42 if the applicant is not an individual; and

C  
O  
P  
Y



- 1 (4) either:
- 2 (A) the last five (5) digits of the applicant's Social Security
- 3 number and the last five (5) digits of the Social Security
- 4 number of the applicant's spouse (if any); or
- 5 (B) if the applicant or the applicant's spouse (if any) do not
- 6 have a Social Security number, any of the following for that
- 7 individual:
- 8 (i) The last five (5) digits of the individual's driver's license
- 9 number.
- 10 (ii) The last five (5) digits of the individual's state
- 11 identification card number.
- 12 (iii) If the individual does not have a driver's license or a
- 13 state identification card, the last five (5) digits of a control
- 14 number that is on a document issued to the individual by the
- 15 federal government and determined by the department of
- 16 local government finance to be acceptable.
- 17 If a form or statement provided to the county auditor under this section,
- 18 IC 6-1.1-22-8.1, or IC 6-1.1-22.5-12 includes the telephone number or
- 19 part or all of the Social Security number of a party or other number
- 20 described in subdivision (4)(B) of a party, the telephone number and
- 21 the Social Security number or other number described in subdivision
- 22 (4)(B) included are confidential. The statement may be filed in person
- 23 or by mail. If the statement is mailed, the mailing must be postmarked
- 24 on or before the last day for filing. The statement applies for that first
- 25 year and any succeeding year for which the deduction is allowed. With
- 26 respect to real property, the statement must be completed and dated in
- 27 the calendar year for which the person desires to obtain the deduction
- 28 and filed with the county auditor on or before January 5 of the
- 29 immediately succeeding calendar year. With respect to a mobile home
- 30 that is not assessed as real property, the person must file the statement
- 31 during the twelve (12) months before March 31 of the year for which
- 32 the person desires to obtain the deduction.
- 33 (f) If an individual who is receiving the deduction provided by this
- 34 section or who otherwise qualifies property for a deduction under this
- 35 section:
- 36 (1) changes the use of the individual's property so that part or all
- 37 of the property no longer qualifies for the deduction under this
- 38 section; or
- 39 (2) is no longer eligible for a deduction under this section on
- 40 another parcel of property because:
- 41 (A) the individual would otherwise receive the benefit of more
- 42 than one (1) deduction under this chapter; or

COPY



1 (B) the individual maintains the individual's principal place of  
 2 residence with another individual who receives a deduction  
 3 under this section;  
 4 the individual must file a certified statement with the auditor of the  
 5 county, notifying the auditor of the change of use, not more than sixty  
 6 (60) days after the date of that change. An individual who fails to file  
 7 the statement required by this subsection is liable for any additional  
 8 taxes that would have been due on the property if the individual had  
 9 filed the statement as required by this subsection plus a civil penalty  
 10 equal to ten percent (10%) of the additional taxes due. The civil penalty  
 11 imposed under this subsection is in addition to any interest and  
 12 penalties for a delinquent payment that might otherwise be due. One  
 13 percent (1%) of the total civil penalty collected under this subsection  
 14 shall be transferred by the county to the department of local  
 15 government finance for use by the department in establishing and  
 16 maintaining the homestead property data base under subsection (i) and,  
 17 to the extent there is money remaining, for any other purposes of the  
 18 department. This amount becomes part of the property tax liability for  
 19 purposes of this article.  
 20 (g) The department of local government finance shall adopt rules or  
 21 guidelines concerning the application for a deduction under this  
 22 section.  
 23 (h) This subsection does not apply to property in the first year for  
 24 which a deduction is claimed under this section if the sole reason that  
 25 a deduction is claimed on other property is that the individual or  
 26 married couple maintained a principal residence at the other property  
 27 on March 1 in the same year in which an application for a deduction is  
 28 filed under this section or, if the application is for a homestead that is  
 29 assessed as personal property, on March 1 in the immediately  
 30 preceding year and the individual or married couple is moving the  
 31 individual's or married couple's principal residence to the property that  
 32 is the subject of the application. The county auditor may not grant an  
 33 individual or a married couple a deduction under this section if:  
 34 (1) the individual or married couple, for the same year, claims the  
 35 deduction on two (2) or more different applications for the  
 36 deduction; and  
 37 (2) the applications claim the deduction for different property.  
 38 (i) The department of local government finance shall provide secure  
 39 access to county auditors to a homestead property data base that  
 40 includes access to the homestead owner's name and the numbers  
 41 required from the homestead owner under subsection (e)(4) for the sole  
 42 purpose of verifying whether an owner is wrongly claiming a deduction

**C**  
**O**  
**P**  
**Y**



1 under this chapter or a credit under IC 6-1.1-20.4, IC 6-1.1-20.6, or  
2 IC 6-3.5.

3 (j) The department of local government finance shall work with  
4 county auditors to develop procedures to determine whether a property  
5 owner that is claiming a standard deduction or homestead credit is not  
6 eligible for the standard deduction or homestead credit because the  
7 property owner's principal place of residence is outside Indiana.

8 (k) As used in this section, "homestead" includes property that  
9 satisfies each of the following requirements:

10 (1) The property is located in Indiana and consists of a dwelling  
11 and the real estate, not exceeding one (1) acre, that immediately  
12 surrounds that dwelling.

13 (2) The property is the principal place of residence of an  
14 individual.

15 (3) The property is owned by an entity that is not described in  
16 subsection (a)(2)(B).

17 (4) The individual residing on the property is a shareholder,  
18 partner, or member of the entity that owns the property.

19 (5) The property was eligible for the standard deduction under  
20 this section on March 1, 2009.

21 (l) If a county auditor terminates a deduction for property described  
22 in subsection (k) with respect to property taxes that are:

- 23 (1) imposed for an assessment date in 2009; and
- 24 (2) first due and payable in 2010;

25 on the grounds that the property is not owned by an entity described in  
26 subsection (a)(2)(B), the county auditor shall reinstate the deduction if  
27 the taxpayer provides proof that the property is eligible for the  
28 deduction in accordance with subsection (k) and that the individual  
29 residing on the property is not claiming the deduction for any other  
30 property.

31 (m) ~~For assessments dates after 2009;~~ The term "homestead"  
32 includes:

- 33 (1) a deck or patio;
- 34 (2) a gazebo; or
- 35 (3) another residential yard structure, as defined in rules adopted  
36 by the department of local government finance; ~~(other than a~~  
37 ~~swimming pool);~~

38 that is assessed as part of the real property, and attached to not  
39 exceeding one (1) acre, that immediately surrounds the dwelling.

40 SECTION 3. IC 6-1.1-12-46 IS ADDED TO THE INDIANA CODE  
41 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
42 UPON PASSAGE]: **Sec. 46. (a) This section does not apply to any**

C  
o  
p  
y



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42

year in which an ordinance adopted under IC 6-1.1-46 is in effect for the same personal property.

(b) As used in this section, "assessed value of personal property" means the assessed value determined after the application of any deductions or adjustments that apply by statute or rule to the assessment of personal property, other than the deduction allowed under subsection (d).

(c) As used in this section, "designating body" refers to the fiscal body (as defined in IC 36-1-2-6) for a county, city, or town.

(d) After conducting a public hearing on the proposed ordinance, a designating body may adopt an ordinance to grant a deduction against the assessed value of personal property located in:

- (1) the county (if the ordinance is adopted by the county designating body); and
- (2) the city or town (if the ordinance is adopted by a city or town designating body).

The deduction is equal to one hundred percent (100%) of the assessed value of personal property for the appropriate year of assessment.

(e) After a public hearing on the proposed ordinance, a designating body may rescind an ordinance adopted under subsection (d). A designating body may rescind an ordinance under this section in the same year an ordinance granting a credit for personal property is adopted under IC 6-1.1-46.

(f) Before adopting an ordinance under this section, a designating body shall conduct a public hearing on the proposed ordinance. The designating body shall:

- (1) publish notice of the public hearing in accordance with IC 5-3-1; and
- (2) not later than ten (10) days before the public hearing, file the notice with each taxing unit in the geographic area served by the designating body.

(g) An ordinance adopted under this section in a particular year applies:

- (1) if adopted before October 1 in a year, to each subsequent assessment year; and
- (2) if adopted after September 30 in a year, to the assessment year that follows the year of adoption by two (2) and each subsequent assessment year.

(h) The designating body shall provide a certified copy of an adopted ordinance to the department of local government finance

C  
O  
P  
Y



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42

and the county auditor.

(i) A taxpayer is not required to file an application to qualify for the deduction permitted under this section.

(j) The department of local government finance shall incorporate the deduction established in this section in the personal property return form to be used each year for filing under this article to permit the taxpayer to enter the deduction on the form. If a taxpayer fails to enter the deduction on the form, the township assessor, the county assessor if there is no township assessor for the township, or the department of local government finance, if the department of local government finance assesses the personal property, shall:

- (1) determine the amount of the deduction; and
- (2) within the period established in IC 6-1.1-16-1, issue a notice of assessment to the taxpayer that reflects the application of the deduction to the personal property.

(k) The deduction established in this section must be applied to any personal property assessment made by:

- (1) an assessing official;
- (2) a county property tax board of appeals; or
- (3) the department of local government finance.

SECTION 4. IC 6-1.1-12.1-11.3, AS AMENDED BY P.L.154-2006, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 11.3. (a) This section applies only to the following requirements:

- (1) Failure to provide the completed statement of benefits form to the designating body before the hearing required by section 2.5(c) of this chapter.
- (2) Failure to submit the completed statement of benefits form to the designating body before the:
  - (A) initiation of the redevelopment or rehabilitation;
  - (B) installation of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment; or
  - (C) occupation of an eligible vacant building; for which the person desires to claim a deduction under this chapter.
- (3) Failure to designate an area as an economic revitalization area before the initiation of the:
  - (A) redevelopment;
  - (B) installation of new manufacturing equipment, new

C  
O  
P  
Y



1 research and development equipment, new logistical  
 2 distribution equipment, or new information technology  
 3 equipment;  
 4 (C) rehabilitation; or  
 5 (D) occupation of an eligible vacant building;  
 6 for which the person desires to claim a deduction under this  
 7 chapter.

8 (4) Failure to make the required findings of fact before  
 9 designating an area as an economic revitalization area or  
 10 authorizing a deduction for new manufacturing equipment, new  
 11 research and development equipment, new logistical distribution  
 12 equipment, or new information technology equipment under  
 13 section 2, 3, 4.5, or 4.8 of this chapter.

14 (5) Failure to file a:  
 15 (A) timely; or  
 16 (B) complete;  
 17 deduction application under section 5, 5.3, or 5.4 of this chapter.

18 **(6) Failure to designate an area as a designated downtown**  
 19 **area under section 16 of this chapter before enhancing a**  
 20 **deduction under section 16 of this chapter or failure to include**  
 21 **a copy of the an ordinance adopted under section 16(f) of this**  
 22 **chapter with a resolution granting a deduction.**

23 (b) This section does not grant a designating body the authority to  
 24 exempt a person from filing a statement of benefits or exempt a  
 25 designating body from making findings of fact.

26 (c) A designating body may by resolution waive noncompliance  
 27 described under subsection (a) under the terms and conditions specified  
 28 in the resolution. Before adopting a waiver under this subsection, the  
 29 designating body shall conduct a public hearing on the waiver.

30 SECTION 5. IC 6-1.1-12.1-16 IS ADDED TO THE INDIANA  
 31 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 32 [EFFECTIVE JULY 1, 2011]: **Sec. 16. (a) This section applies to**  
 33 **property that is the subject of a deduction application filed after**  
 34 **June 30, 2011, if:**

- 35 **(1) property that is the subject of a deduction application is an**
- 36 **eligible vacant building or will be located in an eligible vacant**
- 37 **building;**
- 38 **(2) the eligible vacant building has been unoccupied or used**
- 39 **for a purpose other than incidental storage for at least three**
- 40 **(3) years;**
- 41 **(3) the deduction applicant agrees to use the property for**
- 42 **industrial or nonresidential commercial purpose; and**

COPY



- 1           **(4) the property that is the subject of a deduction application**  
 2           **is or will be located in a designated downtown area.**
- 3           **(b) Section 4.8(c)(3) and 4.8(c)(4) of this chapter does not apply**  
 4           **to a deduction application under section 4.8 of this chapter for**  
 5           **property described in subsection (a).**
- 6           **(c) A designating body may, by resolution, enhance under this**  
 7           **section the deduction schedule that would otherwise apply under**  
 8           **section 3, 4.5, or 4.8 of this chapter to tangible property described**  
 9           **in subsection (a) to provide a deduction equal to up to one hundred**  
 10           **percent (100%) of the gross assessed value of property for not**  
 11           **more than ten (10) consecutive years, beginning with the first year**  
 12           **that the property is eligible for a deduction under this chapter. The**  
 13           **designating body may provide a one hundred percent (100%)**  
 14           **deduction in each of the years in the enhanced deduction schedule**  
 15           **or establish a schedule that reduces the percentage of the deduction**  
 16           **over one (1) or more years covered by the schedule. If the**  
 17           **deduction application is for a deduction under section 4.8 of this**  
 18           **chapter, the designating body may extend under this section the**  
 19           **maximum term of the deduction from two (2) to not more than ten**  
 20           **(10) years.**
- 21           **(d) The designating body may grant an enhancement under**  
 22           **subsection (c) under the terms and conditions specified in the**  
 23           **resolution.**
- 24           **(e) Before adopting a resolution under this section, the**  
 25           **designating body shall conduct a public hearing on the resolution.**  
 26           **Notice of the public hearing shall be published in accordance with**  
 27           **IC 5-3-1. In addition, the designating body shall notify each taxing**  
 28           **unit within the taxing district where the property is or will be**  
 29           **located of the proposed resolution, including the date, time, and**  
 30           **place of the public hearing. If a resolution is adopted under this**  
 31           **section, the designating body shall deliver a copy of the adopted**  
 32           **resolution to the:**
- 33                   **(1) county auditor; and**
- 34                   **(2) the township assessor for the township where the property**  
 35                   **is located or, if there is no township assessor, the county**  
 36                   **assessor;**
- 37           **within thirty (30) days after its adoption.**
- 38           **(f) A public hearing or resolution under this section may be**  
 39           **combined with any other public hearing or resolution required**  
 40           **under this chapter.**
- 41           **(g) For purposes of applying this section to property, the fiscal**  
 42           **body of a city or town may by ordinance designate any part of:**

**C**  
**O**  
**P**  
**Y**



1 (1) the central business district of the city or town; or  
 2 (2) any commercial or mixed use area within a neighborhood  
 3 of a city or town that has served for a period of at least  
 4 twenty-five (25) years as a retail service and communal focal  
 5 point within the city or town;  
 6 as a designated downtown area. The ordinance must include a  
 7 simplified description of the boundaries of the area by describing  
 8 its location in relation to public ways, streams, or otherwise. The  
 9 fiscal body may designate a maximum of fifteen percent (15%) of  
 10 the total geographic territory of the city or town as a designated  
 11 downtown area. A resolution adopted under this section must  
 12 include a certified copy of the ordinance adopted under this  
 13 subsection.

14 SECTION 6. IC 6-1.1-20.6-1.2 IS ADDED TO THE INDIANA  
 15 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 16 [EFFECTIVE MARCH 1, 2011 (RETROACTIVE)]: **Sec. 1.2.** As used  
 17 in this chapter, "common areas" means any of the following:

- 18 (1) Residential property improvements on real property on  
 19 which a building that includes two (2) or more dwelling units,  
 20 a mobile home, or a manufactured home is located, including  
 21 all roads, swimming pools, tennis courts, basketball courts,  
 22 playgrounds, carports, garages, other parking areas, gazebos,  
 23 decks, and patios.
- 24 (2) The land and all appurtenances to the land used in  
 25 connection with a building or structure described in  
 26 subdivision (1), including land that is outside the footprint of  
 27 the building, mobile home, manufactured home, or  
 28 improvement.

29 SECTION 7. IC 6-1.1-46 IS ADDED TO THE INDIANA CODE  
 30 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 31 UPON PASSAGE]:

32 **Chapter 46. Personal Property Credit**

33 **Sec. 1.** As used in this chapter, "credit" refers to a credit  
 34 granted under this chapter.

35 **Sec. 2.** As used in this chapter, "debt service obligations of a  
 36 political subdivision" refers to:

- 37 (1) the principal and interest payable during a calendar year  
 38 on bonds; and
- 39 (2) lease rental payments payable during a calendar year on  
 40 leases;

41 of a political subdivision payable from ad valorem property taxes.

42 **Sec. 3.** As used in this chapter, "designating body" refers to the

**C  
O  
P  
Y**



1 fiscal body (as defined in IC 36-1-2-6) for a county, city, or town.  
 2 Sec. 4. As used in this chapter, "ordinance" refers to an  
 3 ordinance under this chapter.  
 4 Sec. 5. As used in this chapter, "property tax liability" means  
 5 the ad valorem property tax imposed on personal property under  
 6 this article determined after application of all credits and  
 7 deductions under this article or IC 6-3.5, except the credit under  
 8 this chapter. The term does not include any interest or penalty  
 9 imposed under this article.  
 10 Sec. 6. After conducting a public hearing under section 10 of this  
 11 chapter, a designating body may adopt an ordinance to establish a  
 12 credit against the property tax liability that a taxpayer would  
 13 otherwise be obligated to pay for personal property.  
 14 Sec. 7. An ordinance adopted by the fiscal body of a county  
 15 applies to all property tax liability imposed on personal property  
 16 located in the county, including personal property located in a city  
 17 or town.  
 18 Sec. 8. An ordinance adopted by the fiscal body of a city or town  
 19 applies to all property tax liability imposed on personal property  
 20 located in the city or town.  
 21 Sec. 9. After conducting a public hearing under section 10 of this  
 22 chapter, a designating body may adopt an ordinance to rescind an  
 23 ordinance adopted under section 6 of this chapter.  
 24 Sec. 10. Before adopting an ordinance, a designating body shall  
 25 conduct a public hearing on the proposed ordinance. The  
 26 designating body shall:  
 27 (1) publish notice of the public hearing in accordance with  
 28 IC 5-3-1; and  
 29 (2) not later than ten (10) days before the public hearing, file  
 30 the notice with each taxing unit in the geographic area served  
 31 by the designating body.  
 32 Sec. 11. An ordinance adopted before October 1 in a year  
 33 initially applies to property taxes first due and payable in the  
 34 immediately following year.  
 35 Sec. 12. An ordinance adopted after September 30 in a year  
 36 initially applies to property taxes first due and payable in the year  
 37 that follows the year of adoption by two (2).  
 38 Sec. 13. A designating body shall certify an ordinance adopted  
 39 under this chapter to the county auditor and the department of  
 40 local government finance.  
 41 Sec. 14. A taxpayer is not required to file an application for the  
 42 credit under this chapter. The county auditor shall:

C  
o  
p  
y



- 1           **(1) identify the property in the county eligible for the credit**
- 2           **under this chapter; and**
- 3           **(2) apply the credit under this chapter to property tax liability**
- 4           **on the identified property.**

5           **Sec. 15. The county auditor of each county shall certify to the**  
 6           **department of local government finance:**

- 7           **(1) the total amount of credits that are allowed under this**
- 8           **chapter in the county for the calendar year; and**
- 9           **(2) the amount that each taxing unit's distribution of property**
- 10           **taxes will be reduced as a result of the granting of the credits.**

11           **If the amount of credits granted changes after the date the**  
 12           **certification is made, the county auditor shall submit an amended**  
 13           **certification to the department of local government finance. The**  
 14           **initial certification and the amended certifications shall be**  
 15           **submitted to the department of local government finance on the**  
 16           **schedule prescribed by the department of local government**  
 17           **finance.**

18           **Sec. 16. For purposes of computing and distributing any excise**  
 19           **taxes or local option income taxes for which the distribution is**  
 20           **based on the amount of a taxing unit's property tax levy, the**  
 21           **computation and distribution of the excise tax or local option**  
 22           **income tax shall be based on the taxing unit's property tax levy as**  
 23           **calculated before any reduction due to credits provided to**  
 24           **taxpayers under this chapter.**

25           SECTION 8. IC 6-2.5-11-10, AS AMENDED BY P.L.113-2010,  
 26           SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 27           UPON PASSAGE]: Sec. 10. (a) A certified service provider is the  
 28           agent of a seller, with whom the certified service provider has  
 29           contracted, for the collection and remittance of sales and use taxes. As  
 30           the seller's agent, the certified service provider is liable for sales and  
 31           use tax due each member state on all sales transactions it processes for  
 32           the seller except as set out in this section. A seller that contracts with  
 33           a certified service provider is not liable to the state for sales or use tax  
 34           due on transactions processed by the certified service provider unless  
 35           the seller misrepresented the type of items it sells or committed fraud.  
 36           In the absence of probable cause to believe that the seller has  
 37           committed fraud or made a material misrepresentation, the seller is not  
 38           subject to audit on the transactions processed by the certified service  
 39           provider. A seller is subject to audit for transactions not processed by  
 40           the certified service provider. The member states acting jointly may  
 41           perform a system check of the seller and review the seller's procedures  
 42           to determine if the certified service provider's system is functioning

**C**  
**O**  
**P**  
**Y**



1 properly and the extent to which the seller's transactions are being  
 2 processed by the certified service provider.

3 (b) A person that provides a certified automated system is  
 4 responsible for the proper functioning of that system and is liable to the  
 5 state for underpayments of tax attributable to errors in the functioning  
 6 of the certified automated system. A seller that uses a certified  
 7 automated system remains responsible and is liable to the state for  
 8 reporting and remitting tax.

9 (c) A seller that has a proprietary system for determining the amount  
 10 of tax due on transactions and has signed an agreement establishing a  
 11 performance standard for that system is liable for the failure of the  
 12 system to meet the performance standard.

13 (d) A certified service provider or a seller using a certified  
 14 automated system that obtains a certification or taxability matrix from  
 15 the department is not liable for sales or use tax collection errors that  
 16 result from reliance on the department's certification or taxability  
 17 matrix. If the department determines that an item or transaction is  
 18 incorrectly classified as to the taxability of the item or transaction, the  
 19 department shall notify the certified service provider or the seller using  
 20 a certified automated system of the incorrect classification. The  
 21 certified service provider or the seller using a certified automated  
 22 system must revise the incorrect classification within ten (10) days  
 23 after receiving notice of the determination from the department. If the  
 24 classification error is not corrected within ten (10) days after receiving  
 25 the department's notice, the certified service provider or the seller using  
 26 a certified automated system is liable for failure to collect the correct  
 27 amount of sales or use tax due and owing.

28 (e) If at least thirty (30) days are not provided between the  
 29 enactment of a statute changing the rate set forth in IC 6-2.5-2-2 and  
 30 the effective date of the rate change, the department shall relieve the  
 31 seller of liability for failing to collect tax at the new rate if:

32 (1) the seller collected the tax at the immediately preceding  
 33 effective rate; and

34 (2) the seller's failure to collect at the current rate does not extend  
 35 beyond thirty (30) days after the effective date of the rate change.

36 A seller is not eligible for the relief provided for in this subsection if  
 37 the seller fraudulently fails to collect at the current rate or solicits  
 38 purchases based on the immediately preceding effective rate.

39 (f) The department shall allow any monetary allowances that are  
 40 provided by the member states to sellers or certified service providers  
 41 in exchange for collecting the sales and use taxes as provided in article  
 42 VI of the agreement.

C  
o  
p  
y



1 (g) After July 1, 2011, the department may negotiate with a  
 2 certified service provider or seller to provide a monetary allowance  
 3 that is greater than the allowance provided in IC 6-2.5-6-10 for the  
 4 collection of gross retail tax or use tax on sales, leases, and rentals  
 5 of goods or services made in a member state or a jurisdiction that  
 6 is not a member state. A monetary allowance permitted under this  
 7 subsection may not exceed ten percent (10%) of the adjusted gross  
 8 retail tax or use tax collected from a sale, lease, or rental. The  
 9 department shall adopt rules under IC 4-22-2 to establish  
 10 standards for granting monetary allowances under this subsection.  
 11 The rules must provide that the permitted monetary allowance is  
 12 a negotiated rate based on:

- 13 (1) the collection costs of the certified service provider or  
 14 seller;
- 15 (2) the volume and value to the state of sales, leases, or rentals  
 16 processed by a certified service provider or seller;
- 17 (3) the administrative and legal costs that the state would  
 18 otherwise incur to collect gross retail taxes or use taxes for  
 19 these sales, leases, or rentals absent a negotiated monetary  
 20 allowance; and
- 21 (4) the likelihood of collecting gross retail taxes or use taxes  
 22 on these sales, leases, or rentals absent a negotiated monetary  
 23 allowance.

24 SECTION 9. IC 6-3-1-3.5, AS AMENDED BY P.L.182-2009(ss),  
 25 SECTION 186, IS AMENDED TO READ AS FOLLOWS  
 26 [EFFECTIVE JULY 1, 2011]: Sec. 3.5. When used in this article, the  
 27 term "adjusted gross income" shall mean the following:

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

- 31 (1) Subtract income that is exempt from taxation under this article  
 32 by the Constitution and statutes of the United States.
- 33 (2) Add an amount equal to any deduction or deductions allowed  
 34 or allowable pursuant to Section 62 of the Internal Revenue Code  
 35 for taxes based on or measured by income and levied at the state  
 36 level by any state of the United States.
- 37 (3) Subtract:
  - 38 (A) for a taxable year beginning before January 1, 2012,  
 39 one thousand dollars (\$1,000), or in the case of a joint return  
 40 filed by a husband and wife, subtract for each spouse one  
 41 thousand dollars (\$1,000);
  - 42 (B) for a taxable year beginning after December 31, 2011,

C  
o  
p  
y



1           **and before January 1, 2014, one thousand two hundred**  
 2           **sixty-five dollars (\$1,265), or in the case of a joint return**  
 3           **filed by a husband and wife, subtract for each spouse one**  
 4           **thousand two hundred sixty-five dollars (\$1,265); and**  
 5           **(C) for a taxable year beginning after December 31, 2013,**  
 6           **the amount determined under clause (B) multiplied by the**  
 7           **greater of one (1) or a fraction, rounded to the nearest one**  
 8           **thousandth (0.001). The numerator of the fraction is the**  
 9           **arithmetical mean of the United States Department of**  
 10           **Labor All Urban Consumers Price Index (all items) or its**  
 11           **successor, for the months of July, August, and September**  
 12           **in the calendar year immediately preceding January 1 in**  
 13           **the calendar year in which the taxpayer's taxable year**  
 14           **begins. The denominator of the fraction is the arithmetical**  
 15           **mean of the United States Department of Labor All Urban**  
 16           **Consumers Price Index (all items) or its successor, for the**  
 17           **months of July 2013, August 2013, and September 2013.**

18           (4) Subtract one thousand dollars (\$1,000) for:  
 19                (A) each of the exemptions provided by Section 151(c) of the  
 20                Internal Revenue Code;  
 21                (B) each additional amount allowable under Section 63(f) of  
 22                the Internal Revenue Code; and  
 23                (C) the spouse of the taxpayer if a separate return is made by  
 24                the taxpayer and if the spouse, for the calendar year in which  
 25                the taxable year of the taxpayer begins, has no gross income  
 26                and is not the dependent of another taxpayer.

27           (5) Subtract:  
 28                (A) for taxable years beginning after December 31, 2004, one  
 29                thousand five hundred dollars (\$1,500) for each of the  
 30                exemptions allowed under Section 151(c)(1)(B) of the Internal  
 31                Revenue Code (as effective January 1, 2004); and  
 32                (B) five hundred dollars (\$500) for each additional amount  
 33                allowable under Section 63(f)(1) of the Internal Revenue Code  
 34                if the adjusted gross income of the taxpayer, or the taxpayer  
 35                and the taxpayer's spouse in the case of a joint return, is less  
 36                than forty thousand dollars (\$40,000).

37           This amount is in addition to the amount subtracted under  
 38           subdivision (4).

39           (6) Subtract an amount equal to the lesser of:  
 40                (A) that part of the individual's adjusted gross income (as  
 41                defined in Section 62 of the Internal Revenue Code) for that  
 42                taxable year that is subject to a tax that is imposed by a

C  
O  
P  
Y



- 1 political subdivision of another state and that is imposed on or
- 2 measured by income; or
- 3 (B) two thousand dollars (\$2,000).
- 4 (7) Add an amount equal to the total capital gain portion of a
- 5 lump sum distribution (as defined in Section 402(e)(4)(D) of the
- 6 Internal Revenue Code) if the lump sum distribution is received
- 7 by the individual during the taxable year and if the capital gain
- 8 portion of the distribution is taxed in the manner provided in
- 9 Section 402 of the Internal Revenue Code.
- 10 (8) Subtract any amounts included in federal adjusted gross
- 11 income under Section 111 of the Internal Revenue Code as a
- 12 recovery of items previously deducted as an itemized deduction
- 13 from adjusted gross income.
- 14 (9) Subtract any amounts included in federal adjusted gross
- 15 income under the Internal Revenue Code which amounts were
- 16 received by the individual as supplemental railroad retirement
- 17 annuities under 45 U.S.C. 231 and which are not deductible under
- 18 subdivision (1).
- 19 (10) Add an amount equal to the deduction allowed under Section
- 20 221 of the Internal Revenue Code for married couples filing joint
- 21 returns if the taxable year began before January 1, 1987.
- 22 (11) Add an amount equal to the interest excluded from federal
- 23 gross income by the individual for the taxable year under Section
- 24 128 of the Internal Revenue Code if the taxable year began before
- 25 January 1, 1985.
- 26 (12) Subtract an amount equal to the amount of federal Social
- 27 Security and Railroad Retirement benefits included in a taxpayer's
- 28 federal gross income by Section 86 of the Internal Revenue Code.
- 29 (13) In the case of a nonresident taxpayer or a resident taxpayer
- 30 residing in Indiana for a period of less than the taxpayer's entire
- 31 taxable year, the total amount of the deductions allowed pursuant
- 32 to subdivisions (3), (4), (5), and (6) shall be reduced to an amount
- 33 which bears the same ratio to the total as the taxpayer's income
- 34 taxable in Indiana bears to the taxpayer's total income.
- 35 (14) In the case of an individual who is a recipient of assistance
- 36 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
- 37 subtract an amount equal to that portion of the individual's
- 38 adjusted gross income with respect to which the individual is not
- 39 allowed under federal law to retain an amount to pay state and
- 40 local income taxes.
- 41 (15) In the case of an eligible individual, subtract the amount of
- 42 a Holocaust victim's settlement payment included in the

COPY



- 1 individual's federal adjusted gross income.
- 2 (16) For taxable years beginning after December 31, 1999,  
3 subtract an amount equal to the portion of any premiums paid  
4 during the taxable year by the taxpayer for a qualified long term  
5 care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the  
6 taxpayer's spouse, or both.
- 7 (17) Subtract an amount equal to the lesser of:  
8 (A) for a taxable year:  
9 (i) including any part of 2004, the amount determined under  
10 subsection (f); and  
11 (ii) beginning after December 31, 2004, two thousand five  
12 hundred dollars (\$2,500); or  
13 (B) the amount of property taxes that are paid during the  
14 taxable year in Indiana by the individual on the individual's  
15 principal place of residence.
- 16 (18) Subtract an amount equal to the amount of a September 11  
17 terrorist attack settlement payment included in the individual's  
18 federal adjusted gross income.
- 19 (19) Add or subtract the amount necessary to make the adjusted  
20 gross income of any taxpayer that owns property for which bonus  
21 depreciation was allowed in the current taxable year or in an  
22 earlier taxable year equal to the amount of adjusted gross income  
23 that would have been computed had an election not been made  
24 under Section 168(k) of the Internal Revenue Code to apply bonus  
25 depreciation to the property in the year that it was placed in  
26 service.
- 27 (20) Add an amount equal to any deduction allowed under  
28 Section 172 of the Internal Revenue Code.
- 29 (21) Add or subtract the amount necessary to make the adjusted  
30 gross income of any taxpayer that placed Section 179 property (as  
31 defined in Section 179 of the Internal Revenue Code) in service  
32 in the current taxable year or in an earlier taxable year equal to  
33 the amount of adjusted gross income that would have been  
34 computed had an election for federal income tax purposes not  
35 been made for the year in which the property was placed in  
36 service to take deductions under Section 179 of the Internal  
37 Revenue Code in a total amount exceeding twenty-five thousand  
38 dollars (\$25,000).
- 39 (22) Add an amount equal to the amount that a taxpayer claimed  
40 as a deduction for domestic production activities for the taxable  
41 year under Section 199 of the Internal Revenue Code for federal  
42 income tax purposes.

**C**  
**O**  
**P**  
**Y**



- 1 (23) Subtract an amount equal to the amount of the taxpayer's  
2 qualified military income that was not excluded from the  
3 taxpayer's gross income for federal income tax purposes under  
4 Section 112 of the Internal Revenue Code.
- 5 (24) Subtract income that is:  
6 (A) exempt from taxation under IC 6-3-2-21.7; and  
7 (B) included in the individual's federal adjusted gross income  
8 under the Internal Revenue Code.
- 9 (25) Subtract any amount of a credit (including an advance refund  
10 of the credit) that is provided to an individual under 26 U.S.C.  
11 6428 (federal Economic Stimulus Act of 2008) and included in  
12 the individual's federal adjusted gross income.
- 13 (26) Add any amount of unemployment compensation excluded  
14 from federal gross income, as defined in Section 61 of the Internal  
15 Revenue Code, under Section 85(c) of the Internal Revenue Code.
- 16 (27) Add the amount excluded from gross income under Section  
17 108(a)(1)(e) of the Internal Revenue Code for the discharge of  
18 debt on a qualified principal residence.
- 19 (28) 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 the amount necessary from the adjusted  
25 gross income of any taxpayer that added an amount to adjusted  
26 gross income in a previous year to offset the amount included in  
27 federal gross income as a result of the deferral of income arising  
28 from business indebtedness discharged in connection with the  
29 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 (29) 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.
- 39 (30) Add the amount necessary to make the adjusted gross income  
40 of any taxpayer that placed qualified retail improvement property  
41 in service during the taxable year and that was classified as  
42 15-year property under Section 168(e)(3)(E)(ix) of the Internal

C  
o  
p  
y



1 Revenue Code equal to the amount of adjusted gross income that  
 2 would have been computed had the classification not applied to  
 3 the property in the year that it was placed in service.

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

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

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

22 (34) Add or subtract the amount necessary to make the adjusted  
 23 gross income of any taxpayer that treated a loss from the sale or  
 24 exchange of preferred stock in:

25 (A) the Federal National Mortgage Association, established  
 26 under the Federal National Mortgage Association Charter Act  
 27 (12 U.S.C. 1716 et seq.); or

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

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

36 **(35) Add an amount equal to:**

37 **(A) the amount excluded from federal gross income under**  
 38 **Section 103 of the Internal Revenue Code for interest on**  
 39 **state or local bonds (as defined in Section 103 of the**  
 40 **Internal Revenue Code), other than interest on the bonds**  
 41 **of an Indiana state or local entity that is exempted from**  
 42 **taxation under any other law, including the bonds of a**

C  
O  
P  
Y



1           **state educational institution; minus**  
 2           **(B) directly related expenses that the taxpayer did not**  
 3           **deduct in computing federal adjusted gross income (as**  
 4           **defined in Section 62 of the Internal Revenue Code)**  
 5           **because of Section 265 of the Internal Revenue Code.**

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

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

11           (2) Add an amount equal to any deduction or deductions allowed  
 12 or allowable pursuant to Section 170 of the Internal Revenue  
 13 Code.

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

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

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

29           (6) Add an amount equal to any deduction allowed under Section  
 30 172 of the Internal Revenue Code.

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

41           (8) Add an amount equal to the amount that a taxpayer claimed as  
 42 a deduction for domestic production activities for the taxable year

C  
 O  
 P  
 Y



- 1 under Section 199 of the Internal Revenue Code for federal  
2 income tax purposes.
- 3 (9) Add to the extent required by IC 6-3-2-20 the amount of  
4 intangible expenses (as defined in IC 6-3-2-20) and any directly  
5 related intangible interest expenses (as defined in IC 6-3-2-20) for  
6 the taxable year that reduced the corporation's taxable income (as  
7 defined in Section 63 of the Internal Revenue Code) for federal  
8 income tax purposes.
- 9 (10) Add an amount equal to any deduction for dividends paid (as  
10 defined in Section 561 of the Internal Revenue Code) to  
11 shareholders of a captive real estate investment trust (as defined  
12 in section 34.5 of this chapter).
- 13 (11) Subtract income that is:
- 14 (A) exempt from taxation under IC 6-3-2-21.7; and
- 15 (B) included in the corporation's taxable income under the  
16 Internal Revenue Code.
- 17 (12) Add an amount equal to any income not included in gross  
18 income as a result of the deferral of income arising from business  
19 indebtedness discharged in connection with the reacquisition after  
20 December 31, 2008, and before January 1, 2011, of an applicable  
21 debt instrument, as provided in Section 108(i) of the Internal  
22 Revenue Code. Subtract from the adjusted gross income of any  
23 taxpayer that added an amount to adjusted gross income in a  
24 previous year the amount necessary to offset the amount included  
25 in federal gross income as a result of the deferral of income  
26 arising from business indebtedness discharged in connection with  
27 the reacquisition after December 31, 2008, and before January 1,  
28 2011, of an applicable debt instrument, as provided in Section  
29 108(i) of the Internal Revenue Code.
- 30 (13) Add the amount necessary to make the adjusted gross income  
31 of any taxpayer that placed qualified restaurant property in service  
32 during the taxable year and that was classified as 15-year property  
33 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal  
34 to the amount of adjusted gross income that would have been  
35 computed had the classification not applied to the property in the  
36 year that it was placed in service.
- 37 (14) Add the amount necessary to make the adjusted gross income  
38 of any taxpayer that placed qualified retail improvement property  
39 in service during the taxable year and that was classified as  
40 15-year property under Section 168(e)(3)(E)(ix) of the Internal  
41 Revenue Code equal to the amount of adjusted gross income that  
42 would have been computed had the classification not applied to

**C**  
**O**  
**P**  
**Y**



1 the property in the year that it was placed in service.

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

8 (16) Add or subtract the amount necessary to make the adjusted  
9 gross income of any taxpayer that made an election under Section  
10 179C of the Internal Revenue Code to expense costs for qualified  
11 refinery property equal to the amount of adjusted gross income  
12 that would have been computed had an election for federal  
13 income tax purposes not been made for the year.

14 (17) Add or subtract the amount necessary to make the adjusted  
15 gross income of any taxpayer that made an election under Section  
16 181 of the Internal Revenue Code to expense costs for a qualified  
17 film or television production equal to the amount of adjusted  
18 gross income that would have been computed had an election for  
19 federal income tax purposes not been made for the year.

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

23 (A) the Federal National Mortgage Association, established  
24 under the Federal National Mortgage Association Charter Act  
25 (12 U.S.C. 1716 et seq.); or

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

29 as an ordinary loss under Section 301 of the Emergency  
30 Economic Stabilization Act of 2008 in the current taxable year or  
31 in an earlier taxable year equal to the amount of adjusted gross  
32 income that would have been computed had the loss not been  
33 treated as an ordinary loss.

34 **(19) Add an amount equal to:**

35 **(A) the amount excluded from federal gross income under**  
36 **Section 103 of the Internal Revenue Code for interest on**  
37 **state or local bonds (as defined in Section 103 of the**  
38 **Internal Revenue Code), other than interest on the bonds**  
39 **of an Indiana state or local entity that is exempted from**  
40 **taxation under any other law, including the bonds of a**  
41 **state educational institution; minus**

42 **(B) directly related expenses that the taxpayer did not**

C  
o  
p  
y



- 1                   **deduct in computing federal adjusted gross income (as**  
 2                   **defined in Section 62 of the Internal Revenue Code)**  
 3                   **because of Section 265 of the Internal Revenue Code.**
- 4           (c) In the case of life insurance companies (as defined in Section  
 5 816(a) of the Internal Revenue Code) that are organized under Indiana  
 6 law, the same as "life insurance company taxable income" (as defined  
 7 in Section 801 of the Internal Revenue Code), adjusted as follows:
- 8           (1) Subtract income that is exempt from taxation under this article  
 9 by the Constitution and statutes of the United States.
- 10          (2) Add an amount equal to any deduction allowed or allowable  
 11 under Section 170 of the Internal Revenue Code.
- 12          (3) Add an amount equal to a deduction allowed or allowable  
 13 under Section 805 or Section 831(c) of the Internal Revenue Code  
 14 for taxes based on or measured by income and levied at the state  
 15 level by any state.
- 16          (4) Subtract an amount equal to the amount included in the  
 17 company's taxable income under Section 78 of the Internal  
 18 Revenue Code.
- 19          (5) Add or subtract the amount necessary to make the adjusted  
 20 gross income of any taxpayer that owns property for which bonus  
 21 depreciation was allowed in the current taxable year or in an  
 22 earlier taxable year equal to the amount of adjusted gross income  
 23 that would have been computed had an election not been made  
 24 under Section 168(k) of the Internal Revenue Code to apply bonus  
 25 depreciation to the property in the year that it was placed in  
 26 service.
- 27          (6) Add an amount equal to any deduction allowed under Section  
 28 172 or Section 810 of the Internal Revenue Code.
- 29          (7) Add or subtract the amount necessary to make the adjusted  
 30 gross income of any taxpayer that placed Section 179 property (as  
 31 defined in Section 179 of the Internal Revenue Code) in service  
 32 in the current taxable year or in an earlier taxable year equal to  
 33 the amount of adjusted gross income that would have been  
 34 computed had an election for federal income tax purposes not  
 35 been made for the year in which the property was placed in  
 36 service to take deductions under Section 179 of the Internal  
 37 Revenue Code in a total amount exceeding twenty-five thousand  
 38 dollars (\$25,000).
- 39          (8) Add an amount equal to the amount that a taxpayer claimed as  
 40 a deduction for domestic production activities for the taxable year  
 41 under Section 199 of the Internal Revenue Code for federal  
 42 income tax purposes.

C  
 O  
 P  
 Y



- 1 (9) Subtract income that is:  
2 (A) exempt from taxation under IC 6-3-2-21.7; and  
3 (B) included in the insurance company's taxable income under  
4 the Internal Revenue Code.
- 5 (10) Add an amount equal to any income not included in gross  
6 income as a result of the deferral of income arising from business  
7 indebtedness discharged in connection with the reacquisition after  
8 December 31, 2008, and before January 1, 2011, of an applicable  
9 debt instrument, as provided in Section 108(i) of the Internal  
10 Revenue Code. Subtract from the adjusted gross income of any  
11 taxpayer that added an amount to adjusted gross income in a  
12 previous year the amount necessary to offset the amount included  
13 in federal gross income as a result of the deferral of income  
14 arising from business indebtedness discharged in connection with  
15 the reacquisition after December 31, 2008, and before January 1,  
16 2011, of an applicable debt instrument, as provided in Section  
17 108(i) of the Internal Revenue Code.
- 18 (11) Add the amount necessary to make the adjusted gross income  
19 of any taxpayer that placed qualified restaurant property in service  
20 during the taxable year and that was classified as 15-year property  
21 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal  
22 to the amount of adjusted gross income that would have been  
23 computed had the classification not applied to the property in the  
24 year that it was placed in service.
- 25 (12) Add the amount necessary to make the adjusted gross income  
26 of any taxpayer that placed qualified retail improvement property  
27 in service during the taxable year and that was classified as  
28 15-year property under Section 168(e)(3)(E)(ix) of the Internal  
29 Revenue Code equal to the amount of adjusted gross income that  
30 would have been computed had the classification not applied to  
31 the property in the year that it was placed in service.
- 32 (13) Add or subtract the amount necessary to make the adjusted  
33 gross income of any taxpayer that claimed the special allowance  
34 for qualified disaster assistance property under Section 168(n) of  
35 the Internal Revenue Code equal to the amount of adjusted gross  
36 income that would have been computed had the special allowance  
37 not been claimed for the property.
- 38 (14) Add or subtract the amount necessary to make the adjusted  
39 gross income of any taxpayer that made an election under Section  
40 179C of the Internal Revenue Code to expense costs for qualified  
41 refinery property equal to the amount of adjusted gross income  
42 that would have been computed had an election for federal

**C**  
**O**  
**P**  
**Y**



1 income tax purposes not been made for the year.

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

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

11 (A) the Federal National Mortgage Association, established  
12 under the Federal National Mortgage Association Charter Act  
13 (12 U.S.C. 1716 et seq.); or

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

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

22 (17) Add an amount equal to any exempt insurance income under  
23 Section 953(e) of the Internal Revenue Code that is active  
24 financing income under Subpart F of Subtitle A, Chapter 1,  
25 Subchapter N of the Internal Revenue Code.

26 **(18) Add an amount equal to:**

27 **(A) the amount excluded from federal gross income under**  
28 **Section 103 of the Internal Revenue Code for interest on**  
29 **state or local bonds (as defined in Section 103 of the**  
30 **Internal Revenue Code), other than interest on the bonds**  
31 **of an Indiana state or local entity that is exempted from**  
32 **taxation under any other law, including the bonds of a**  
33 **state educational institution; minus**

34 **(B) directly related expenses that the taxpayer did not**  
35 **deduct in computing federal adjusted gross income (as**  
36 **defined in Section 62 of the Internal Revenue Code)**  
37 **because of Section 265 of the Internal Revenue Code.**

38 (d) In the case of insurance companies subject to tax under Section  
39 831 of the Internal Revenue Code and organized under Indiana law, the  
40 same as "taxable income" (as defined in Section 832 of the Internal  
41 Revenue Code), adjusted as follows:

42 (1) Subtract income that is exempt from taxation under this article

C  
o  
p  
y



- 1 by the Constitution and statutes of the United States.
- 2 (2) Add an amount equal to any deduction allowed or allowable
- 3 under Section 170 of the Internal Revenue Code.
- 4 (3) Add an amount equal to a deduction allowed or allowable
- 5 under Section 805 or Section 831(c) of the Internal Revenue Code
- 6 for taxes based on or measured by income and levied at the state
- 7 level by any state.
- 8 (4) Subtract an amount equal to the amount included in the
- 9 company's taxable income under Section 78 of the Internal
- 10 Revenue Code.
- 11 (5) Add or subtract the amount necessary to make the adjusted
- 12 gross income of any taxpayer that owns property for which bonus
- 13 depreciation was allowed in the current taxable year or in an
- 14 earlier taxable year equal to the amount of adjusted gross income
- 15 that would have been computed had an election not been made
- 16 under Section 168(k) of the Internal Revenue Code to apply bonus
- 17 depreciation to the property in the year that it was placed in
- 18 service.
- 19 (6) Add an amount equal to any deduction allowed under Section
- 20 172 of the Internal Revenue Code.
- 21 (7) Add or subtract the amount necessary to make the adjusted
- 22 gross income of any taxpayer that placed Section 179 property (as
- 23 defined in Section 179 of the Internal Revenue Code) in service
- 24 in the current taxable year or in an earlier taxable year equal to
- 25 the amount of adjusted gross income that would have been
- 26 computed had an election for federal income tax purposes not
- 27 been made for the year in which the property was placed in
- 28 service to take deductions under Section 179 of the Internal
- 29 Revenue Code in a total amount exceeding twenty-five thousand
- 30 dollars (\$25,000).
- 31 (8) Add an amount equal to the amount that a taxpayer claimed as
- 32 a deduction for domestic production activities for the taxable year
- 33 under Section 199 of the Internal Revenue Code for federal
- 34 income tax purposes.
- 35 (9) Subtract income that is:
- 36 (A) exempt from taxation under IC 6-3-2-21.7; and
- 37 (B) included in the insurance company's taxable income under
- 38 the Internal Revenue Code.
- 39 (10) Add an amount equal to any income not included in gross
- 40 income as a result of the deferral of income arising from business
- 41 indebtedness discharged in connection with the reacquisition after
- 42 December 31, 2008, and before January 1, 2011, of an applicable

**C**  
**O**  
**P**  
**Y**



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

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

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

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

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

36 (15) Add or subtract the amount necessary to make the adjusted  
 37 gross income of any taxpayer that made an election under Section  
 38 181 of the Internal Revenue Code to expense costs for a qualified  
 39 film or television production equal to the amount of adjusted  
 40 gross income that would have been computed had an election for  
 41 federal income tax purposes not been made for the year.

42 (16) Add or subtract the amount necessary to make the adjusted

C  
o  
p  
y



1 gross income of any taxpayer that treated a loss from the sale or  
2 exchange of preferred stock in:

3 (A) the Federal National Mortgage Association, established  
4 under the Federal National Mortgage Association Charter Act  
5 (12 U.S.C. 1716 et seq.); or

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

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

14 (17) Add an amount equal to any exempt insurance income under  
15 Section 953(e) of the Internal Revenue Code that is active  
16 financing income under Subpart F of Subtitle A, Chapter 1,  
17 Subchapter N of the Internal Revenue Code.

18 **(18) Add an amount equal to:**

19 **(A) the amount excluded from federal gross income under**  
20 **Section 103 of the Internal Revenue Code for interest on**  
21 **state or local bonds (as defined in Section 103 of the**  
22 **Internal Revenue Code), other than interest on the bonds**  
23 **of an Indiana state or local entity that is exempted from**  
24 **taxation under any other law, including the bonds of a**  
25 **state educational institution; minus**

26 **(B) directly related expenses that the taxpayer did not**  
27 **deduct in computing federal adjusted gross income (as**  
28 **defined in Section 62 of the Internal Revenue Code)**  
29 **because of Section 265 of the Internal Revenue Code.**

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

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

35 (2) Subtract an amount equal to the amount of a September 11  
36 terrorist attack settlement payment included in the federal  
37 adjusted gross income of the estate of a victim of the September  
38 11 terrorist attack or a trust to the extent the trust benefits a victim  
39 of the September 11 terrorist attack.

40 (3) Add or subtract the amount necessary to make the adjusted  
41 gross income of any taxpayer that owns property for which bonus  
42 depreciation was allowed in the current taxable year or in an

C  
o  
p  
y



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

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

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

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

22 (7) Subtract income that is:

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

24 (B) included in the taxpayer's taxable income under the  
 25 Internal Revenue Code.

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

39 (9) Add the amount necessary to make the adjusted gross income  
 40 of any taxpayer that placed qualified restaurant property in service  
 41 during the taxable year and that was classified as 15-year property  
 42 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal

**C**  
**O**  
**P**  
**Y**



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

**C**  
**O**  
**P**  
**Y**



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

4 **(16) Add an amount equal to:**

5 **(A) the amount excluded from federal gross income under**  
6 **Section 103 of the Internal Revenue Code for interest on**  
7 **state or local bonds (as defined in Section 103 of the**  
8 **Internal Revenue Code), other than interest on the bonds**  
9 **of an Indiana state or local entity that is exempted from**  
10 **taxation under any other law, including the bonds of a**  
11 **state educational institution; minus**

12 **(B) directly related expenses that the taxpayer did not**  
13 **deduct in computing federal adjusted gross income (as**  
14 **defined in Section 62 of the Internal Revenue Code)**  
15 **because of Section 265 of the Internal Revenue Code.**

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

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

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

28 STEP THREE: Determine the result of the STEP ONE amount  
29 divided by the STEP TWO amount.

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

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

34 SECTION 10. IC 6-3-2-1 IS AMENDED TO READ AS FOLLOWS  
35 [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) Each taxable year, a tax at the  
36 rate of three and four-tenths percent (3.4%) of adjusted gross income  
37 is imposed upon the adjusted gross income of every resident person,  
38 and on that part of the adjusted gross income derived from sources  
39 within Indiana of every nonresident person.

40 (b) Except as provided in section 1.5 of this chapter, each taxable  
41 year, a tax at the rate of:

42 **(1) for a taxable year beginning before July 1, 2013, eight and**

C  
o  
p  
y



1 five-tenths percent (8.5%);

2 **(2) for a taxable year beginning after June 30, 2013, and**  
3 **before July 1, 2014, seven and nine-tenths percent (7.9%);**

4 **(3) for a taxable year beginning after June 30, 2014, and**  
5 **before July 1, 2015, seven and three-tenths percent (7.3%);**

6 **(4) for a taxable year beginning after June 30, 2015, and**  
7 **before July 1, 2016, six and seven-tenths percent (6.7%);**

8 **(5) for a taxable year beginning after June 30, 2016, and**  
9 **before July 1, 2017, six and two-tenths percent (6.2%); and**

10 **(6) for a taxable year beginning after June 30, 2017, five and**  
11 **five-tenths percent (5.5%);**

12 of adjusted gross income is imposed on that part of the adjusted gross  
13 income derived from sources within Indiana of every corporation.

14 SECTION 11. IC 6-3-2-2.5, AS AMENDED BY P.L.113-2010,  
15 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
16 JULY 1, 2011]: Sec. 2.5. (a) This section applies to a resident person.

17 (b) Resident persons are entitled to a net operating loss deduction.  
18 ~~The amount of the deduction taken in a taxable year may not exceed~~  
19 ~~the taxpayer's unused Indiana net operating losses carried back or~~  
20 ~~carried over to that year.~~

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

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

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

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

34 (e) Subject to the limitations contained in ~~subsection~~ **subsections**  
35 **(g) and (h)**, an Indiana net operating loss carryback or carryover shall  
36 be available as a deduction from the taxpayer's adjusted gross income  
37 (as defined in IC 6-3-1-3.5) in the carryback or carryover year provided  
38 in subsection (f). **The amount of the deduction taken in a taxable**  
39 **year may not exceed the taxpayer's unused Indiana net operating**  
40 **losses carried back or carried over to that year.**

41 (f) **Subject to subsections (g) and (h)**, carrybacks and carryovers  
42 shall be determined under this subsection as follows:

C  
o  
p  
y



- 1 (1) An Indiana net operating loss shall be an Indiana net operating  
 2 loss carryback to each of the carryback years preceding the  
 3 taxable year of the loss.
- 4 (2) An Indiana net operating loss shall be an Indiana net operating  
 5 loss carryover to each of the carryover years following the taxable  
 6 year of the loss.
- 7 (3) Carryback years shall be determined by reference to the  
 8 number of years allowed for carrying back a net operating loss  
 9 under Section 172(b) of the Internal Revenue Code. However,  
 10 with respect to the carryback period for a net operating loss:
- 11 (A) for which a taxpayer made an election to use five (5) years  
 12 instead of two (2) years under Section 172(b)(1)(H) of the  
 13 Internal Revenue Code, two (2) years shall be used instead of  
 14 five (5) years; or
- 15 (B) that is a qualified disaster loss for which the taxpayer  
 16 elected to have the net operating loss carryback period with  
 17 respect to the loss year determined without regard to Section  
 18 172(b)(1)(J) of the Internal Revenue Code, five (5) years shall  
 19 be used.
- 20 (4) Carryover years shall be determined by reference to the  
 21 number of years allowed for carrying over net operating losses  
 22 under Section 172(b) of the Internal Revenue Code.
- 23 (5) A taxpayer who makes an election under Section 172(b)(3) of  
 24 the Internal Revenue Code to relinquish the carryback period with  
 25 respect to a net operating loss for any taxable year shall be  
 26 considered to have also relinquished the carryback of the Indiana  
 27 net operating loss for purposes of this section.
- 28 **(g) This subsection applies to an Indiana net operating loss**  
 29 **incurred for a taxable year that begins before January 1, 2012.** The  
 30 entire amount of the Indiana net operating loss for any taxable year  
 31 shall be carried to the earliest of the taxable years to which (as  
 32 determined under subsection (f)) the loss may be carried. The amount  
 33 of the Indiana net operating loss remaining after the deduction is taken  
 34 under this section in a taxable year may be carried back or carried over  
 35 as provided in subsection (f). The amount of the Indiana net operating  
 36 loss carried back or carried over from year to year shall be reduced to  
 37 the extent that the Indiana net operating loss carryback or carryover is  
 38 used by the taxpayer to obtain a deduction in a taxable year until the  
 39 occurrence of the earlier of the following:
- 40 (1) The entire amount of the Indiana net operating loss has been  
 41 used as a deduction.
- 42 (2) The Indiana net operating loss has been carried over to each

C  
 o  
 p  
 y



of the carryover years provided by subsection (f).

**(h) This subsection applies to an Indiana net operating loss incurred for a taxable year that begins after December 31, 2011. A taxpayer may not carryback an Indiana net operating loss. The entire amount of the Indiana net operating loss for any taxable year shall be carried forward to the earliest of the taxable years to which (as determined under subsection (f)) the loss may be carried. The amount of the Indiana net operating loss remaining after the deduction is taken under this section in a taxable year may be carried over as provided in subsection (f). The amount of the Indiana net operating loss carried over from year to year shall be reduced to the extent that the Indiana net operating loss carryover is used by the taxpayer to obtain a deduction in a taxable year until the occurrence of the earlier of the following:**

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

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

SECTION 12. IC 6-3-2-2.6, AS AMENDED BY P.L.113-2010, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2.6. (a) This section applies to a corporation or a nonresident person.

(b) Corporations and nonresident persons are entitled to a net operating loss deduction. ~~The amount of the deduction taken in a taxable year may not exceed the taxpayer's unused Indiana net operating losses carried back or carried over to that year.~~

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

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

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

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

(3) An Indiana net operating loss includes a net operating loss that arises when the modifications required by IC 6-3-1-3.5 exceed the

**C  
O  
P  
Y**



1 taxpayer's federal taxable income (as defined in Section 63 of the  
 2 Internal Revenue Code), if the taxpayer is a corporation, or when  
 3 the modifications required by IC 6-3-1-3.5 exceed the taxpayer's  
 4 federal adjusted gross income (as defined by Section 62 of the  
 5 Internal Revenue Code), if the taxpayer is a nonresident person,  
 6 for the taxable year in which the Indiana net operating loss is  
 7 determined.

8 (e) Subject to the limitations contained in ~~subsection~~ **subsections**  
 9 **(g) and (k)**, an Indiana net operating loss carryback or carryover shall  
 10 be available as a deduction from the taxpayer's adjusted gross income  
 11 derived from sources within Indiana (as defined in section 2 of this  
 12 chapter) in the carryback or carryover year provided in subsection (f).  
 13 **The amount of the deduction taken in a taxable year may not**  
 14 **exceed the taxpayer's unused Indiana net operating losses carried**  
 15 **back or carried over to that year.**

16 (f) **Subject to the limitations contained in subsections (g) and (k)**,  
 17 carrybacks and carryovers shall be determined under this subsection as  
 18 follows:

19 (1) An Indiana net operating loss shall be an Indiana net operating  
 20 loss carryback to each of the carryback years preceding the  
 21 taxable year of the loss.

22 (2) An Indiana net operating loss shall be an Indiana net operating  
 23 loss carryover to each of the carryover years following the taxable  
 24 year of the loss.

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

29 (A) for which a taxpayer made an election to use five (5) years  
 30 instead of two (2) years under Section 172(b)(1)(H) of the  
 31 Internal Revenue Code, two (2) years shall be used instead of  
 32 five (5) years; or

33 (B) that is a qualified disaster loss for which the taxpayer  
 34 elected to have the net operating loss carryback period with  
 35 respect to the loss year determined without regard to Section  
 36 172(b)(1)(J) of the Internal Revenue Code, five (5) years shall  
 37 be used.

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

41 (5) A taxpayer who makes an election under Section 172(b)(3) of  
 42 the Internal Revenue Code to relinquish the carryback period with

C  
O  
P  
Y



1 respect to a net operating loss for any taxable year shall be  
 2 considered to have also relinquished the carryback of the Indiana  
 3 net operating loss for purposes of this section.

4 **(g) This subsection applies to an Indiana net operating loss**  
 5 **incurred for a taxable year that begins before January 1, 2012.** The  
 6 entire amount of the Indiana net operating loss for any taxable year  
 7 shall be carried to the earliest of the taxable years to which (as  
 8 determined under subsection (f)) the loss may be carried. The amount  
 9 of the Indiana net operating loss remaining after the deduction is taken  
 10 under this section in a taxable year may be carried back or carried over  
 11 as provided in subsection (f). The amount of the Indiana net operating  
 12 loss carried back or carried over from year to year shall be reduced to  
 13 the extent that the Indiana net operating loss carryback or carryover is  
 14 used by the taxpayer to obtain a deduction in a taxable year until the  
 15 occurrence of the earlier of the following:

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

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

20 **(h) An Indiana net operating loss deduction determined under this**  
 21 **section shall be allowed notwithstanding the fact that in the year the**  
 22 **taxpayer incurred the net operating loss the taxpayer was not subject to**  
 23 **the tax imposed under section 1 of this chapter because the taxpayer**  
 24 **was:**

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

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

29 **(i) Subject to subsections (g) and (k), in the case of a life insurance**  
 30 **company that claims an operations loss deduction under Section 810**  
 31 **of the Internal Revenue Code, this section shall be applied by:**

32 (1) substituting the corresponding provisions of Section 810 of the  
 33 Internal Revenue Code in place of references to Section 172 of the  
 34 Internal Revenue Code; and

35 (2) substituting life insurance company taxable income (as  
 36 defined in Section 801 the Internal Revenue Code) in place of  
 37 references to taxable income (as defined in Section 63 of the  
 38 Internal Revenue Code).

39 **(j) This subsection applies to an Indiana net operating loss**  
 40 **incurred for a taxable year that begins before January 1, 2012.** For  
 41 purposes of an amended return filed to carry back an Indiana net  
 42 operating loss:

C  
O  
P  
Y



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

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

7 **(k) This subsection applies to an Indiana net operating loss**  
 8 **incurred in a taxable year that begins after December 31, 2011. A**  
 9 **taxpayer may not carryback an Indiana net operating loss. The**  
 10 **entire amount of the Indiana net operating loss for any taxable**  
 11 **year shall be carried forward to the earliest of the taxable years to**  
 12 **which (as determined under subsection (f) or (if applicable) the**  
 13 **substitute provisions under subsection (i)) the loss may be carried.**  
 14 **The amount of the Indiana net operating loss remaining after the**  
 15 **deduction is taken under this section in a taxable year may be**  
 16 **carried over as provided in subsection (f) or (if applicable) the**  
 17 **substitute provisions under subsection (i). The amount of the**  
 18 **Indiana net operating loss carried over from year to year shall be**  
 19 **reduced to the extent that the Indiana net operating loss carryover**  
 20 **is used by the taxpayer to obtain a deduction in a taxable year until**  
 21 **the occurrence of the earlier of the following:**

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

24 (2) **The Indiana net operating loss has been carried over to**  
 25 **each of the carryover years provided by subsection (f) or (if**  
 26 **applicable) the substitute provisions under subsection (i).**

27 SECTION 13. IC 6-3-3-12, AS AMENDED BY P.L.182-2009(ss),  
 28 SECTION 198, IS AMENDED TO READ AS FOLLOWS  
 29 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 12. (a) As  
 30 used in this section, "account" has the meaning set forth in IC 21-9-2-2.

31 (b) As used in this section, "account beneficiary" has the meaning  
 32 set forth in IC 21-9-2-3.

33 (c) As used in this section, "account owner" has the meaning set  
 34 forth in IC 21-9-2-4.

35 (d) As used in this section, "college choice 529 education savings  
 36 plan" refers to a college choice 529 investment plan established under  
 37 IC 21-9.

38 (e) As used in this section, "contribution" means the amount of  
 39 money directly provided to a college choice 529 education savings plan  
 40 account by a taxpayer. A contribution does not include any of the  
 41 following:

42 (1) Money credited to an account as a result of bonus points or

C  
o  
p  
y



1 other forms of consideration earned by the taxpayer that result in  
2 a transfer of money to the account.

3 (2) Money transferred from any other qualified tuition program  
4 under Section 529 of the Internal Revenue Code or from any other  
5 similar plan.

6 (f) As used in this section, "nonqualified withdrawal" means a  
7 withdrawal or distribution from a college choice 529 education savings  
8 plan that is not a qualified withdrawal.

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

11 (h) As used in this section, "qualified withdrawal" means a  
12 withdrawal or distribution from a college choice 529 education savings  
13 plan that is made:

14 (1) to pay for qualified higher education expenses, excluding any  
15 withdrawals or distributions used to pay for qualified higher  
16 education expenses if:

17 (A) the withdrawals or distributions are made from an account  
18 of a college choice 529 education savings plan that is  
19 terminated:

20 (i) **before January 1, 2011**, within twelve (12) months after  
21 the account is opened; **and**

22 (ii) **after December 31, 2010, within thirty-six (36)**  
23 **months after the account is opened; or**

24 (B) **withdrawals or distributions are made after December**  
25 **31, 2010, from an account of a college choice 529 education**  
26 **savings plan within thirty-six (36) months after making the**  
27 **last contribution to the account, to the extent that the**  
28 **withdrawals or distributions are less than or equal to the**  
29 **amount of the contributions made to and interest earned**  
30 **on the contributions made to the account within thirty-six**  
31 **(36) months of the withdrawal or distribution;**

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

33 (3) because an account beneficiary received a scholarship that  
34 paid for all or part of the qualified higher education expenses of  
35 the account beneficiary, to the extent that the withdrawal or  
36 distribution does not exceed the amount of the scholarship; or

37 (4) by a college choice 529 education savings plan as the result of  
38 a transfer of funds by a college choice 529 education savings plan  
39 from one (1) third party custodian to another. **If this subdivision**  
40 **applies, a thirty-six (36) month period under subdivision**  
41 **(1)(A) or (1)(B) beginning in a predecessor plan continues to**  
42 **run in the successor plan.**

C  
o  
p  
y



1 A qualified withdrawal does not include a rollover distribution or  
2 transfer of assets from a college choice 529 education savings plan to  
3 any other qualified tuition program under Section 529 of the Internal  
4 Revenue Code or to any other similar plan.

5 (i) As used in this section, "taxpayer" means:

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

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

8 (j) A taxpayer is entitled to a credit against the taxpayer's adjusted  
9 gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a taxable  
10 year equal to the least of the following:

11 (1) Twenty percent (20%) of the amount of the total contributions  
12 made by the taxpayer to an account or accounts of a college  
13 choice 529 education savings plan during the taxable year.

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

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

19 (k) A taxpayer is not entitled to a carryback, carryover, or refund of  
20 an unused credit.

21 (l) A taxpayer may not sell, assign, convey, or otherwise transfer the  
22 tax credit provided by this section.

23 (m) To receive the credit provided by this section, a taxpayer must  
24 claim the credit on the taxpayer's annual state tax return or returns in  
25 the manner prescribed by the department. The taxpayer shall submit to  
26 the department all information that the department determines is  
27 necessary for the calculation of the credit provided by this section.

28 (n) An account owner of an account of a college choice 529  
29 education savings plan must repay all or a part of the credit in a taxable  
30 year in which any nonqualified withdrawal is made from the account.  
31 The amount the taxpayer must repay is equal to the lesser of:

32 (1) twenty percent (20%) of the total amount of nonqualified  
33 withdrawals made during the taxable year from the account; or

34 (2) the excess of:

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

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

42 (o) Any required repayment under subsection (o) shall be reported

C  
O  
P  
Y



1 by the account owner on the account owner's annual state income tax  
2 return for any taxable year in which a nonqualified withdrawal is made.

3 (p) A nonresident account owner who is not required to file an  
4 annual income tax return for a taxable year in which a nonqualified  
5 withdrawal is made shall make any required repayment on the form  
6 required under IC 6-3-4-1(2). If the nonresident account owner does  
7 not make the required repayment, the department shall issue a demand  
8 notice in accordance with IC 6-8.1-5-1.

9 (q) The executive director of the Indiana education savings authority  
10 shall submit or cause to be submitted to the department a copy of all  
11 information returns or statements issued to account owners, account  
12 beneficiaries, and other taxpayers for each taxable year with respect to:

- 13 (1) nonqualified withdrawals made from accounts of a college  
14 choice 529 education savings plan for the taxable year; or  
15 (2) account closings for the taxable year.

16 SECTION 14. IC 6-3-3-13 IS ADDED TO THE INDIANA CODE  
17 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
18 1, 2011]: **Sec. 13. (a) An individual who qualifies as a resident (as  
19 defined in IC 4-10-22-5) in a taxable year is entitled to a credit  
20 against the individual's adjusted gross income tax (IC 6-3) liability  
21 imposed for the taxable year.**

22 (b) **The amount of the credit is equal to the tax reduction  
23 amount determined for the taxable year under IC 4-10-22-10 (if  
24 any) multiplied by the following:**

- 25 (1) **One (1), if the individual files an individual return.**  
26 (2) **One (1), if the individual files a joint return with a spouse  
27 who is not a resident.**  
28 (3) **Two (2), if the individual files a joint return with a spouse  
29 who is a resident.**

30 (c) **A credit granted under this section shall be applied after the  
31 application of all other allowable deductions and credits.**

32 (d) **If the credit determined for a taxpayer in a taxable year  
33 exceeds the taxpayer's adjusted gross income tax (IC 6-3) liability  
34 for that taxable year, the taxpayer is entitled to a refund of the  
35 excess. A taxpayer is not entitled to a carryforward or carryback  
36 of any unused credit.**

37 (e) **To qualify for a credit, an individual must apply for the  
38 credit in the manner prescribed by the department. The individual  
39 must provide the department with the information that the  
40 department determines necessary to determine the individual's  
41 eligibility for the credit.**

42 SECTION 15. IC 6-3-4-6 IS AMENDED TO READ AS FOLLOWS

C  
O  
P  
Y



1 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 6. (a) Any  
 2 taxpayer, upon request by the department, shall furnish to the  
 3 department a true and correct copy of any tax return which he has filed  
 4 with the United States Internal Revenue Service which copy shall be  
 5 certified to by the taxpayer under penalties of perjury.

6 (b) Each taxpayer shall notify the department of any modification  
 7 of:

8 (1) a federal income tax return filed by the taxpayer after January  
 9 1, 1978; or

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

12 The taxpayer shall file the notice, on the form prescribed by the  
 13 department, within one hundred twenty (120) days after the  
 14 modification is made, **if the modification was made before January**  
 15 **1, 2011, and one hundred and eighty (180) days after the**  
 16 **modification is made, if the modification is made after December**  
 17 **31, 2010.**

18 (c) If the federal modification results in a change in the taxpayer's  
 19 federal or Indiana adjusted gross income, the taxpayer shall file an  
 20 Indiana amended return within one hundred ~~twenty~~ (~~120~~) days after the  
 21 modification is made, **if the modification was made before January**  
 22 **1, 2011, and one hundred and eighty (180) days after the**  
 23 **modification is made, if the modification is made after December**  
 24 **31, 2010.**

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

30 SECTION 17. IC 6-4.1-2-0.5 IS ADDED TO THE INDIANA  
 31 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 32 [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. This chapter does not apply**  
 33 **to a property interest transferred by a decedent whose death**  
 34 **occurs after June 30, 2018.**

35 SECTION 18. IC 6-4.1-2-1 IS AMENDED TO READ AS  
 36 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) An inheritance  
 37 tax is imposed at the time of a decedent's death on certain property  
 38 interest transfers made by ~~him~~: **the decedent**. The transfer of a property  
 39 interest is subject to the tax if:

40 (1) the property transferred is described in:

41 (†) **(A)** section 2 of this chapter, if the property is transferred  
 42 by a resident decedent; or

C  
o  
p  
y



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

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

9           SECTION 19. IC 6-4.1-3-0.5 IS ADDED TO THE INDIANA  
 10 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
 11 [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. This chapter does not apply**  
 12 **to a property interest transferred by a decedent whose death**  
 13 **occurs after June 30, 2023.**

14           SECTION 20. IC 6-4.1-4-0.2 IS ADDED TO THE INDIANA  
 15 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
 16 [EFFECTIVE JULY 1, 2011]: **Sec. 0.2. This chapter does not apply**  
 17 **to a property interest transferred by a decedent whose death**  
 18 **occurs after June 30, 2023.**

19           SECTION 21. IC 6-4.1-5-0.5 IS ADDED TO THE INDIANA  
 20 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
 21 [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. This chapter does not apply**  
 22 **to a property interest transferred by a decedent whose death**  
 23 **occurs after June 30, 2023.**

24           SECTION 22. IC 6-4.1-5-1.1 IS ADDED TO THE INDIANA  
 25 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
 26 [EFFECTIVE JULY 1, 2011]: **Sec. 1.1. (a) This section applies to a**  
 27 **property interest transferred by a decedent whose death occurs**  
 28 **after June 30, 2023.**

29           **(b) For purposes of determining the amount of inheritance tax**  
 30 **imposed under this article, a credit is allowed against the tax**  
 31 **imposed under section 1 of this chapter on a decedent's transfer of**  
 32 **property interests. The amount of the credit equals the inheritance**  
 33 **tax imposed under section 1 of this chapter multiplied by the**  
 34 **percentage prescribed in the following table:**

35           DATE OF	PERCENTAGE
36           INDIVIDUAL'S DEATH	OF CREDIT
37           After June 30, 2013, and	
38           before July 1, 2014 .....	9%
39           After June 30, 2014, and	
40           before July 1, 2015 .....	18%
41           After June 30, 2015, and	
42           before July 1, 2016 .....	27%

C  
o  
p  
y



1	After June 30, 2016, and	
2	before July 1, 2017 . . . . .	36%
3	After June 30, 2017, and	
4	before July 1, 2018 . . . . .	45%
5	After June 30, 2018, and	
6	before July 1, 2019 . . . . .	55%
7	After June 30, 2019, and	
8	before July 1, 2020 . . . . .	64%
9	After June 30, 2020, and	
10	before July 1, 2021 . . . . .	73%
11	After June 30, 2021, and	
12	before July 1, 2022 . . . . .	82%
13	After June 30, 2022, and	
14	before July 1, 2023 . . . . .	91%

15 (c) A person who is liable for inheritance tax imposed under this  
 16 article may claim the credit allowed under this section at the time  
 17 the person pays the tax. When the payment is made, the person  
 18 collecting the tax shall reduce the inheritance tax due by the  
 19 amount of the credit specified in subsection (b).

20 SECTION 23. IC 6-4.1-6-0.5 IS ADDED TO THE INDIANA  
 21 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 22 [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. This chapter does not apply**  
 23 **to a property interest transferred by a decedent whose death**  
 24 **occurs after June 30, 2023.**

25 SECTION 24. IC 6-4.1-7-0.5 IS ADDED TO THE INDIANA  
 26 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 27 [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. This chapter does not apply**  
 28 **to a property interest transferred by a decedent whose death**  
 29 **occurs after June 30, 2023.**

30 SECTION 25. IC 6-4.1-8-0.5 IS ADDED TO THE INDIANA  
 31 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 32 [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. This chapter does not apply**  
 33 **to a property interest transferred by a decedent whose death**  
 34 **occurs after June 30, 2023.**

35 SECTION 26. IC 6-4.1-9-0.5 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, 2023.**

40 SECTION 27. IC 6-4.1-11-0.5 IS ADDED TO THE INDIANA  
 41 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 42 [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. This chapter does not apply**

C  
o  
p  
y



1 **to the estate of an individual who dies after June 30, 2023.**

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

8 (b) ~~Before August 15 of each year~~ **Except as provided in**  
9 **subsection (e)**, the treasurer of state shall **annually** distribute to each  
10 county the amount determined under subsection (c) **or (d)** for the  
11 county. **The distribution for a particular state fiscal year must be**  
12 **made before August 15 of the following state fiscal year.** There is  
13 appropriated from the state general fund the amount necessary to make  
14 the distributions under this ~~section~~ **subsection.**

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

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

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

27 STEP THREE: Determine the remainder of the STEP TWO  
28 amount minus the amount of inheritance taxes retained by the  
29 county during the immediately preceding state fiscal year.

30 (d) **For a state fiscal year beginning after June 30, 2013, and**  
31 **ending before July 1, 2023, the department of state revenue shall**  
32 **determine the inheritance tax replacement amount for each county**  
33 **using the following formula:**

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

37 **STEP TWO: Multiply the amount determined under STEP**  
38 **ONE by the appropriate percentage as follows:**

39 (A) **Ninety-one percent (91%) for a state fiscal year**  
40 **beginning after June 30, 2013, and ending before July 1,**  
41 **2014.**

42 (B) **Eighty-two percent (82%) for a state fiscal year**

C  
O  
P  
Y



- 1           **beginning after June 30, 2014, and ending before July 1,**
- 2           **2015.**
- 3           **(C) Seventy-three percent (73%) for a state fiscal year**
- 4           **beginning after June 30, 2015, and ending before July 1,**
- 5           **2016.**
- 6           **(D) Sixty-four percent (64%) for a state fiscal year**
- 7           **beginning after June 30, 2016, and ending before July 1,**
- 8           **2017.**
- 9           **(E) Fifty-five percent (55%) for a state fiscal year**
- 10           **beginning after June 30, 2017, and ending before July 1,**
- 11           **2018.**
- 12           **(F) Forty-five percent (45%) for a state fiscal year**
- 13           **beginning after June 30, 2018, and ending before July 1,**
- 14           **2019.**
- 15           **(G) Thirty-six percent (36%) for a state fiscal year**
- 16           **beginning after June 30, 2019, and ending before July 1,**
- 17           **2020.**
- 18           **(H) Twenty-seven percent (27%) for a state fiscal year**
- 19           **beginning after June 30, 2020, and ending before July 1,**
- 20           **2021.**
- 21           **(I) Eighteen percent (18%) for a state fiscal year beginning**
- 22           **after June 30, 2021, and ending before July 1, 2022.**
- 23           **(J) Nine percent (9%) for a state fiscal year beginning after**
- 24           **June 30, 2022, and ending before July 1, 2023.**

25           **(e) A county is not entitled to a distribution under subsection (b)**  
 26           **for a state fiscal year beginning after June 30, 2023.**

27           SECTION 29. IC 6-4.1-11.5-0.5 IS ADDED TO THE INDIANA  
 28           CODE AS A NEW SECTION TO READ AS FOLLOWS  
 29           [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. This chapter does not apply**  
 30           **to a property interest transferred by a decedent whose death**  
 31           **occurs after June 30, 2023.**

32           SECTION 30. IC 6-4.1-12-0.5 IS ADDED TO THE INDIANA  
 33           CODE AS A NEW SECTION TO READ AS FOLLOWS  
 34           [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. (a) For an individual who**  
 35           **dies after June 30, 2023, there is no inheritance tax imposed on the**  
 36           **decedent's transfer of property interests.**

37           **(b) Sections 1 through 12 of this chapter do not apply to a**  
 38           **property interest transferred by a decedent whose death occurs**  
 39           **after June 30, 2023.**

40           SECTION 31. IC 6-7-2-2.1 IS ADDED TO THE INDIANA CODE  
 41           AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 42           1, 2011]: **Sec. 2.1. As used in this chapter, "moist snuff" means any**

**C**  
**O**  
**P**  
**Y**



1 **finely cut, ground, or powdered tobacco that is not intended to be:**  
 2 **(1) smoked; or**  
 3 **(2) placed in the nasal cavity.**

4 SECTION 32. IC 6-7-2-5 IS AMENDED TO READ AS FOLLOWS  
 5 [EFFECTIVE JULY 1, 2011]: Sec. 5. As used in this chapter, "tobacco  
 6 product" means:

7 (1) any product made from tobacco, other than a cigarette (as  
 8 defined in IC 6-7-1-2), that is made for smoking, chewing, or  
 9 both; or

10 (2) snuff, **including moist snuff.**

11 SECTION 33. IC 6-7-2-7, AS AMENDED BY P.L.234-2007,  
 12 SECTION 201, IS AMENDED TO READ AS FOLLOWS  
 13 [EFFECTIVE JULY 1, 2011]: Sec. 7. A tax is imposed on the  
 14 distribution of tobacco products in Indiana at the rate of:

15 (1) twenty-four percent (24%) of the wholesale price of ~~the~~  
 16 tobacco products **other than moist snuff; or**

17 (2) **for moist snuff, fifty cents (\$0.50) for any amount of one**  
 18 **(1) ounce or less, plus a proportional tax (based on the rate of**  
 19 **fifty cents (\$0.50) per ounce) for every ounce or fractional**  
 20 **part of an ounce greater than one (1) ounce.**

21 The distributor of the tobacco products is liable for the tax. The tax is  
 22 imposed at the time the distributor:

23 (1) brings or causes tobacco products to be brought into Indiana  
 24 for distribution;

25 (2) manufactures tobacco products in Indiana for distribution; or

26 (3) transports tobacco products to retail dealers in Indiana for  
 27 resale by those retail dealers.

28 SECTION 34. IC 6-7-2-12 IS AMENDED TO READ AS  
 29 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 12. ~~(a)~~ Before the  
 30 fifteenth day of each month, each distributor liable for the tax imposed  
 31 by this chapter shall:

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

34 (A) name of distributor;

35 (B) address of distributor;

36 (C) license number of distributor;

37 (D) invoice date;

38 (E) invoice number;

39 (F) name and address of person from whom tobacco products  
 40 were purchased or name and address of person to whom  
 41 tobacco products were sold; ~~and~~

42 (G) **the wholesale price for tobacco products other than**

C  
o  
p  
y



1           **moist snuff; and**

2           **(H) for moist snuff, the weight of the moist snuff; and**

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

6           SECTION 35. IC 6-8.1-5-1, AS AMENDED BY P.L.1-2007,  
7           SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
8           JANUARY 1, 2011 (RETROACTIVE)]: Sec. 1. (a) As used in this  
9           section, "letter of findings" includes a supplemental letter of findings.

10          (b) If the department reasonably believes that a person has not  
11          reported the proper amount of tax due, the department shall make a  
12          proposed assessment of the amount of the unpaid tax on the basis of the  
13          best information available to the department. The amount of the  
14          assessment is considered a tax payment not made by the due date and  
15          is subject to IC 6-8.1-10 concerning the imposition of penalties and  
16          interest. The department shall send the person a notice of the proposed  
17          assessment through the United States mail.

18          (c) If the person has a surety bond guaranteeing payment of the tax  
19          for which the proposed assessment is made, the department shall  
20          furnish a copy of the proposed assessment to the surety. The notice of  
21          proposed assessment is prima facie evidence that the department's  
22          claim for the unpaid tax is valid. The burden of proving that the  
23          proposed assessment is wrong rests with the person against whom the  
24          proposed assessment is made.

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

31               (1) set the hearing at the department's earliest convenient time;  
32               and

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

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

37          (f) No later than sixty (60) days after conducting a hearing on a  
38          protest, or after making a decision on a protest when no hearing is  
39          requested, the department shall issue a letter of findings and shall send  
40          a copy of the letter through the United States mail to the person who  
41          filed the protest and to the person's surety, if the surety was notified of  
42          the proposed assessment under subsection (b). The department may

C  
o  
p  
y



1 continue the hearing until a later date if the taxpayer presents  
 2 additional information at the hearing or the taxpayer requests an  
 3 opportunity to present additional information after the hearing.  
 4 (g) A person that disagrees with a decision in a letter of findings  
 5 may request a rehearing not more than thirty (30) days after the date on  
 6 which the letter of findings is issued by the department. The  
 7 department shall consider the request and may grant the rehearing if the  
 8 department reasonably believes that a rehearing would be in the best  
 9 interests of the taxpayer and the state.  
 10 (h) If a person disagrees with a decision in a letter of findings, the  
 11 person may appeal the decision to the tax court. However, the tax court  
 12 does not have jurisdiction to hear an appeal that is filed more than sixty  
 13 (60) days after the date on which:  
 14 (1) the letter of findings is issued by the department, if the person  
 15 does not make a timely request for a rehearing under subsection  
 16 (g) on the letter of findings; or  
 17 (2) the department issues a denial of the person's timely request  
 18 for a rehearing under subsection (g) on the letter of findings.  
 19 (i) The tax court shall hear an appeal under subsection (h) de novo  
 20 and without a jury. The tax court may do the following:  
 21 (1) Uphold or deny any part of the assessment that is appealed.  
 22 (2) Assess the court costs in a manner that the court believes to be  
 23 equitable.  
 24 ~~(3) Enjoin the collection of a listed tax under IC 33-26-6-2.~~  
 25 **(3) Take any other action permitted by law.**  
 26 (j) The department shall demand payment, as provided in  
 27 IC 6-8.1-8-2(a), of any part of the proposed tax assessment, interest,  
 28 and penalties that it finds owing because:  
 29 (1) the person failed to properly respond within the forty-five (45)  
 30 day period;  
 31 (2) the person requested a hearing but failed to appear at that  
 32 hearing; or  
 33 (3) after consideration of the evidence presented in the protest or  
 34 hearing, the department finds that the person still owes tax.  
 35 (k) The department shall make the demand for payment in the  
 36 manner provided in IC 6-8.1-8-2.  
 37 (l) Subsection (b) does not apply to a motor carrier fuel tax return.  
 38 SECTION 36. IC 6-8.1-8-2, AS AMENDED BY P.L.111-2006,  
 39 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 40 UPON PASSAGE]: Sec. 2. (a) Except as provided in IC 6-8.1-5-3 **and**  
 41 **section 16 of this chapter**, the department must issue a demand notice  
 42 for the payment of a tax and any interest or penalties accrued on the

C  
o  
p  
y



1 tax, if a person files a tax return without including full payment of the  
 2 tax or if the department, after ruling on a protest, finds that a person  
 3 owes the tax before the department issues a tax warrant. The demand  
 4 notice must state the following:

5 (1) That the person has ten (10) days from the date the department  
 6 mails the notice to either pay the amount demanded or show  
 7 reasonable cause for not paying the amount demanded.

8 (2) The statutory authority of the department for the issuance of  
 9 a tax warrant.

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

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

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

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

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

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

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

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

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

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

40 (2) The amount of the tax, interest, penalties, collection fee,  
 41 sheriff's costs, clerk's costs, and fees established under section  
 42 4(b) of this chapter when applicable.

**C**  
**O**  
**P**  
**Y**



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

COPY



1 shall disburse the money collected in the manner provided in section  
2 3(c) of this chapter. If a judgment has been partially or fully satisfied  
3 by a person's surety, the surety becomes subrogated to the department's  
4 rights under the judgment. If a sheriff releases a judgment:

- 5 (1) before the judgment is fully satisfied;
  - 6 (2) before the sheriff has properly disbursed the amount collected;
  - 7 or
  - 8 (3) after the sheriff has returned the tax warrant to the department;
- 9 the sheriff commits a Class B misdemeanor and is personally liable for  
10 the part of the judgment not remitted to the department.

11 SECTION 37. IC 6-8.1-8-16 IS ADDED TO THE INDIANA CODE  
12 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**  
13 **UPON PASSAGE]: Sec. 16. (a) This section applies without an**  
14 **injunction from the tax court to any assessment that is made or**  
15 **pending after April 30, 2011.**

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

- 22 **(1) The expiration of the period in which the taxpayer may**  
23 **appeal the listed tax to the tax court.**
- 24 **(2) A decision of the tax court concerning the listed tax**  
25 **becomes final, if the taxpayer filed a timely appeal.**

26 SECTION 38. IC 6-8.1-9-1, AS AMENDED BY P.L.182-2009(ss),  
27 SECTION 256, IS AMENDED TO READ AS FOLLOWS  
28 [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) If a person has paid more  
29 tax than the person determines is legally due for a particular taxable  
30 period, the person may file a claim for a refund with the department.  
31 Except as provided in subsections (f) and (g), in order to obtain the  
32 refund, the person must file the claim with the department within three  
33 (3) years after the latter of the following:

- 34 (1) The due date of the return.
- 35 (2) The date of payment.

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

C  
o  
p  
y



1 (b) When the department receives a claim for refund, the  
 2 department shall consider the claim for refund and shall, if the taxpayer  
 3 requests, hold a hearing on the claim for refund to obtain and consider  
 4 additional evidence. After considering the claim and all evidence  
 5 relevant to the claim, the department shall issue a decision on the  
 6 claim, stating the part, if any, of the refund allowed and containing a  
 7 statement of the reasons for any part of the refund that is denied. The  
 8 department shall mail a copy of the decision to the person who filed the  
 9 claim. If the department allows the full amount of the refund claim, a  
 10 warrant for the payment of the claim is sufficient notice of the decision.

11 (c) If the person disagrees with any part of the department's  
 12 decision, the person may appeal the decision, regardless of whether or  
 13 not the person protested the tax payment or whether or not the person  
 14 has accepted a refund. The person must file the appeal with the tax  
 15 court. The tax court does not have jurisdiction to hear a refund appeal  
 16 suit, if:

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

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

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

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

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

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

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

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

C  
O  
P  
Y



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

5 SECTION 39. IC 33-26-6-2, AS AMENDED BY P.L.91-2006,  
6 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
7 UPON PASSAGE]: Sec. 2. (a) A taxpayer who wishes to initiate an  
8 original tax appeal must file a petition in the tax court to set aside the  
9 final determination of the department of state revenue or the Indiana  
10 board of tax review. If a taxpayer fails to comply with any statutory  
11 requirement for the initiation of an original tax appeal, the tax court  
12 does not have jurisdiction to hear the appeal.

13 (b) **If a taxpayer who wishes to enjoin the collection of a tax  
14 pending the original tax appeal and the collection action is not  
15 prohibited under IC 6-8.1-8-16, the taxpayer** must file a petition  
16 with the tax court to enjoin the collection of the tax. The petition must  
17 set forth a summary of:

18 (1) the issues that the petitioner will raise in the original tax  
19 appeal; and

20 (2) the equitable considerations for which the tax court should  
21 order the collection of the tax to be enjoined.

22 (c) After a hearing on the petition filed under subsection (b), the tax  
23 court may enjoin the collection of the tax pending the original tax  
24 appeal, if the tax court finds that:

25 (1) the issues raised by the original tax appeal are substantial;

26 (2) the petitioner has a reasonable opportunity to prevail in the  
27 original tax appeal; and

28 (3) the equitable considerations favoring the enjoining of the  
29 collection of the tax outweigh the state's interests in collecting the  
30 tax pending the original tax appeal.

31 (d) This section does not apply to a final determination of the  
32 Indiana gaming commission under IC 4-32.2.

33 (e) This section applies to a final determination made by the  
34 department of state revenue concerning the gaming card excise tax  
35 established under IC 4-32.2-10.

36 SECTION 40. IC 33-26-6-2.5 IS ADDED TO THE INDIANA  
37 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
38 [EFFECTIVE UPON PASSAGE]: **Sec. 2.5. (a) A taxpayer may  
39 petition the tax court to enjoin a violation of IC 6-8.1-8-16.**

40 (b) **After a hearing on a petition filed under subsection (a), the  
41 tax court may:**

42 (1) **enjoin a collection action that violates IC 6-8.1-8-16;**

C  
o  
p  
y



1           **(2) order the release of any lien imposed in violation of**  
2           **IC 6-8.1-8-16; and**  
3           **(3) order a refund of any amount that was collected in**  
4           **violation of IC 6-8.1-8-16.**  
5           **SECTION 41. [EFFECTIVE UPON PASSAGE] (a) The**  
6           **department of state revenue shall conduct a study of ways to detect**  
7           **and eliminate fraud and abuse of earned income tax credits**  
8           **provided under IC 6-3.1-21. The department of state revenue shall**  
9           **prepare a report containing its findings and recommendations and**  
10           **submit the report to the legislative council in an electronic format**  
11           **under IC 5-14-6 before October 1, 2011.**  
12           **(b) This SECTION expires January 1, 2012.**  
13           **SECTION 42. An emergency is declared for this act.**

**C**  
**O**  
**P**  
**Y**

