

SENATE MOTION

MADAM PRESIDENT:

I move that Engrossed House Bill 1001 be amended to read as follows:

- 1 Page 100, delete lines 35 through 49, begin a new paragraph and
2 insert:
3 "SECTION 41. IC 4-10-22 IS ADDED TO THE INDIANA CODE
4 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2011]:
6 **Chapter 22. Income Tax Reduction Reserve Fund**
7 **Sec. 1. As used in this chapter, "budget bill" refers to a budget**
8 **bill (as defined in IC 4-12-1-2) that is enacted in an odd-numbered**
9 **year.**
10 **Sec. 2. As used in this chapter, "fund" refers to the income tax**
11 **reduction reserve fund established by section 8 of this chapter.**
12 **Sec. 3. As used in this chapter, "general revenue fund" refers to**
13 **the following:**
14 **(1) Counter-cyclical revenue and economic stabilization fund**
15 **(IC 4-10-18-2).**
16 **(2) State general fund, including the Medicaid contingency**
17 **and reserve account of the state general fund (IC 4-12-1-15.5).**
18 **(3) State tuition reserve fund (IC 4-12-1-15.7).**
19 **Sec. 4. As used in this chapter, "resident" refers to an individual**
20 **who resides in Indiana on January 1 of the calendar year in which**
21 **the individual's taxable year commences.**
22 **Sec. 5. As used in this chapter, "state fiscal year" means a**
23 **period beginning July 1 in one (1) calendar year and ending on**
24 **June 30 in the immediately succeeding calendar year.**
25 **Sec. 6. As used in this chapter, "state general fund**
26 **appropriations" refers to the sum of the specific amounts**
27 **appropriated by a budget bill from the state general fund for**
28 **expenditure in a particular state fiscal year, excluding transfers to**
29 **the income tax reduction reserve fund. The term includes any**
30 **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. 7.** As used in this chapter, "taxable year" has the meaning
 5 set forth in IC 6-3-1-16.

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

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

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

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

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

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

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

21 **Sec. 9.** Not later than thirty-one (31) days after the end of a state
 22 fiscal year, the auditor of state, after reviewing the
 23 recommendation of the budget agency, shall transfer an amount
 24 from the general revenue fund to the fund. The total amount
 25 transferred under this section must equal the amount by which the
 26 year-end general revenue fund balance for the immediately
 27 preceding state fiscal year exceeds ten percent (10%) of the general
 28 revenue fund appropriations for the current state fiscal year.

29 **Sec. 10.** In each state fiscal year, the budget agency shall
 30 calculate the tax reduction amount that will apply under
 31 IC 6-3-3-13 to taxable years ending in that state fiscal year. The tax
 32 reduction amount for a state fiscal year must equal the amount
 33 determined under STEP THREE of the following formula:

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

36 **STEP TWO:** Determine the sum of the following:

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

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

46 (C) The product of:

47 (i) the number of joint tax returns that are likely to be

1 filed under IC 6-3 for a taxable year that ends in the
 2 state fiscal year described in STEP ONE on which both
 3 the individual filing the return and the individual's
 4 spouse are residents of Indiana; multiplied by
 5 (ii) two (2).

6 **STEP THREE: Determine the result of:**

7 (A) the STEP ONE amount; divided by

8 (B) the STEP TWO amount.

9 The budget agency shall certify the tax reduction amount to the
 10 department of state revenue.

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

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

19 **Sec. 13. There is continuously appropriated a sufficient amount**
 20 **from the fund and the general revenue fund to make the transfers**
 21 **required by this chapter."**

22 Page 101, delete lines 1 through 14.

23 Page 144, between lines 44 and 45, begin a new paragraph and
 24 insert:

25 "SECTION 80. IC 6-3-3-13 IS ADDED TO THE INDIANA CODE
 26 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 27 1, 2011]: **Sec. 13. (a) An individual who qualifies as a resident (as**
 28 **defined in IC 4-10-22-4) in a taxable year is entitled to a credit**
 29 **against the individual's adjusted gross income tax (IC 6-3) liability**
 30 **imposed for the taxable year.**

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

34 **(1) One (1), if the individual files an individual return.**

35 **(2) One (1), if the individual files a joint return with a spouse**
 36 **who is not a resident.**

37 **(3) Two (2), if the individual files a joint return with a spouse**
 38 **who is a resident.**

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

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

46 **(e) To qualify for a credit under this section, an individual must**
 47 **apply for the credit in the manner prescribed by the department.**

1 **The individual must provide the department with the information**
2 **that the department determines necessary to determine the**
3 **individual's eligibility for the credit."**

4 Renumber all SECTIONS consecutively.

(Reference is to EHB 1001 as printed April 19, 2011.)

Senator BANKS