

**CONFERENCE COMMITTEE REPORT
DIGEST FOR ESB 293**

Citations Affected: IC 6-4.1.

Synopsis: Inheritance tax. Conference committee report for ESB 293. Reclassifies a spouse, widow, or widower of a child of the transferor as a Class A transferee instead of a Class B transferee. Reclassifies a spouse, widow, or widower of a stepchild of the transferor as a Class A transferee instead of a Class C transferee. Increases the inheritance tax exemption amount for Class A transferees from \$100,000 to \$250,000 with respect to taxable transfers resulting from the deaths of individuals dying after December 31, 2011. Phases out the inheritance tax over 9 years beginning in 2013. Phases out the inheritance tax replacement amounts payable to counties over 10 years beginning with amounts payable for the state fiscal year beginning July 1, 2012. **(This conference committee report does the following: (1) Provides that the transferee classification changes and the increased Class A exemption amount apply after December 31, 2011, instead of after June 30, 2012. (2) Removes increases to the exemption amounts for Class B and Class C transferees. (3) Phases out the inheritance tax over 9 years beginning in 2013 instead of over 10 years beginning in 2012.)**

Effective: January 1, 2012 (retroactive); July 1, 2012.

Adopted Rejected

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed House Amendments to Engrossed Senate Bill No. 293 respectfully reports that said two committees have conferred and agreed as follows to wit:

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

- 1 Delete everything after the enacting clause and insert the following:
2 SECTION 1. IC 6-4.1-1-0.5 IS ADDED TO THE INDIANA CODE
3 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
4 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest
5 transferred by a decedent whose death occurs after December 31,
6 2021.**
7 SECTION 2. IC 6-4.1-1-3, AS AMENDED BY P.L.220-2011,
8 SECTION 149, IS AMENDED TO READ AS FOLLOWS
9 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]: Sec. 3. (a)
10 "Class A transferee" means a transferee who is any of the following:
11 (1) A lineal ancestor of the transferor.
12 (2) A lineal descendant of the transferor.
13 (3) A stepchild of the transferor, whether or not the stepchild is
14 adopted by the transferor. This subdivision applies to the estate of
15 an individual who dies after June 30, 2004.
16 (4) A lineal descendant of a stepchild of the transferor, whether
17 or not the stepchild is adopted by the transferor.
18 (5) A spouse, widow, or widower of a child of the transferor.
19 **This subdivision applies to the estate of an individual who dies
20 after December 31, 2011.**
21 (6) A spouse, widow, or widower of a stepchild of the

- 1 **transferor, whether or not the stepchild is adopted by the**
 2 **transferor. This subdivision applies to the estate of an**
 3 **individual who dies after December 31, 2011.**
- 4 (b) "Class B transferee" means a transferee who is a:
 5 (1) brother or sister of the transferor;
 6 (2) descendant of a brother or sister of the transferor; or
 7 (3) spouse, widow, or widower of a child of the transferor. **This**
 8 **subdivision applies to the estate of an individual who dies**
 9 **before January 1, 2012.**
- 10 (c) "Class C transferee" means a transferee, except a surviving
 11 spouse, who is neither a Class A nor a Class B transferee.
- 12 (d) For purposes of this section, a legally adopted child is to be
 13 treated as if the child were the natural child of the child's adopting
 14 parent if the adoption occurred before the individual was totally
 15 emancipated. However, an individual adopted after being totally
 16 emancipated shall be treated as the natural child of the adopting parent
 17 if the adoption was finalized before July 1, 2004.
- 18 (e) For purposes of this section, if a relationship of loco parentis has
 19 existed for at least ten (10) years and if the relationship began before
 20 the child's fifteenth birthday, the child is to be considered the natural
 21 child of the loco parentis parent.
- 22 (f) As used in this section, "stepchild" means a child of the
 23 transferor's surviving, deceased, or former spouse who is not a child of
 24 the transferor.
- 25 SECTION 3. IC 6-4.1-2-0.5 IS ADDED TO THE INDIANA CODE
 26 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY
 27 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest**
 28 **transferred by a decedent whose death occurs after December 31,**
 29 **2021.**
- 30 SECTION 4. IC 6-4.1-2-1 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1. (a) An inheritance
 32 tax is imposed at the time of a decedent's death on certain property
 33 interest transfers made by ~~him~~: **the decedent**. The transfer of a property
 34 interest is subject to the tax if:
 35 (1) the property transferred is described in:
 36 (i) **(A)** section 2 of this chapter, if the property is transferred
 37 by a resident decedent; or
 38 (ii) **(B)** section 3 of this chapter, if the property is transferred
 39 by a nonresident decedent;
 40 (2) the transfer is described in section 4 of this chapter; and
 41 (3) neither the transfer nor the property is exempt from the
 42 inheritance tax under IC 6-4.1-3.
- 43 (b) For purposes of this article, a transfer described in section 4 of
 44 this chapter is considered a transfer made by the deceased transferor
 45 regardless of when the transferee acquires the property interest.
- 46 SECTION 5. IC 6-4.1-3-0.5 IS ADDED TO THE INDIANA CODE
 47 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY
 48 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest**
 49 **transferred by a decedent whose death occurs after December 31,**
 50 **2021.**

1 SECTION 6. IC 6-4.1-3-10 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)]:
3 Sec. 10. (a) **With respect to a taxable transfer or transfers resulting**
4 **from the death of a decedent who dies before January 1, 2012**, the
5 first one hundred thousand dollars (\$100,000) of property interests
6 transferred to a Class A transferee under a the taxable transfer or
7 transfers is exempt from the inheritance tax.

8 (b) **With respect to a taxable transfer or transfers resulting**
9 **from the death of a decedent who dies after December 31, 2011**, the
10 first two hundred fifty thousand dollars (\$250,000) of property
11 interests transferred to a Class A transferee under the taxable
12 transfer or transfers is exempt from the inheritance tax.

13 SECTION 7. IC 6-4.1-4-0.2 IS ADDED TO THE INDIANA CODE
14 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
15 1, 2012]: **Sec. 0.2. This chapter does not apply to a property interest**
16 **transferred by a decedent whose death occurs after December 31,**
17 **2021.**

18 SECTION 8. IC 6-4.1-5-0.5 IS ADDED TO THE INDIANA CODE
19 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
20 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest**
21 **transferred by a decedent whose death occurs after December 31,**
22 **2021.**

23 SECTION 9. IC 6-4.1-5-1.1 IS ADDED TO THE INDIANA CODE
24 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
25 1, 2012]: **Sec. 1.1. (a) This section applies to a property interest**
26 **transferred by a decedent whose death occurs after December 31,**
27 **2012.**

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

YEAR OF INDIVIDUAL'S DEATH	PERCENTAGE OF CREDIT
2013.	10%
2014.	20%
2015.	30%
2016.	40%
2017.	50%
2018.	60%
2019.	70%
2020.	80%
2021.	90%

45 (c) **A person who is liable for inheritance tax imposed under this**
46 **article may claim the credit allowed under this section at the time**
47 **the person pays the tax. When the payment is made, the person**
48 **collecting the tax shall reduce the inheritance tax due by the**
49 **amount of the credit specified in subsection (b).**

50 SECTION 10. IC 6-4.1-6-0.5 IS ADDED TO THE INDIANA
51 CODE AS A NEW SECTION TO READ AS FOLLOWS

1 [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. This chapter does not apply**
 2 **to a property interest transferred by a decedent whose death**
 3 **occurs after December 31, 2021.**

4 SECTION 11. IC 6-4.1-7-0.5 IS ADDED TO THE INDIANA
 5 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 6 [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. This chapter does not apply**
 7 **to a property interest transferred by a decedent whose death**
 8 **occurs after December 31, 2021.**

9 SECTION 12. IC 6-4.1-8-0.5 IS ADDED TO THE INDIANA
 10 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 11 [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. This chapter does not apply**
 12 **to a property interest transferred by a decedent whose death**
 13 **occurs after December 31, 2021.**

14 SECTION 13. IC 6-4.1-9-0.5 IS ADDED TO THE INDIANA
 15 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 16 [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. This chapter does not apply**
 17 **to a property interest transferred by a decedent whose death**
 18 **occurs after December 31, 2021.**

19 SECTION 14. IC 6-4.1-11-6 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 6. (a) The department
 21 of state revenue shall collect the Indiana estate tax and the interest
 22 charges imposed under this chapter. The department shall remit the
 23 money which it collects under this chapter to the state treasurer, and the
 24 state treasurer shall deposit the money in the state general fund.

25 (b) ~~Before August 15 of each year~~ **Except as provided in**
 26 **subsection (e)**, the treasurer of state shall **annually** distribute to each
 27 county the amount determined under subsection (c) **or (d)** for the
 28 county. **The distribution for a particular state fiscal year must be**
 29 **made before August 15 of the following state fiscal year.** There is
 30 appropriated from the state general fund the amount necessary to make
 31 the distributions under this ~~section~~: **subsection.**

32 (c) **For a state fiscal year ending before July 1, 2012**, the
 33 department of state revenue shall determine the inheritance tax
 34 replacement amount for each county using the following formula:

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

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

44 STEP THREE: Determine the remainder of the STEP TWO
 45 amount minus the amount of inheritance taxes retained by the
 46 county during the immediately preceding state fiscal year.

47 (d) **For a state fiscal year beginning after June 30, 2012, and**
 48 **ending before July 1, 2022**, the department of state revenue shall
 49 **determine the inheritance tax replacement amount for each county**
 50 **using the following formula:**

- 1 **STEP ONE: Determine the inheritance tax replacement**
 2 **amount distributed to the county for the state fiscal year that**
 3 **began on July 1, 2011.**
 4 **STEP TWO: Multiply the amount determined under STEP**
 5 **ONE by the appropriate percentage as follows:**
 6 **(A) Ninety-one percent (91%) for the state fiscal year**
 7 **beginning July 1, 2012.**
 8 **(B) Eighty-two percent (82%) for the state fiscal year**
 9 **beginning July 1, 2013.**
 10 **(C) Seventy-three percent (73%) for the state fiscal year**
 11 **beginning July 1, 2014.**
 12 **(D) Sixty-four percent (64%) for the state fiscal year**
 13 **beginning July 1, 2015.**
 14 **(E) Fifty-five percent (55%) for the state fiscal year**
 15 **beginning July 1, 2016.**
 16 **(F) Forty-five percent (45%) for the state fiscal year**
 17 **beginning July 1, 2017.**
 18 **(G) Thirty-six percent (36%) for the state fiscal year**
 19 **beginning July 1, 2018.**
 20 **(H) Twenty-seven percent (27%) for the state fiscal year**
 21 **beginning July 1, 2019.**
 22 **(I) Eighteen percent (18%) for the state fiscal year**
 23 **beginning July 1, 2020.**
 24 **(J) Nine percent (9%) for the state fiscal year beginning**
 25 **July 1, 2021.**
 26 **(e) A county is not entitled to a distribution under subsection (b)**
 27 **for a state fiscal year beginning after June 30, 2022.**
 28 SECTION 15. IC 6-4.1-12-0.5 IS ADDED TO THE INDIANA
 29 CODE AS A NEW SECTION TO READ AS FOLLOWS
 30 [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. (a) For an individual who**
 31 **dies after December 31, 2021, there is no inheritance tax imposed**
 32 **on the decedent's transfer of property interests.**
 33 **(b) Sections 1 through 12 of this chapter do not apply to a**
 34 **property interest transferred by a decedent whose death occurs**
 35 **after December 31, 2021.**
 36 SECTION 16. **An emergency is declared for this act.**
 (Reference is to ESB 293 as printed February 24, 2012.)

Conference Committee Report
on
Engrossed Senate Bill 293

Signed by:

Senator Smith J
Chairperson

Representative Turner

Senator Skinner

Representative Welch

Senate Conferees

House Conferees