

SENATE BILL No. 57

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-4.1.

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

Effective: July 1, 2012.

**Banks, Yoder, Schneider, Kruse,
Walker, Smith J**

January 4, 2012, read first time and referred to Committee on Tax and Fiscal Policy.

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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 2011 Regular Session of the General Assembly.

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SENATE BILL No. 57



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

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

- 1 SECTION 1. IC 6-4.1-1-0.5 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest**
- 4 **transferred by a decedent whose death occurs after June 30, 2018.**
- 5 SECTION 2. IC 6-4.1-2-0.5 IS ADDED TO THE INDIANA CODE
- 6 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 7 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest**
- 8 **transferred by a decedent whose death occurs after June 30, 2018.**
- 9 SECTION 3. IC 6-4.1-2-1 IS AMENDED TO READ AS
- 10 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1. (a) **Except as**
- 11 **provided by section 0.5 of this chapter and IC 6-4.1-12-0.5(a)**, an
- 12 inheritance tax is imposed at the time of a decedent's death on certain
- 13 property interest transfers made by ~~him~~: **the decedent**. The transfer of
- 14 a property interest is subject to the tax if:
- 15 (1) the property transferred is described in:
- 16 (†) **(A)** section 2 of this chapter, if the property is transferred
- 17 by a resident decedent; or



- 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 4. IC 6-4.1-3-0.5 IS ADDED TO THE INDIANA CODE
 10 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 11 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest**
 12 **transferred by a decedent whose death occurs after June 30, 2018.**

13 SECTION 5. 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 June 30, 2018.**

17 SECTION 6. IC 6-4.1-5-0.5 IS ADDED TO THE INDIANA CODE
 18 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 19 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest**
 20 **transferred by a decedent whose death occurs after June 30, 2018.**

21 SECTION 7. IC 6-4.1-5-1.1 IS ADDED TO THE INDIANA CODE
 22 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 23 1, 2012]: **Sec. 1.1. (a) This section applies to a property interest**
 24 **transferred by a decedent whose death occurs after June 30, 2013.**

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

30 DATE OF	30 PERCENTAGE
31 INDIVIDUAL'S DEATH	31 OF CREDIT
32 After June 30, 2013, and	
33 before July 1, 2014.....	33 30%
34 After June 30, 2014, and	
35 before July 1, 2015.....	35 40%
36 After June 30, 2015, and	
37 before July 1, 2016.....	37 50%
38 After June 30, 2016, and	
39 before July 1, 2017.....	39 60%
40 After June 30, 2017, and	
41 before July 1, 2018.....	41 75%

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

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

5 SECTION 8. IC 6-4.1-6-0.5 IS ADDED TO THE INDIANA CODE
 6 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 7 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest
 8 transferred by a decedent whose death occurs after June 30, 2018.**

9 SECTION 9. IC 6-4.1-7-0.5 IS ADDED TO THE INDIANA CODE
 10 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 11 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest
 12 transferred by a decedent whose death occurs after June 30, 2018.**

13 SECTION 10. IC 6-4.1-8-0.5 IS ADDED TO THE INDIANA
 14 CODE AS A NEW SECTION TO READ AS FOLLOWS
 15 [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. This chapter does not apply
 16 to a property interest transferred by a decedent whose death
 17 occurs after June 30, 2018.**

18 SECTION 11. IC 6-4.1-9-0.5 IS ADDED TO THE INDIANA
 19 CODE AS A NEW SECTION TO READ AS FOLLOWS
 20 [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. This chapter does not apply
 21 to a property interest transferred by a decedent whose death
 22 occurs after June 30, 2018.**

23 SECTION 12. IC 6-4.1-11-0.5 IS ADDED TO THE INDIANA
 24 CODE AS A NEW SECTION TO READ AS FOLLOWS
 25 [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. This chapter does not apply
 26 to the estate of an individual who dies after June 30, 2018.**

27 SECTION 13. IC 6-4.1-11-6 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 6. (a) The department
 29 of state revenue shall collect the Indiana estate tax and the interest
 30 charges imposed under this chapter. The department shall remit the
 31 money which it collects under this chapter to the state treasurer, and the
 32 state treasurer shall deposit the money in the state general fund.

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

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



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

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

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

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

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

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

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

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

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

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

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

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

35 SECTION 14. IC 6-4.1-11.5-0.5 IS ADDED TO THE INDIANA
 36 CODE AS A NEW SECTION TO READ AS FOLLOWS
 37 [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. This chapter does not apply**
 38 **to a property interest transferred by a decedent whose death**
 39 **occurs after June 30, 2018.**

40 SECTION 15. IC 6-4.1-12-0.5 IS ADDED TO THE INDIANA
 41 CODE AS A NEW SECTION TO READ AS FOLLOWS
 42 [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. (a) For an individual who**

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

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

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