
SENATE BILL No. 293

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-4.1.

Synopsis: Inheritance tax. 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. Annually increases the inheritance tax exemption amounts through 2015. Provides that the tax base for determining the inheritance tax includes the exempted amount but applies a 0% tax rate to transfers that are equal to or less than the exempted amount. Reduces the inheritance tax rates by 50% for transfers resulting from the death of an individual who dies after June 30, 2016. Repeals the Indiana estate tax on July 1, 2012. Provides that the repealed statutes, as in effect on June 30, 2012, apply to the estate of an individual who dies before July 1, 2012.

Effective: July 1, 2012.

Smith J

January 5, 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. 293



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 6-4.1-1-3, AS AMENDED BY P.L.220-2011,
- 2 SECTION 149, IS AMENDED TO READ AS FOLLOWS
- 3 [EFFECTIVE JULY 1, 2012]: Sec. 3. (a) "Class A transferee" means
- 4 a transferee who is any of the following:
- 5 (1) **A lineal ancestor of the transferor.**
- 6 (2) **A lineal descendant of the transferor.**
- 7 (3) **A stepchild of the transferor, whether or not the stepchild is**
- 8 **adopted by the transferor. This subdivision applies to the estate of**
- 9 **an individual who dies after June 30, 2004.**
- 10 (4) **A lineal descendant of a stepchild of the transferor, whether**
- 11 **or not the stepchild is adopted by the transferor.**
- 12 (5) **A spouse, widow, or widower of a child of the transferor.**
- 13 **This subdivision applies to the estate of an individual who dies**
- 14 **after June 30, 2012.**
- 15 (6) **A spouse, widow, or widower of a stepchild of the**
- 16 **transferor, whether or not the stepchild is adopted by the**
- 17 **transferor. This subdivision applies to the estate of an**



1 **individual who dies after June 30, 2012.**

2 (b) "Class B transferee" means a transferee who is a:

- 3 (1) brother or sister of the transferor;
 4 (2) descendant of a brother or sister of the transferor; or
 5 (3) spouse, widow, or widower of a child of the transferor. **This**
 6 **subdivision applies to the estate of an individual who dies**
 7 **before July 1, 2012.**

8 (c) "Class C transferee" means a transferee, except a surviving
 9 spouse, who is neither a Class A nor a Class B transferee.

10 (d) For purposes of this section, a legally adopted child is to be
 11 treated as if the child were the natural child of the child's adopting
 12 parent if the adoption occurred before the individual was totally
 13 emancipated. However, an individual adopted after being totally
 14 emancipated shall be treated as the natural child of the adopting parent
 15 if the adoption was finalized before July 1, 2004.

16 (e) For purposes of this section, if a relationship of loco parentis has
 17 existed for at least ten (10) years and if the relationship began before
 18 the child's fifteenth birthday, the child is to be considered the natural
 19 child of the loco parentis parent.

20 (f) As used in this section, "stepchild" means a child of the
 21 transferor's surviving, deceased, or former spouse who is not a child of
 22 the transferor.

23 SECTION 2. IC 6-4.1-3-10 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 10. (a) **With respect**
 25 **to a taxable transfer or transfers resulting from the death of an**
 26 **individual who dies before July 1, 2012**, the first one hundred
 27 thousand dollars (\$100,000) of property interests transferred to a Class
 28 A transferee under a the taxable transfer or transfers is exempt from the
 29 inheritance tax.

30 (b) **With respect to a taxable transfer or transfers resulting**
 31 **from the death of an individual who dies after June 30, 2012, the**
 32 **following amounts of property interests transferred to a Class A**
 33 **transferee under the taxable transfer or transfers are exempt from**
 34 **the inheritance tax:**

35 (1) **In the case of an individual who dies after June 30, 2012,**
 36 **but before July 1, 2013, the first three hundred thousand**
 37 **dollars (\$300,000).**

38 (2) **In the case of an individual who dies after June 30, 2013,**
 39 **but before July 1, 2014, the first five hundred thousand**
 40 **dollars (\$500,000).**

41 (3) **In the case of an individual who dies after June 30, 2014,**
 42 **but before July 1, 2015, the first seven hundred thousand**

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dollars (\$700,000).

(4) In the case of an individual who dies after June 30, 2015, the first one million dollars (\$1,000,000).

SECTION 3. IC 6-4.1-3-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 11. **(a) With respect to a taxable transfer or transfers resulting from the death of an individual who dies before July 1, 2012,** the first five hundred dollars (\$500) of property interests transferred to a Class B transferee under a the taxable transfer or transfers is exempt from the inheritance tax.

(b) With respect to a taxable transfer or transfers resulting from the death of an individual who dies after June 30, 2012, the following amounts of property interests transferred to a Class B transferee under the taxable transfer or transfers are exempt from the inheritance tax:

(1) In the case of an individual who dies after June 30, 2012, but before July 1, 2013, the first twenty-five thousand dollars (\$25,000).

(2) In the case of an individual who dies after June 30, 2013, but before July 1, 2014, the first fifty thousand dollars (\$50,000).

(3) In the case of an individual who dies after June 30, 2014, but before July 1, 2015, the first seventy-five thousand dollars (\$75,000).

(4) In the case of an individual who dies after June 30, 2015, the first one hundred thousand dollars (\$100,000).

SECTION 4. IC 6-4.1-3-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 12. **(a) With respect to a taxable transfer or transfers resulting from the death of an individual who dies before July 1, 2012,** the first one hundred dollars (\$100) of property interests transferred to a Class C transferee under a the taxable transfer or transfers is exempt from the inheritance tax.

(b) With respect to a taxable transfer or transfers resulting from the death of an individual who dies after June 30, 2012, the following amounts of property interests transferred to a Class C transferee under the taxable transfer or transfers are exempt from the inheritance tax:

(1) In the case of an individual who dies after June 30, 2012, but before July 1, 2013, the first twenty-five thousand dollars (\$25,000).

(2) In the case of an individual who dies after June 30, 2013, but before July 1, 2014, the first fifty thousand dollars (\$50,000).

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- 1 **(3) In the case of an individual who dies after June 30, 2014,**
- 2 **but before July 1, 2015, the first seventy-five thousand dollars**
- 3 **(\$75,000).**
- 4 **(4) In the case of an individual who dies after June 30, 2015,**
- 5 **the first one hundred thousand dollars (\$100,000).**

6 SECTION 5. IC 6-4.1-5-1 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1. **(a) This section**
 8 **applies to property interests transferred by a decedent who dies**
 9 **before July 1, 2012.**

10 **(a) (b)** For purposes of this section, the net taxable value of property
 11 interests transferred by a decedent to a particular transferee equals the
 12 remainder of:

- 13 (1) the total fair market value of the property interests transferred
- 14 by the decedent to the transferee under a taxable transfer or
- 15 transfers; minus
- 16 (2) the total amount of exemptions and deductions provided under
- 17 ~~sections 9-1 through 15 of IC 6-4.1-3~~ **IC 6-4.1-3-10 through**
- 18 **IC 6-4.1-3-15**, with respect to the property interests so
- 19 transferred.

20 **(b) (c)** The inheritance tax imposed on a decedent's transfer of
 21 property interests to a particular Class A transferee is prescribed in the
 22 following table:

23 NET TAXABLE VALUE OF	
24 PROPERTY INTERESTS	
25 TRANSFERRED	INHERITANCE TAX
26 \$25,000 or less	1% of net taxable value
27 over \$25,000 but not	
28 over \$50,000	\$250, plus 2% of net
	taxable value over \$25,000
29 over \$50,000 but not	
30 over \$200,000	\$750, plus 3% of net taxable
	value over \$50,000
31 over \$200,000 but not	
32 over \$300,000	\$5,250, plus 4% of net
	taxable value over \$200,000
33 over \$300,000 but not	
34 over \$500,000	\$9,250, plus 5% of net
	taxable value over \$300,000
35 over \$500,000 but not	
36 over \$700,000	\$19,250, plus 6% of net
	taxable value over \$500,000
37 over \$700,000 but not	
38 over \$700,000 but not	

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1	over \$1,000,000	\$31,250, plus 7% of net
2		taxable value over \$700,000
3	over \$1,000,000 but not	
4	over \$1,500,000	\$52,250, plus 8% of net
5		taxable value over \$1,000,000
6	over \$1,500,000	\$92,250, plus 10% of net
7		taxable value over \$1,500,000

8 (c) (d) The inheritance tax imposed on a decedent's transfer of
 9 property interests to a particular Class B transferee is prescribed in the
 10 following table:

11	NET TAXABLE VALUE OF	
12	PROPERTY INTERESTS	
13	TRANSFERRED	INHERITANCE TAX
14	\$100,000 or less	7% of net taxable value
15	over \$100,000 but not	
16	over \$500,000	\$7,000, plus 10% of net
17		taxable value over \$100,000
18	over \$500,000 but not	
19	over \$1,000,000	\$47,000, plus 12% of net
20		taxable value over \$500,000
21	over \$1,000,000	\$107,000, plus 15% of net
22		taxable value over \$1,000,000

23 (d) (e) The inheritance tax imposed on a decedent's transfer of
 24 property interests to a particular Class C transferee is prescribed in the
 25 following table:

26	NET TAXABLE VALUE OF	
27	PROPERTY INTERESTS	
28	TRANSFERRED	INHERITANCE TAX
29	\$100,000 or less	10% of net taxable value
30	over \$100,000 but not	
31	over \$1,000,000	\$10,000, plus 15% of net
32		taxable value over \$100,000
33	over \$1,000,000	\$145,000, plus 20% of net
34		taxable value over \$1,000,000

35 SECTION 6. IC 6-4.1-5-18 IS ADDED TO THE INDIANA CODE
 36 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 37 1, 2012]: **Sec. 18. (a) This section applies to property interests**
 38 **transferred by a decedent who dies after June 30, 2012, but before**
 39 **July 1, 2013.**

40 (b) For purposes of this section, the net taxable value of
 41 property interests transferred by a decedent to a particular
 42 transferee equals the remainder of:

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1 (1) the total fair market value of the property interests
 2 transferred by the decedent to the transferee under a taxable
 3 transfer or transfers; minus

4 (2) the total amount of deductions provided under
 5 IC 6-4.1-3-13, IC 6-4.1-3-14, and IC 6-4.1-3-15, with respect
 6 to the property interests so transferred.

7 (c) The inheritance tax imposed on a decedent's transfer of
 8 property interests to a particular Class A transferee is prescribed
 9 in the following table:

10 NET TAXABLE VALUE OF	
11 PROPERTY INTERESTS	
12 TRANSFERRED	INHERITANCE TAX
13 \$300,000 or less	0% of net taxable value
14 over \$300,000 but not	
15 over \$500,000	\$9,250, plus 5% of net
	taxable value over \$300,000
16 over \$500,000 but not	
17 over \$700,000	\$19,250, plus 6% of net
	taxable value over \$500,000
18 over \$700,000 but not	
19 over \$1,000,000	\$31,250, plus 7% of net
	taxable value over \$700,000
20 over \$1,000,000 but not	
21 over \$1,500,000	\$52,250, plus 8% of net
	taxable value over \$1,000,000
22 over \$1,500,000	\$92,250, plus 10% of net
	taxable value over \$1,500,000

23 (d) The inheritance tax imposed on a decedent's transfer of
 24 property interests to a particular Class B transferee is prescribed
 25 in the following table:

31 NET TAXABLE VALUE OF	
32 PROPERTY INTERESTS	
33 TRANSFERRED	INHERITANCE TAX
34 \$25,000 or less	0% of net taxable value
35 over \$25,000 but not	
36 over \$100,000	7% of net taxable value
37 over \$100,000 but not	
38 over \$500,000	\$7,000, plus 10% of net
	taxable value over \$100,000
39 over \$500,000 but not	
40 over \$1,000,000	\$47,000, plus 12% of net
	taxable value over \$500,000



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1	over \$1,000,000	\$31,250, plus 7% of net
2		taxable value over \$700,000
3	over \$1,000,000 but not	
4	over \$1,500,000	\$52,250, plus 8% of net
5		taxable value over \$1,000,000
6	over \$1,500,000	\$92,250, plus 10% of net
7		taxable value over \$1,500,000

8 (d) The inheritance tax imposed on a decedent's transfer of
 9 property interests to a particular Class B transferee is prescribed
 10 in the following table:

11	NET TAXABLE VALUE OF	
12	PROPERTY INTERESTS	
13	TRANSFERRED	INHERITANCE TAX
14	\$50,000 or less	0% of net taxable value
15	over \$50,000 but not	
16	over \$100,000	7% of net taxable value
17	over \$100,000 but not	
18	over \$500,000	\$7,000, plus 10% of net
19		taxable value over \$100,000
20	over \$500,000 but not	
21	over \$1,000,000	\$47,000, plus 12% of net
22		taxable value over \$500,000
23	over \$1,000,000	\$107,000, plus 15% of net
24		taxable value over
25		\$1,000,000

26 (e) The inheritance tax imposed on a decedent's transfer of
 27 property interests to a particular Class C transferee is prescribed
 28 in the following table:

29	NET TAXABLE VALUE OF	
30	PROPERTY INTERESTS	
31	TRANSFERRED	INHERITANCE TAX
32	\$50,000 or less	0% of net taxable value
33	over \$50,000 but not	
34	over \$100,000	10% of net taxable value
35	over \$100,000 but not	
36	over \$1,000,000	\$10,000, plus 15% of net
37		taxable value over \$100,000
38	over \$1,000,000	\$145,000, plus 20% of net
39		taxable value over \$1,000,000

40 SECTION 8. IC 6-4.1-5-20 IS ADDED TO THE INDIANA CODE
 41 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 42 1, 2012]: Sec. 20. (a) This section applies to property interests

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1 transferred by a decedent who dies after June 30, 2014, but before
 2 July 1, 2015.

3 (b) For purposes of this section, the net taxable value of
 4 property interests transferred by a decedent to a particular
 5 transferee equals the remainder of:

6 (1) the total fair market value of the property interests
 7 transferred by the decedent to the transferee under a taxable
 8 transfer or transfers; minus

9 (2) the total amount of deductions provided under
 10 IC 6-4.1-3-13, IC 6-4.1-3-14, and IC 6-4.1-3-15, with respect
 11 to the property interests so transferred.

12 (c) The inheritance tax imposed on a decedent's transfer of
 13 property interests to a particular Class A transferee is prescribed
 14 in the following table:

15 NET TAXABLE VALUE OF	
16 PROPERTY INTERESTS	
17 TRANSFERRED	18 INHERITANCE TAX
19 \$700,000 or less	20 0% of net taxable value
21 over \$700,000 but not	
22 over \$1,000,000	23 \$31,250, plus 7% of net
	24 taxable value over \$700,000
25 over \$1,000,000 but not	
26 over \$1,500,000	27 \$52,250, plus 8% of net
	28 taxable value over \$1,000,000
29 over \$1,500,000	30 \$92,250, plus 10% of net
	31 taxable value over \$1,500,000

32 (d) The inheritance tax imposed on a decedent's transfer of
 33 property interests to a particular Class B transferee is prescribed
 34 in the following table:

35 NET TAXABLE VALUE OF	
36 PROPERTY INTERESTS	
37 TRANSFERRED	38 INHERITANCE TAX
39 \$75,000 or less	40 0% of net taxable value
41 over \$75,000 but not	
42 over \$100,000	7% of net taxable value
over \$100,000 but not	
over \$500,000	\$7,000, plus 10% of net
	taxable value over \$100,000
over \$500,000 but not	
over \$1,000,000	\$47,000, plus 12% of net
	taxable value over \$500,000
over \$1,000,000	\$107,000, plus 15% of net

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1 taxable value over
 2 \$1,000,000
 3 (e) The inheritance tax imposed on a decedent's transfer of
 4 property interests to a particular Class C transferee is prescribed
 5 in the following table:

6 7 8 9	NET TAXABLE VALUE OF PROPERTY INTERESTS TRANSFERRED	INHERITANCE TAX
10	\$75,000 or less	0% of net taxable value
11	over \$75,000 but not	
12	over \$100,000	10% of net taxable value
13	over \$100,000 but not	
14	over \$1,000,000	\$10,000, plus 15% of net taxable value over \$100,000
15	over \$1,000,000	\$145,000, plus 20% of net taxable value over \$1,000,000

16 SECTION 9. IC 6-4.1-5-21 IS ADDED TO THE INDIANA CODE
 17 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 18 1, 2012]: Sec. 21. (a) This section applies to property interests
 19 transferred by a decedent who dies after June 30, 2015, but before
 20 July 1, 2016.

21 (b) For purposes of this section, the net taxable value of
 22 property interests transferred by a decedent to a particular
 23 transferee equals the remainder of:

- 24 (1) the total fair market value of the property interests
- 25 transferred by the decedent to the transferee under a taxable
- 26 transfer or transfers; minus
- 27 (2) the total amount of deductions provided under
- 28 IC 6-4.1-3-13, IC 6-4.1-3-14, and IC 6-4.1-3-15, with respect
- 29 to the property interests so transferred.

30 (c) The inheritance tax imposed on a decedent's transfer of
 31 property interests to a particular Class A transferee is prescribed
 32 in the following table:

33 34 35 36	NET TAXABLE VALUE OF PROPERTY INTERESTS TRANSFERRED	INHERITANCE TAX
37	\$1,000,000 or less	0% of net taxable value
38	over \$1,000,000 but not	
39	over \$1,500,000	\$52,250, plus 8% of net taxable value over \$1,000,000
40	over \$1,500,000	\$92,250, plus 10% of net taxable value over \$1,500,000

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1 (d) The inheritance tax imposed on a decedent's transfer of
2 property interests to a particular Class B transferee is prescribed
3 in the following table:

4	NET TAXABLE VALUE OF	
5	PROPERTY INTERESTS	
6	TRANSFERRED	INHERITANCE TAX
7	\$100,000 or less	0% of net taxable value
8	over \$100,000 but not	
9	over \$500,000	\$7,000, plus 10% of net
10		taxable value over \$100,000
11	over \$500,000 but not	
12	over \$1,000,000	\$47,000, plus 12% of net
13		taxable value over \$500,000
14	over \$1,000,000	\$107,000, plus 15% of net
15		taxable value over
16		\$1,000,000

17 (e) The inheritance tax imposed on a decedent's transfer of
18 property interests to a particular Class C transferee is prescribed
19 in the following table:

20	NET TAXABLE VALUE OF	
21	PROPERTY INTERESTS	
22	TRANSFERRED	INHERITANCE TAX
23	\$100,000 or less	0% of net taxable value
24	over \$100,000 but not	
25	over \$1,000,000	\$10,000, plus 15% of net
26		taxable value over \$100,000
27	over \$1,000,000	\$145,000, plus 20% of net
28		taxable value over \$1,000,000

29 SECTION 10. IC 6-4.1-5-22 IS ADDED TO THE INDIANA CODE
30 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
31 1, 2012]: **Sec. 22. (a) This section applies to property interests**
32 **transferred by a decedent who dies after June 30, 2016.**

33 (b) For purposes of this section, the net taxable value of
34 property interests transferred by a decedent to a particular
35 transferee equals the remainder of:

- 36 (1) the total fair market value of the property interests
- 37 transferred by the decedent to the transferee under a taxable
- 38 transfer or transfers; minus
- 39 (2) the total amount of deductions provided under
- 40 IC 6-4.1-3-13, IC 6-4.1-3-14, and IC 6-4.1-3-15, with respect
- 41 to the property interests so transferred.

42 (c) The inheritance tax imposed on a decedent's transfer of

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1 property interests to a particular Class A transferee is prescribed
2 in the following table:

3 NET TAXABLE VALUE OF	
4 PROPERTY INTERESTS	
5 TRANSFERRED	6 INHERITANCE TAX
6 \$1,000,000 or less	0% of net taxable value
7 over \$1,000,000 but not	
8 over \$1,500,000	\$52,250, plus 4% of net
9	taxable value over \$1,000,000
10 over \$1,500,000	\$92,250, plus 5% of net
11	taxable value over \$1,500,000

12 (d) The inheritance tax imposed on a decedent's transfer of
13 property interests to a particular Class B transferee is prescribed
14 in the following table:

15 NET TAXABLE VALUE OF	
16 PROPERTY INTERESTS	
17 TRANSFERRED	18 INHERITANCE TAX
18 \$100,000 or less	0% of net taxable value
19 over \$100,000 but not	
20 over \$500,000	\$7,000, plus 5% of net
21	taxable value over \$100,000
22 over \$500,000 but not	
23 over \$1,000,000	\$47,000, plus 6% of net
24	taxable value over \$500,000
25 over \$1,000,000	\$107,000, plus 7.5% of net
26	taxable value over
27	\$1,000,000

28 (e) The inheritance tax imposed on a decedent's transfer of
29 property interests to a particular Class C transferee is prescribed
30 in the following table:

31 NET TAXABLE VALUE OF	
32 PROPERTY INTERESTS	
33 TRANSFERRED	34 INHERITANCE TAX
34 \$100,000 or less	0% of net taxable value
35 over \$100,000 but not	
36 over \$1,000,000	\$10,000, plus 7.5% of net
37	taxable value over \$100,000
38 over \$1,000,000	\$145,000, plus 10% of net
39	taxable value over \$1,000,000

40 SECTION 11. IC 6-4.1-10-1, AS AMENDED BY P.L.182-2009(ss),
41 SECTION 232, IS AMENDED TO READ AS FOLLOWS
42 [EFFECTIVE JULY 1, 2012]: Sec. 1. (a) A person may file with the

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1 department of state revenue a claim for the refund of inheritance ~~or~~
 2 ~~Indiana estate~~ tax which has been erroneously or illegally collected.
 3 Except as provided in section 2 of this chapter, the person must file the
 4 claim within three (3) years after the tax is paid or within one (1) year
 5 after the tax is finally determined, whichever is later.

6 (b) The amount of the refund that a person is entitled to receive
 7 under this chapter equals the amount of the erroneously or illegally
 8 collected tax, plus interest calculated as specified in subsection (c).

9 (c) If a tax payment that has been erroneously or illegally collected
 10 is not refunded within ninety (90) days after the later of the date on
 11 which:

- 12 (1) the refund claim is filed with the department of state revenue;
 - 13 or
 - 14 (2) the inheritance tax return is received by the department of
 - 15 state revenue;
- 16 interest accrues at the rate of six percent (6%) per annum computed
 17 from the date under subdivision (1) or (2), whichever applies, until the
 18 tax payment is refunded.

19 SECTION 12. IC 6-4.1-10-4 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 4. (a) A person who
 21 files a claim for the refund of inheritance ~~or Indiana estate~~ tax may
 22 appeal any refund order which the department of state revenue enters
 23 with respect to ~~his~~ **the person's** claim. To initiate the appeal, the
 24 person must, within ninety (90) days after the department enters the
 25 order, file a complaint in which the department is named as the
 26 defendant.

27 (b) The court which has jurisdiction over an appeal initiated under
 28 this section is:

- 29 (1) the probate court of the county in which administration of the
- 30 estate is pending, if the appeal involves either a resident or a
- 31 nonresident decedent's estate and administration of the estate is
- 32 pending;
- 33 (2) the probate court of the county in which the decedent was
- 34 domiciled at the time of ~~his~~ **the decedent's** death, if the appeal
- 35 involves a resident decedent's estate and no administration of the
- 36 estate is pending in Indiana; or
- 37 (3) the probate court of any county in which any of the decedent's
- 38 property was located at the time of ~~his~~ **the decedent's** death, if the
- 39 appeal involves a nonresident decedent's estate and no
- 40 administration of the estate is pending in Indiana.

41 SECTION 13. IC 6-4.1-11-0.1 IS REPEALED [EFFECTIVE JULY
 42 1, 2012]. ~~Sec. 0.1. The following amendments to this chapter apply as~~

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follows:

(1) The amendments made to section 2 of this chapter by P.L.78-1993 do not apply to individuals who die before July 1, 1993.

(2) The amendments made to section 3 of this chapter by P.L.252-2001 apply to the estate of an individual who dies after June 30, 2001.

SECTION 14. IC 6-4.1-11-1 IS REPEALED [EFFECTIVE JULY 1, 2012]. Sec. 1: A tax to be known as the "Indiana estate tax" is imposed upon a resident or nonresident decedent's estate.

SECTION 15. IC 6-4.1-11-2 IS REPEALED [EFFECTIVE JULY 1, 2012]. Sec. 2: (a) The Indiana estate tax is the amount determined in STEP FOUR of the following formula:

STEP ONE: Divide:

- (A) the value of the decedent's Indiana gross estate; by
- (B) the value of the decedent's total gross estate for federal estate tax purposes.

STEP TWO: Multiply:

- (A) the quotient determined under STEP ONE; by
- (B) the federal state death tax credit allowable against the decedent's federal estate tax.

The product is the Indiana portion of the federal state death tax credit.

STEP THREE: Subtract:

- (A) the amount of all Indiana inheritance taxes actually paid as a result of the decedent's death; from
- (B) the product determined under STEP TWO.

STEP FOUR: Determine the greater of the following:

- (A) The remainder determined under STEP THREE.
- (B) Zero (0).

(b) For purposes of this section, the value of a nonresident decedent's Indiana gross estate equals the total fair market value on the appraisal date of tangible personal property and real estate which had an actual situs in Indiana at the time of the decedent's death and which is included in the decedent's gross estate for federal estate tax purposes under Sections 2031 through 2044 of the Internal Revenue Code.

(c) For purposes of this section, the value of a resident decedent's Indiana gross estate equals the total fair market value on the appraisal date of personal property and real estate that had an actual situs in Indiana at the time of the decedent's death and all intangible personal property wherever located that is included in the decedent's gross estate for federal estate tax purposes.

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1 (d) For purposes of this section, the value of a resident or
 2 nonresident decedent's total gross estate for federal estate tax purposes
 3 equals the total fair market value on the appraisal date of the property
 4 included in the decedent's gross estate for federal estate tax purposes
 5 under Sections 2031 through 2044 of the Internal Revenue Code.

6 (e) For purposes of determining the value of a decedent's Indiana
 7 gross estate and the decedent's total gross estate, the appraisal date for
 8 each property interest is the date on which the property interest is
 9 valued for federal estate tax purposes.

10 (f) The estate tax does not apply to a property interest transfer made
 11 by a resident decedent if the interest transferred is in:

12 (1) real property located outside Indiana, regardless of whether
 13 the property is held in a trust or whether the trustee is required to
 14 distribute the property in-kind; or

15 (2) real property located in Indiana, if:

16 (A) the real property was transferred to an irrevocable trust
 17 during the decedent's lifetime;

18 (B) the transfer to the trust was not made in contemplation of
 19 the transferor's death, as determined under IC 6-4.1-2-4; and

20 (C) the decedent does not have a retained interest in the trust.

21 SECTION 16. IC 6-4.1-11-3 IS REPEALED [EFFECTIVE JULY
 22 1, 2012]. Sec. 3: (a) The Indiana estate tax accrues at the time of the
 23 decedent's death. Except as provided in subsection (b) of this section,
 24 the Indiana estate tax is due twelve (12) months after the date of the
 25 decedent's death:

26 (b) Any Indiana estate tax that results from a final change in the
 27 amount of federal estate tax is due:

28 (1) eighteen (18) months after the date of the decedent's death; or

29 (2) one (1) month after final notice of the federal estate tax due is
 30 given to the person liable for the tax;

31 whichever is later.

32 SECTION 17. IC 6-4.1-11-4 IS REPEALED [EFFECTIVE JULY
 33 1, 2012]. Sec. 4: If Indiana estate tax is not paid on or before the due
 34 date, the person liable for the tax shall pay interest on the delinquent
 35 portion of the tax from the due date until it is paid at the rate of six
 36 percent (6%) per year.

37 SECTION 18. IC 6-4.1-11-5 IS REPEALED [EFFECTIVE JULY
 38 1, 2012]. Sec. 5: A person is entitled to claim the amount of Indiana
 39 estate tax paid under this chapter as a credit against inheritance tax
 40 imposed under this article if:

41 (1) the inheritance tax is imposed after the Indiana estate tax is
 42 paid; and

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1 (2) both taxes are imposed as a result of the same decedent's
2 death:

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

9 (b) (a) Before August 15 of each year, the treasurer of state shall
10 distribute to each county the amount determined under subsection (c)
11 (b) for the county. There is appropriated from the state general fund the
12 amount necessary to make the distributions under this section.

13 (c) (b) The department of state revenue shall determine the
14 inheritance tax replacement amount for each county, using the
15 following formula:

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

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

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

28 SECTION 20. IC 6-4.1-11-7 IS REPEALED [EFFECTIVE JULY
29 1, 2012]. Sec. 7: A probate court's final determination concerning the
30 amount of Indiana estate tax owing under this chapter may be appealed
31 to the tax court in accordance with the rules of appellate procedure:

32 SECTION 21. IC 6-4.1-11-8 IS ADDED TO THE INDIANA CODE
33 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
34 1, 2012]: Sec. 8. (a) This section applies only to the estate of an
35 individual who dies before July 1, 2012.

36 (b) Sections 1, 2, 3, 4, 5, and 7 of this chapter apply to an estate
37 described in subsection (a) as those sections were in effect on June
38 30, 2012. Any taxes imposed by this chapter (as in effect on June
39 30, 2012) on the estate are payable as if those sections had not been
40 repealed.

41 (c) Section 6 of this chapter applies to:

42 (1) an estate described in subsection (a); and

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1 **(2) the collection of any taxes from the estate under subsection**
2 **(b);**
3 **as that section was in effect on June 30, 2012.**
4 **(d) IC 6-4.1-10-1 and IC 6-4.1-10-4 apply to:**
5 **(1) an estate described in subsection (a); and**
6 **(2) a claim for a refund of any taxes erroneously or illegally**
7 **collected under subsection (b);**
8 **as those statutes were in effect on June 30, 2012.**
9 **(e) This section expires July 1, 2016.**

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