
SENATE BILL No. 232

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-4.1.

Synopsis: Elimination of the inheritance tax. Provides that the inheritance tax does not apply to property interests transferred by decedents whose deaths occur after December 31, 2013. Specifies that certain definitions apply after the elimination of the inheritance tax for purposes of the Indiana estate tax and the Indiana generation-skipping transfer tax. Prohibits the treasurer of state from distributing an inheritance tax replacement amount to any county for a state fiscal year beginning after June 30, 2013.

Effective: July 1, 2013.

Smith J

January 7, 2013, read first time and referred to Committee on Appropriations.

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First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

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SENATE BILL No. 232

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, AS ADDED BY P.L.157-2012,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2013]: Sec. 0.5. **(a) Except as provided in subsection (b),**
4 this chapter does not apply to a property interest transferred by a
5 decedent whose death occurs after December 31, ~~2021~~. **2013.**

6 **(b) For purposes of IC 6-4.1-11 and IC 6-4.1-11.5, the following**
7 **statutes apply with respect to a property interest transferred by a**
8 **decedent whose death occurs after December 31, 2013:**

- 9 (1) Section 4 of this chapter.
- 10 (2) Section 5 of this chapter.
- 11 (3) Section 8 of this chapter.
- 12 (4) Section 11 of this chapter.
- 13 (5) Section 13 of this chapter.

14 SECTION 2. IC 6-4.1-1-4 IS AMENDED TO READ AS
15 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. "Federal **state** death
16 tax credit" means the maximum federal estate tax credit provided, with
17 respect to estate, inheritance, legacy, or succession taxes, under Section



1 2011 or Section 2102 of the Internal Revenue Code.
 2 SECTION 3. IC 6-4.1-2-0.5, AS ADDED BY P.L.157-2012,
 3 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 4 JULY 1, 2013]: Sec. 0.5. This chapter does not apply to a property
 5 interest transferred by a decedent whose death occurs after December
 6 31, ~~2021~~. **2013.**

7 SECTION 4. IC 6-4.1-3-0.5, AS ADDED BY P.L.157-2012,
 8 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JULY 1, 2013]: Sec. 0.5. This chapter does not apply to a property
 10 interest transferred by a decedent whose death occurs after December
 11 31, ~~2021~~. **2013.**

12 SECTION 5. IC 6-4.1-4-0.2, AS ADDED BY P.L.157-2012,
 13 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2013]: Sec. 0.2. This chapter does not apply to a property
 15 interest transferred by a decedent whose death occurs after December
 16 31, ~~2021~~. **2013.**

17 SECTION 6. IC 6-4.1-5-0.5, AS ADDED BY P.L.157-2012,
 18 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 JULY 1, 2013]: Sec. 0.5. This chapter does not apply to a property
 20 interest transferred by a decedent whose death occurs after December
 21 31, ~~2021~~. **2013.**

22 SECTION 7. IC 6-4.1-5-1.1, AS ADDED BY P.L.157-2012,
 23 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2013]: Sec. 1.1. (a) This section applies to a property interest
 25 transferred by a decedent whose death occurs ~~after December 31, 2012~~.
 26 **in calendar year 2013.**

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

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~~2021~~ ~~90%~~

ten percent (10%).

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

SECTION 8. IC 6-4.1-6-0.5, AS ADDED BY P.L.157-2012, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 0.5. This chapter does not apply to a property interest transferred by a decedent whose death occurs after December 31, ~~2021~~. **2013.**

SECTION 9. IC 6-4.1-7-0.5, AS ADDED BY P.L.157-2012, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 0.5. This chapter does not apply to a property interest transferred by a decedent whose death occurs after December 31, ~~2021~~. **2013.**

SECTION 10. IC 6-4.1-8-0.5, AS ADDED BY P.L.157-2012, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 0.5. This chapter does not apply to a property interest transferred by a decedent whose death occurs after December 31, ~~2021~~. **2013.**

SECTION 11. IC 6-4.1-9-0.5, AS ADDED BY P.L.157-2012, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 0.5. This chapter does not apply to a property interest transferred by a decedent whose death occurs after December 31, ~~2021~~. **2013.**

SECTION 12. IC 6-4.1-11-6, AS AMENDED BY P.L.157-2012, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6. (a) The department of state revenue shall collect the Indiana estate tax and the interest charges imposed under this chapter. The department shall remit the money which it collects under this chapter to the state treasurer, and the state treasurer shall deposit the money in the state general fund.

(b) ~~Except as provided in subsection (e),~~ **Before August 15, 2013,** the treasurer of state shall ~~annually~~ distribute **an inheritance tax replacement amount** to each county ~~the amount determined eligible to receive a distribution as determined~~ under subsection (c) ~~or (d)~~ for the county. ~~The distribution for a particular state fiscal year must be made before August 15 of the following state fiscal year that began on~~ **July 1, 2012.** There is appropriated from the state general fund the amount necessary to make the distributions under this subsection.

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

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

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

13 STEP THREE: Determine the remainder of the STEP TWO
14 amount minus the amount of inheritance taxes retained by the
15 county during the immediately preceding state fiscal year.

16 (d) (c) For a the state fiscal year beginning after June 30, 2012, and
17 ending before July 1, 2022, 2012, the department of state revenue shall
18 determine the inheritance tax replacement amount, **if any**, for each
19 county using the following formula:

20 STEP ONE: Determine the inheritance tax replacement amount
21 distributed to the county, **if any**, for the state fiscal year that
22 began on July 1, 2011.

23 STEP TWO: Multiply the amount determined under STEP ONE
24 by the appropriate percentage as follows:

25 (A) ninety-one percent (91%) for the state fiscal year
26 beginning July 1, 2012.

27 (B) Eighty-two percent (82%) for the state fiscal year
28 beginning July 1, 2013.

29 (C) Seventy-three percent (73%) for the state fiscal year
30 beginning July 1, 2014.

31 (D) Sixty-four percent (64%) for the state fiscal year beginning
32 July 1, 2015.

33 (E) Fifty-five percent (55%) for the state fiscal year beginning
34 July 1, 2016.

35 (F) Forty-five percent (45%) for the state fiscal year beginning
36 July 1, 2017.

37 (G) Thirty-six percent (36%) for the state fiscal year beginning
38 July 1, 2018.

39 (H) Twenty-seven percent (27%) for the state fiscal year
40 beginning July 1, 2019.

41 (I) Eighteen percent (18%) for the state fiscal year beginning
42 July 1, 2020.

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1 (†) Nine percent (9%) for the state fiscal year beginning July
2 †, 2021.
3 (e) A county is not entitled to a distribution under subsection (b) (d)
4 **The treasurer of state may not distribute an inheritance tax**
5 **replacement amount to any county** for a state fiscal year beginning
6 after June 30, 2022: **2013.**
7 SECTION 13. IC 6-4.1-12-0.5, AS ADDED BY P.L.157-2012,
8 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
9 JULY 1, 2013]: Sec. 0.5. (a) For an individual who dies after December
10 31, 2021, **2013**, there is no inheritance tax imposed on the decedent's
11 transfer of property interests.
12 (b) Sections 1 through 12 of this chapter do not apply to a property
13 interest transferred by a decedent whose death occurs after December
14 31, 2021: **2013.**

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