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# HOUSE BILL No. 1018

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-5.5-2-1.

**Synopsis:** Financial institutions tax rate reduction. Reduces the financial institutions franchise tax rate over four years, from 8.5% for taxable years beginning before January 1, 2014, to 6.5% for taxable years beginning on or after January 1, 2017.

**Effective:** July 1, 2013.

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

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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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# HOUSE BILL No. 1018



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 6-5.5-2-1 IS AMENDED TO READ AS  
 2 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. (a) There is imposed  
 3 on each taxpayer a franchise tax measured by the taxpayer's  
 4 apportioned income for the privilege of exercising its franchise or the  
 5 corporate privilege of transacting the business of a financial institution  
 6 in Indiana. The amount of the tax for a taxable year shall be determined  
 7 by multiplying ~~eight and one-half percent (8.5%)~~ **the applicable rate**  
 8 **under subsection (b)** times the remainder of:  
 9 (1) the taxpayer's apportioned income; minus  
 10 (2) the taxpayer's deductible Indiana net operating losses as  
 11 determined under this section; minus  
 12 (3) the taxpayer's net capital losses minus the taxpayer's net  
 13 capital gains computed under the Internal Revenue Code for each  
 14 taxable year or part of a taxable year beginning after December  
 15 31, 1989, multiplied by the apportionment percentage applicable  
 16 to the taxpayer under ~~IC 6-5.5-2~~ **this chapter** for the taxable year  
 17 of the loss.



1 A net capital loss for a taxable year is a net capital loss carryover to  
 2 each of the five (5) taxable years that follow the taxable year in which  
 3 the loss occurred.

4 **(b) The following are the applicable tax rates to be used under**  
 5 **subsection (a):**

6 **(1) For taxable years beginning before January 1, 2014, eight**  
 7 **and five-tenths percent (8.5%).**

8 **(2) For taxable years beginning after December 31, 2013, and**  
 9 **before January 1, 2015, eight percent (8.0%).**

10 **(3) For taxable years beginning after December 31, 2014, and**  
 11 **before January 1, 2016, seven and five-tenths percent (7.5%).**

12 **(4) For taxable years beginning after December 31, 2015, and**  
 13 **before January 1, 2017, seven percent (7.0%).**

14 **(5) For taxable years beginning after December 31, 2016, six**  
 15 **and five-tenths percent (6.5%).**

16 ~~(b)~~ **(c)** The amount of net operating losses deductible under  
 17 subsection (a) is an amount equal to the net operating losses computed  
 18 under the Internal Revenue Code, adjusted for the items set forth in  
 19 IC 6-5.5-1-2, that are:

20 (1) incurred in each taxable year, or part of a year, beginning after  
 21 December 31, 1989; and

22 (2) attributable to Indiana.

23 ~~(c)~~ **(d)** The following apply to determining the amount of net  
 24 operating losses that may be deducted under subsection (a):

25 (1) The amount of net operating losses that is attributable to  
 26 Indiana is the taxpayer's total net operating losses under the  
 27 Internal Revenue Code for the taxable year of the loss, adjusted  
 28 for the items set forth in IC 6-5.5-1-2, multiplied by the  
 29 apportionment percentage applicable to the taxpayer under  
 30 ~~IC 6-5.5-2~~ **this chapter** for the taxable year of the loss.

31 (2) A net operating loss for any taxable year is a net operating loss  
 32 carryover to each of the fifteen (15) taxable years that follow the  
 33 taxable year in which the loss occurred.

34 ~~(d)~~ **(e)** The following provisions apply to a combined return  
 35 computing the tax on the basis of the income of the unitary group when  
 36 the return is filed for more than one (1) taxpayer member of the unitary  
 37 group for any taxable year:

38 (1) Any net capital loss or net operating loss attributable to  
 39 Indiana in the combined return shall be prorated between each  
 40 taxpayer member of the unitary group by the quotient of:

41 (A) the receipts of that taxpayer member attributable to  
 42 Indiana under section 4 of this chapter; divided by

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1           (B) the receipts of all taxpayer members of the unitary group  
2           attributable to Indiana.  
3           (2) The net capital loss or net operating loss for that year, if any,  
4           to be carried forward to any subsequent year shall be limited to  
5           the capital gains or apportioned income for the subsequent year  
6           of that taxpayer, determined by the same receipts formula set out  
7           in subdivision (1).

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