

HOUSE BILL No. 1230

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-4.1.

Synopsis: Inheritance tax. Provides that the inheritance tax does not apply to property interests transferred by decedents whose deaths occur after December 31, 2012. 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. Provides that a county is not entitled to an inheritance tax replacement amount after December 31, 2013.

Effective: January 1, 2013 (retroactive).

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January 14, 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. 1230



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 JANUARY 1, 2013 (RETROACTIVE)]: Sec. 0.5. **(a) Except as**
4 **provided in subsection (b)**, this chapter does not apply to a property
5 interest transferred by a decedent whose death occurs after December
6 31, ~~2021~~. **2012.**

7 **(b) For purposes of IC 6-4.1-11 and IC 6-4.1-11.5, the following**
8 **statutes apply with respect to a property interest transferred by a**
9 **decedent whose death occurs after December 31, 2012:**

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

15 SECTION 2. IC 6-4.1-1-4 IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE JANUARY 1, 2013 (RETROACTIVE)]:
17 Sec. 4. "Federal **state** death tax credit" means the maximum federal



1 estate tax credit provided, with respect to estate, inheritance, legacy, or
2 succession taxes, under Section 2011 or Section 2102 of the Internal
3 Revenue Code.

4 SECTION 3. IC 6-4.1-2-0.5, AS ADDED BY P.L.157-2012,
5 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
6 JANUARY 1, 2013 (RETROACTIVE)]: Sec. 0.5. This chapter does
7 not apply to a property interest transferred by a decedent whose death
8 occurs after December 31, ~~2021~~. **2012.**

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

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

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

24 SECTION 7. IC 6-4.1-5-1.1 IS REPEALED [EFFECTIVE
25 JANUARY 1, 2013 (RETROACTIVE)]. ~~Sec. 1.1. (a) This section~~
26 ~~applies to a property interest transferred by a decedent whose death~~
27 ~~occurs after December 31, 2012.~~

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

34 YEAR OF	PERCENTAGE
35 INDIVIDUAL'S DEATH	OF CREDIT
36 2013	10%
37 2014	20%
38 2015	30%
39 2016	40%
40 2017	50%
41 2018	60%
42 2019	70%

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1	2020	80%
2	2021	90%

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

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

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

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

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

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

35 (b) ~~Except as provided in subsection (e), the treasurer of state shall~~
 36 ~~annually distribute to each county the amount determined under~~
 37 ~~subsection (c) or (d) for the county. The distribution for a particular~~
 38 ~~state fiscal year must be made before August 15 of the following state~~
 39 ~~fiscal year. Before August 15, 2013, the treasurer of state shall~~
 40 **distribute an inheritance tax replacement amount to each county**
 41 **eligible to receive a distribution as determined under this**
 42 **subsection with respect to inheritance tax collections in the state**

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1 fiscal year that began on July 1, 2012. The amount of the
 2 inheritance tax replacement amount, if any, for each county is
 3 equal to:

4 (1) the inheritance tax replacement amount distributed to the
 5 county in 2012, if any, with respect to inheritance tax
 6 collections in the state fiscal year that began on July 1, 2011;
 7 multiplied by

8 (2) ninety-one percent (91%).

9 There is appropriated from the state general fund the amount necessary
 10 to make the distributions under this subsection.

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

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

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

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

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

30 STEP ONE: Determine the inheritance tax replacement amount
 31 distributed to the county for the state fiscal year that began on
 32 July 1, 2011.

33 STEP TWO: Multiply the amount determined under STEP ONE
 34 by the appropriate percentage as follows:

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

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

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

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



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- 1 (E) Fifty-five percent (55%) for the state fiscal year beginning
- 2 July 1, 2016.
- 3 (F) Forty-five percent (45%) for the state fiscal year beginning
- 4 July 1, 2017.
- 5 (G) Thirty-six percent (36%) for the state fiscal year beginning
- 6 July 1, 2018.
- 7 (H) Twenty-seven percent (27%) for the state fiscal year
- 8 beginning July 1, 2019.
- 9 (I) Eighteen percent (18%) for the state fiscal year beginning
- 10 July 1, 2020.
- 11 (J) Nine percent (9%) for the state fiscal year beginning July
- 12 1, 2021.

13 (e) (c) A county is not entitled to a distribution under subsection (b)

14 for a state fiscal year beginning after June 30, 2022: **after December**

15 **31, 2013.**

16 SECTION 13. IC 6-4.1-12-0.5, AS ADDED BY P.L.157-2012,

17 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

18 JANUARY 1, 2013 (RETROACTIVE)]: Sec. 0.5. (a) For an individual

19 who dies after December 31, 2021; **2012**, there is no inheritance tax

20 imposed on the decedent's transfer of property interests.

21 (b) Sections 1 through 12 of this chapter do not apply to a property

22 interest transferred by a decedent whose death occurs after December

23 31, 2021: **2012.**

24 SECTION 14. **An emergency is declared for this act.**

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