
HOUSE BILL No. 1542

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, 2017. 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 the inheritance tax replacement amount is calculated in the same manner that it was calculated between 1997 and 2012. (Current law provides that a county is not eligible for a replacement amount unless it receives a replacement amount for inheritance tax collections in state fiscal year 2011-2012.) Phases out inheritance tax replacement amount distributions from 2013 to 2017.

Effective: July 1, 2013.

Turner, Thompson

January 22, 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. 1542



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~~. **2017.**

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, 2017:**

- 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~~. **2017**.

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~~. **2017**.

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~~. **2017**.

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~~. **2017**.

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 **and before January 1, 2018**.

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:

33 YEAR OF	PERCENTAGE
34 INDIVIDUAL'S DEATH	OF CREDIT
35 2013	10%
36 2014	20% 30%
37 2015	30% 50%
38 2016	40% 70%
39 2017	50% 90%
40 2018	60%
41 2019	70%
42 2020	80%



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~~2021~~ ~~90%~~

(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~~. **2017.**

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~~. **2017.**

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~~. **2017.**

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~~. **2017.**

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)~~; **(d)**, the treasurer of state shall annually distribute to each county the amount determined under subsection (c) ~~or (d)~~ for the county. The distribution ~~for~~ **with respect to inheritance tax collections in** a particular state fiscal year must be made before August 15 of the following state fiscal year. There is appropriated from the state general fund the amount necessary to make the distributions under this subsection.

(c) ~~For a state fiscal year ending before July 1, 2012,~~ The department of state revenue shall determine the inheritance tax

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1 replacement amount for each county using the following formula:

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

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

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

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

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

21 STEP TWO: ~~FOUR:~~ Multiply the amount determined under
22 STEP ONE ~~THREE~~ by the appropriate percentage as follows:

23 (A) ~~Ninety-one percent (91%) for the state fiscal year~~
24 ~~beginning July 1, 2012. Ninety percent (90%) for~~
25 ~~distributions made in 2013.~~

26 (B) ~~Eighty-two percent (82%) for the state fiscal year~~
27 ~~beginning July 1, 2013. Seventy percent (70%) for~~
28 ~~distributions made in 2014.~~

29 (C) ~~Seventy-three percent (73%) for the state fiscal year~~
30 ~~beginning July 1, 2014. Fifty percent (50%) for~~
31 ~~distributions made in 2015.~~

32 (D) ~~Sixty-four percent (64%) for the state fiscal year beginning~~
33 ~~July 1, 2015. Thirty percent (30%) for distributions made~~
34 ~~in 2016.~~

35 (E) ~~Fifty-five percent (55%) for the state fiscal year beginning~~
36 ~~July 1, 2016. Ten percent (10%) for distributions made in~~
37 ~~2017.~~

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

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

42 (H) ~~Twenty-seven percent (27%) for the state fiscal year~~

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1 beginning July 1, 2019:
 2 (f) Eighteen percent (18%) for the state fiscal year beginning
 3 July 1, 2020:
 4 (f) Nine percent (9%) for the state fiscal year beginning July
 5 1, 2021:
 6 (e) (d) A county is not entitled to a distribution under subsection (b)
 7 for a state fiscal year beginning after June 30, 2022: after December
 8 31, 2017.
 9 SECTION 13. IC 6-4.1-12-0.5, AS ADDED BY P.L.157-2012,
 10 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2013]: Sec. 0.5. (a) For an individual who dies after December
 12 31, 2021, 2017, there is no inheritance tax imposed on the decedent's
 13 transfer of property interests.
 14 (b) Sections 1 through 12 of this chapter do not apply to a property
 15 interest transferred by a decedent whose death occurs after December
 16 31, 2021. 2017.

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