

# COMMITTEE REPORT

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## MADAM PRESIDENT:

**The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1334, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:**

- 1           Page 2, delete lines 29 through 42, begin a new paragraph and  
2 insert:  
3           "SECTION 29. IC 6-3-1-3.5, AS AMENDED BY P.L.137-2012,  
4 SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JANUARY 1, 2013 (RETROACTIVE)]: Sec. 3.5. When used in this  
6 article, the term "adjusted gross income" shall mean the following:  
7           (a) In the case of all individuals, "adjusted gross income" (as  
8 defined in Section 62 of the Internal Revenue Code), modified as  
9 follows:  
10           (1) Subtract income that is exempt from taxation under this article  
11 by the Constitution and statutes of the United States.  
12           (2) Add an amount equal to any deduction or deductions allowed  
13 or allowable pursuant to Section 62 of the Internal Revenue Code  
14 for taxes based on or measured by income and levied at the state  
15 level by any state of the United States.  
16           (3) Subtract one thousand dollars (\$1,000), or in the case of a  
17 joint return filed by a husband and wife, subtract for each spouse  
18 one thousand dollars (\$1,000).  
19           (4) Subtract one thousand dollars (\$1,000) for:  
20           (A) each of the exemptions provided by Section 151(c) of the  
21 Internal Revenue Code;

- 1 (B) each additional amount allowable under Section 63(f) of  
2 the Internal Revenue Code; and
- 3 (C) the spouse of the taxpayer if a separate return is made by  
4 the taxpayer and if the spouse, for the calendar year in which  
5 the taxable year of the taxpayer begins, has no gross income  
6 and is not the dependent of another taxpayer.
- 7 (5) Subtract:
- 8 (A) one thousand five hundred dollars (\$1,500) for each of the  
9 exemptions allowed under Section 151(c)(1)(B) of the Internal  
10 Revenue Code (as effective January 1, 2004); and
- 11 (B) five hundred dollars (\$500) for each additional amount  
12 allowable under Section 63(f)(1) of the Internal Revenue Code  
13 if the adjusted gross income of the taxpayer, or the taxpayer  
14 and the taxpayer's spouse in the case of a joint return, is less  
15 than forty thousand dollars (\$40,000).
- 16 This amount is in addition to the amount subtracted under  
17 subdivision (4).
- 18 (6) Subtract an amount equal to the lesser of:
- 19 (A) that part of the individual's adjusted gross income (as  
20 defined in Section 62 of the Internal Revenue Code) for that  
21 taxable year that is subject to a tax that is imposed by a  
22 political subdivision of another state and that is imposed on or  
23 measured by income; or
- 24 (B) two thousand dollars (\$2,000).
- 25 (7) Add an amount equal to the total capital gain portion of a  
26 lump sum distribution (as defined in Section 402(e)(4)(D) of the  
27 Internal Revenue Code) if the lump sum distribution is received  
28 by the individual during the taxable year and if the capital gain  
29 portion of the distribution is taxed in the manner provided in  
30 Section 402 of the Internal Revenue Code.
- 31 (8) Subtract any amounts included in federal adjusted gross  
32 income under Section 111 of the Internal Revenue Code as a  
33 recovery of items previously deducted as an itemized deduction  
34 from adjusted gross income.
- 35 (9) Subtract any amounts included in federal adjusted gross  
36 income under the Internal Revenue Code which amounts were  
37 received by the individual as supplemental railroad retirement  
38 annuities under 45 U.S.C. 231 and which are not deductible under  
39 subdivision (1).
- 40 (10) Subtract an amount equal to the amount of federal Social  
41 Security and Railroad Retirement benefits included in a taxpayer's  
42 federal gross income by Section 86 of the Internal Revenue Code.

- 1 (11) In the case of a nonresident taxpayer or a resident taxpayer  
2 residing in Indiana for a period of less than the taxpayer's entire  
3 taxable year, the total amount of the deductions allowed pursuant  
4 to subdivisions (3), (4), (5), and (6) shall be reduced to an amount  
5 which bears the same ratio to the total as the taxpayer's income  
6 taxable in Indiana bears to the taxpayer's total income.
- 7 (12) In the case of an individual who is a recipient of assistance  
8 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,  
9 subtract an amount equal to that portion of the individual's  
10 adjusted gross income with respect to which the individual is not  
11 allowed under federal law to retain an amount to pay state and  
12 local income taxes.
- 13 (13) In the case of an eligible individual, subtract the amount of  
14 a Holocaust victim's settlement payment included in the  
15 individual's federal adjusted gross income.
- 16 (14) Subtract an amount equal to the portion of any premiums  
17 paid during the taxable year by the taxpayer for a qualified long  
18 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer  
19 or the taxpayer's spouse, or both.
- 20 (15) Subtract an amount equal to the lesser of:
- 21 (A) two thousand five hundred dollars (\$2,500); or  
22 (B) the amount of property taxes that are paid during the  
23 taxable year in Indiana by the individual on the individual's  
24 principal place of residence.
- 25 (16) Subtract an amount equal to the amount of a September 11  
26 terrorist attack settlement payment included in the individual's  
27 federal adjusted gross income.
- 28 (17) Add or subtract the amount necessary to make the adjusted  
29 gross income of any taxpayer that owns property for which bonus  
30 depreciation was allowed in the current taxable year or in an  
31 earlier taxable year equal to the amount of adjusted gross income  
32 that would have been computed had an election not been made  
33 under Section 168(k) of the Internal Revenue Code to apply bonus  
34 depreciation to the property in the year that it was placed in  
35 service.
- 36 (18) Add an amount equal to any deduction allowed under  
37 Section 172 of the Internal Revenue Code.
- 38 (19) Add or subtract the amount necessary to make the adjusted  
39 gross income of any taxpayer that placed Section 179 property (as  
40 defined in Section 179 of the Internal Revenue Code) in service  
41 in the current taxable year or in an earlier taxable year equal to  
42 the amount of adjusted gross income that would have been

- 1           computed had an election for federal income tax purposes not  
2           been made for the year in which the property was placed in  
3           service to take deductions under Section 179 of the Internal  
4           Revenue Code in a total amount exceeding twenty-five thousand  
5           dollars (\$25,000).
- 6           (20) Add an amount equal to the amount that a taxpayer claimed  
7           as a deduction for domestic production activities for the taxable  
8           year under Section 199 of the Internal Revenue Code for federal  
9           income tax purposes.
- 10          (21) Subtract an amount equal to the amount of the taxpayer's  
11          qualified military income that was not excluded from the  
12          taxpayer's gross income for federal income tax purposes under  
13          Section 112 of the Internal Revenue Code.
- 14          (22) Subtract income that is:
- 15                (A) exempt from taxation under IC 6-3-2-21.7; and  
16                (B) included in the individual's federal adjusted gross income  
17                under the Internal Revenue Code.
- 18          (23) Subtract any amount of a credit (including an advance refund  
19          of the credit) that is provided to an individual under 26 U.S.C.  
20          6428 (federal Economic Stimulus Act of 2008) and included in  
21          the individual's federal adjusted gross income.
- 22          (24) Add any amount of unemployment compensation excluded  
23          from federal gross income, as defined in Section 61 of the Internal  
24          Revenue Code, under Section 85(c) of the Internal Revenue Code.
- 25          (25) Add the amount excluded from gross income under Section  
26          108(a)(1)(e) of the Internal Revenue Code for the discharge of  
27          debt on a qualified principal residence.
- 28          (26) Add an amount equal to any income not included in gross  
29          income as a result of the deferral of income arising from business  
30          indebtedness discharged in connection with the reacquisition after  
31          December 31, 2008, and before January 1, 2011, of an applicable  
32          debt instrument, as provided in Section 108(i) of the Internal  
33          Revenue Code. Subtract the amount necessary from the adjusted  
34          gross income of any taxpayer that added an amount to adjusted  
35          gross income in a previous year to offset the amount included in  
36          federal gross income as a result of the deferral of income arising  
37          from business indebtedness discharged in connection with the  
38          reacquisition after December 31, 2008, and before January 1,  
39          2011, of an applicable debt instrument, as provided in Section  
40          108(i) of the Internal Revenue Code.
- 41          (27) Add the amount necessary to make the adjusted gross income  
42          of any taxpayer that placed qualified restaurant property in service

1 during the taxable year and that was classified as 15-year property  
2 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal  
3 to the amount of adjusted gross income that would have been  
4 computed had the classification not applied to the property in the  
5 year that it was placed in service.

6 (28) Add the amount necessary to make the adjusted gross income  
7 of any taxpayer that placed qualified retail improvement property  
8 in service during the taxable year and that was classified as  
9 15-year property under Section 168(e)(3)(E)(ix) of the Internal  
10 Revenue Code equal to the amount of adjusted gross income that  
11 would have been computed had the classification not applied to  
12 the property in the year that it was placed in service.

13 (29) Add or subtract the amount necessary to make the adjusted  
14 gross income of any taxpayer that claimed the special allowance  
15 for qualified disaster assistance property under Section 168(n) of  
16 the Internal Revenue Code equal to the amount of adjusted gross  
17 income that would have been computed had the special allowance  
18 not been claimed for the property.

19 (30) Add or subtract the amount necessary to make the adjusted  
20 gross income of any taxpayer that made an election under Section  
21 179C of the Internal Revenue Code to expense costs for qualified  
22 refinery property equal to the amount of adjusted gross income  
23 that would have been computed had an election for federal  
24 income tax purposes not been made for the year.

25 (31) Add or subtract the amount necessary to make the adjusted  
26 gross income of any taxpayer that made an election under Section  
27 181 of the Internal Revenue Code to expense costs for a qualified  
28 film or television production equal to the amount of adjusted  
29 gross income that would have been computed had an election for  
30 federal income tax purposes not been made for the year.

31 (32) Add or subtract the amount necessary to make the adjusted  
32 gross income of any taxpayer that treated a loss from the sale or  
33 exchange of preferred stock in:

34 (A) the Federal National Mortgage Association, established  
35 under the Federal National Mortgage Association Charter Act  
36 (12 U.S.C. 1716 et seq.); or

37 (B) the Federal Home Loan Mortgage Corporation, established  
38 under the Federal Home Loan Mortgage Corporation Act (12  
39 U.S.C. 1451 et seq.);

40 as an ordinary loss under Section 301 of the Emergency  
41 Economic Stabilization Act of 2008 in the current taxable year or  
42 in an earlier taxable year equal to the amount of adjusted gross

- 1 income that would have been computed had the loss not been  
2 treated as an ordinary loss.
- 3 (33) Add the amount excluded from federal gross income under  
4 Section 103 of the Internal Revenue Code for interest received on  
5 an obligation of a state other than Indiana, or a political  
6 subdivision of such a state, that is acquired by the taxpayer after  
7 December 31, 2011.
- 8 (34) Add the amount deducted from gross income under Section  
9 198 of the Internal Revenue Code for the expensing of  
10 environmental remediation costs.
- 11 (35) Add the amount excluded from gross income under Section  
12 408(d)(8) of the Internal Revenue Code for a charitable  
13 distribution from an individual retirement plan.
- 14 (36) Add the amount deducted from gross income under Section  
15 222 of the Internal Revenue Code for qualified tuition and related  
16 expenses.
- 17 ~~(37) Add the amount deducted from gross income under Section~~  
18 ~~62(a)(2)(D) of the Internal Revenue Code for certain expenses of~~  
19 ~~elementary and secondary school teachers.~~
- 20 ~~(38)~~ (37) Add the amount excluded from gross income under  
21 Section 127 of the Internal Revenue Code as annual employer  
22 provided education expenses.
- 23 ~~(39)~~ (38) Add the amount deducted from gross income under  
24 Section 179E of the Internal Revenue Code for any qualified  
25 advanced mine safety equipment property.
- 26 ~~(40)~~ (39) Add the monthly amount excluded from gross income  
27 under Section 132(f)(1)(A) and 132(f)(1)(B) of the Internal  
28 Revenue Code that exceeds one hundred dollars (\$100) a month  
29 for a qualified transportation fringe.
- 30 ~~(41)~~ (40) Add the amount deducted from gross income under  
31 Section 221 of the Internal Revenue Code that exceeds the  
32 amount the taxpayer could deduct under Section 221 of the  
33 Internal Revenue Code before it was amended by the Tax Relief,  
34 Unemployment Insurance Reauthorization, and Job Creation Act  
35 of 2010 (P.L. 111-312).
- 36 ~~(42)~~ (41) Add the amount necessary to make the adjusted gross  
37 income of any taxpayer that placed any qualified leasehold  
38 improvement property in service during the taxable year and that  
39 was classified as 15-year property under Section 168(e)(3)(E)(iv)  
40 of the Internal Revenue Code equal to the amount of adjusted  
41 gross income that would have been computed had the  
42 classification not applied to the property in the year that it was

- 1 placed into service.
- 2 ~~(43)~~ **(42)** Add the amount necessary to make the adjusted gross  
 3 income of any taxpayer that placed a motorsports entertainment  
 4 complex in service during the taxable year and that was classified  
 5 as 7-year property under Section 168(e)(3)(C)(ii) of the Internal  
 6 Revenue Code equal to the amount of adjusted gross income that  
 7 would have been computed had the classification not applied to  
 8 the property in the year that it was placed into service.
- 9 ~~(44)~~ **(43)** Add the amount deducted under Section 195 of the  
 10 Internal Revenue Code for start-up expenditures that exceeds the  
 11 amount the taxpayer could deduct under Section 195 of the  
 12 Internal Revenue Code before it was amended by the Small  
 13 Business Jobs Act of 2010 (P.L. 111-240).
- 14 ~~(45)~~ **(44)** Add the amount necessary to make the adjusted gross  
 15 income of any taxpayer for which tax was not imposed on the net  
 16 recognized built-in gain of an S corporation under Section  
 17 1374(d)(7) of the Internal Revenue Code as amended by the  
 18 Small Business Jobs Act of 2010 (P.L. 111-240) equal to the  
 19 amount of adjusted gross income that would have been computed  
 20 before Section 1374(d)(7) of the Internal Revenue Code as  
 21 amended by the Small Business Jobs Act of 2010 (P.L. 111-240).
- 22 ~~(46)~~ **(45)** This subdivision does not apply to payments made for  
 23 services provided to a business that was enrolled and participated  
 24 in the E-Verify program (as defined in IC 22-5-1.7-3) during the  
 25 time the taxpayer conducted business in Indiana in the taxable  
 26 year. For a taxable year beginning after June 30, 2011, add the  
 27 amount of any trade or business deduction allowed under the  
 28 Internal Revenue Code for wages, reimbursements, or other  
 29 payments made for services provided in Indiana by an individual  
 30 for services as an employee, if the individual was, during the  
 31 period of service, prohibited from being hired as an employee  
 32 under 8 U.S.C. 1324a.
- 33 (b) In the case of corporations, the same as "taxable income" (as  
 34 defined in Section 63 of the Internal Revenue Code) adjusted as  
 35 follows:
- 36 (1) Subtract income that is exempt from taxation under this article  
 37 by the Constitution and statutes of the United States.
- 38 (2) Add an amount equal to any deduction or deductions allowed  
 39 or allowable pursuant to Section 170 of the Internal Revenue  
 40 Code.
- 41 (3) Add an amount equal to any deduction or deductions allowed  
 42 or allowable pursuant to Section 63 of the Internal Revenue Code

- 1 for taxes based on or measured by income and levied at the state  
2 level by any state of the United States.
- 3 (4) Subtract an amount equal to the amount included in the  
4 corporation's taxable income under Section 78 of the Internal  
5 Revenue Code.
- 6 (5) Add or subtract the amount necessary to make the adjusted  
7 gross income of any taxpayer that owns property for which bonus  
8 depreciation was allowed in the current taxable year or in an  
9 earlier taxable year equal to the amount of adjusted gross income  
10 that would have been computed had an election not been made  
11 under Section 168(k) of the Internal Revenue Code to apply bonus  
12 depreciation to the property in the year that it was placed in  
13 service.
- 14 (6) Add an amount equal to any deduction allowed under Section  
15 172 of the Internal Revenue Code.
- 16 (7) Add or subtract the amount necessary to make the adjusted  
17 gross income of any taxpayer that placed Section 179 property (as  
18 defined in Section 179 of the Internal Revenue Code) in service  
19 in the current taxable year or in an earlier taxable year equal to  
20 the amount of adjusted gross income that would have been  
21 computed had an election for federal income tax purposes not  
22 been made for the year in which the property was placed in  
23 service to take deductions under Section 179 of the Internal  
24 Revenue Code in a total amount exceeding twenty-five thousand  
25 dollars (\$25,000).
- 26 (8) Add an amount equal to the amount that a taxpayer claimed as  
27 a deduction for domestic production activities for the taxable year  
28 under Section 199 of the Internal Revenue Code for federal  
29 income tax purposes.
- 30 (9) Add to the extent required by IC 6-3-2-20 the amount of  
31 intangible expenses (as defined in IC 6-3-2-20) and any directly  
32 related intangible interest expenses (as defined in IC 6-3-2-20) for  
33 the taxable year that reduced the corporation's taxable income (as  
34 defined in Section 63 of the Internal Revenue Code) for federal  
35 income tax purposes.
- 36 (10) Add an amount equal to any deduction for dividends paid (as  
37 defined in Section 561 of the Internal Revenue Code) to  
38 shareholders of a captive real estate investment trust (as defined  
39 in section 34.5 of this chapter).
- 40 (11) Subtract income that is:
- 41 (A) exempt from taxation under IC 6-3-2-21.7; and
- 42 (B) included in the corporation's taxable income under the

- 1 Internal Revenue Code.
- 2 (12) Add an amount equal to any income not included in gross  
3 income as a result of the deferral of income arising from business  
4 indebtedness discharged in connection with the reacquisition after  
5 December 31, 2008, and before January 1, 2011, of an applicable  
6 debt instrument, as provided in Section 108(i) of the Internal  
7 Revenue Code. Subtract from the adjusted gross income of any  
8 taxpayer that added an amount to adjusted gross income in a  
9 previous year the amount necessary to offset the amount included  
10 in federal gross income as a result of the deferral of income  
11 arising from business indebtedness discharged in connection with  
12 the reacquisition after December 31, 2008, and before January 1,  
13 2011, of an applicable debt instrument, as provided in Section  
14 108(i) of the Internal Revenue Code.
- 15 (13) Add the amount necessary to make the adjusted gross income  
16 of any taxpayer that placed qualified restaurant property in service  
17 during the taxable year and that was classified as 15-year property  
18 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal  
19 to the amount of adjusted gross income that would have been  
20 computed had the classification not applied to the property in the  
21 year that it was placed in service.
- 22 (14) Add the amount necessary to make the adjusted gross income  
23 of any taxpayer that placed qualified retail improvement property  
24 in service during the taxable year and that was classified as  
25 15-year property under Section 168(e)(3)(E)(ix) of the Internal  
26 Revenue Code equal to the amount of adjusted gross income that  
27 would have been computed had the classification not applied to  
28 the property in the year that it was placed in service.
- 29 (15) Add or subtract the amount necessary to make the adjusted  
30 gross income of any taxpayer that claimed the special allowance  
31 for qualified disaster assistance property under Section 168(n) of  
32 the Internal Revenue Code equal to the amount of adjusted gross  
33 income that would have been computed had the special allowance  
34 not been claimed for the property.
- 35 (16) Add or subtract the amount necessary to make the adjusted  
36 gross income of any taxpayer that made an election under Section  
37 179C of the Internal Revenue Code to expense costs for qualified  
38 refinery property equal to the amount of adjusted gross income  
39 that would have been computed had an election for federal  
40 income tax purposes not been made for the year.
- 41 (17) Add or subtract the amount necessary to make the adjusted  
42 gross income of any taxpayer that made an election under Section

1 181 of the Internal Revenue Code to expense costs for a qualified  
2 film or television production equal to the amount of adjusted  
3 gross income that would have been computed had an election for  
4 federal income tax purposes not been made for the year.

5 (18) Add or subtract the amount necessary to make the adjusted  
6 gross income of any taxpayer that treated a loss from the sale or  
7 exchange of preferred stock in:

8 (A) the Federal National Mortgage Association, established  
9 under the Federal National Mortgage Association Charter Act  
10 (12 U.S.C. 1716 et seq.); or

11 (B) the Federal Home Loan Mortgage Corporation, established  
12 under the Federal Home Loan Mortgage Corporation Act (12  
13 U.S.C. 1451 et seq.);

14 as an ordinary loss under Section 301 of the Emergency  
15 Economic Stabilization Act of 2008 in the current taxable year or  
16 in an earlier taxable year equal to the amount of adjusted gross  
17 income that would have been computed had the loss not been  
18 treated as an ordinary loss.

19 (19) Add the amount deducted from gross income under Section  
20 198 of the Internal Revenue Code for the expensing of  
21 environmental remediation costs.

22 (20) Add the amount deducted from gross income under Section  
23 179E of the Internal Revenue Code for any qualified advanced  
24 mine safety equipment property.

25 (21) Add the amount necessary to make the adjusted gross income  
26 of any taxpayer that placed any qualified leasehold improvement  
27 property in service during the taxable year and that was classified  
28 as 15-year property under Section 168(e)(3)(E)(iv) of the Internal  
29 Revenue Code equal to the amount of adjusted gross income that  
30 would have been computed had the classification not applied to  
31 the property in the year that it was placed into service.

32 (22) Add the amount necessary to make the adjusted gross income  
33 of any taxpayer that placed a motorsports entertainment complex  
34 in service during the taxable year and that was classified as 7-year  
35 property under Section 168(e)(3)(C)(ii) of the Internal Revenue  
36 Code equal to the amount of adjusted gross income that would  
37 have been computed had the classification not applied to the  
38 property in the year that it was placed into service.

39 (23) Add the amount deducted under Section 195 of the Internal  
40 Revenue Code for start-up expenditures that exceeds the amount  
41 the taxpayer could deduct under Section 195 of the Internal  
42 Revenue Code before it was amended by the Small Business Jobs

- 1 Act of 2010 (P.L. 111-240).
- 2 (24) This subdivision does not apply to payments made for  
3 services provided to a business that was enrolled and participated  
4 in the E-Verify program (as defined in IC 22-5-1.7-3) during the  
5 time the taxpayer conducted business in Indiana in the taxable  
6 year. For a taxable year beginning after June 30, 2011, add the  
7 amount of any trade or business deduction allowed under the  
8 Internal Revenue Code for wages, reimbursements, or other  
9 payments made for services provided in Indiana by an individual  
10 for services as an employee, if the individual was, during the  
11 period of service, prohibited from being hired as an employee  
12 under 8 U.S.C. 1324a.
- 13 (25) Add the amount excluded from federal gross income under  
14 Section 103 of the Internal Revenue Code for interest received on  
15 an obligation of a state other than Indiana, or a political  
16 subdivision of such a state, that is acquired by the taxpayer after  
17 December 31, 2011.
- 18 (c) In the case of life insurance companies (as defined in Section  
19 816(a) of the Internal Revenue Code) that are organized under Indiana  
20 law, the same as "life insurance company taxable income" (as defined  
21 in Section 801 of the Internal Revenue Code), adjusted as follows:
- 22 (1) Subtract income that is exempt from taxation under this article  
23 by the Constitution and statutes of the United States.
- 24 (2) Add an amount equal to any deduction allowed or allowable  
25 under Section 170 of the Internal Revenue Code.
- 26 (3) Add an amount equal to a deduction allowed or allowable  
27 under Section 805 or Section 831(c) of the Internal Revenue Code  
28 for taxes based on or measured by income and levied at the state  
29 level by any state.
- 30 (4) Subtract an amount equal to the amount included in the  
31 company's taxable income under Section 78 of the Internal  
32 Revenue Code.
- 33 (5) Add or subtract the amount necessary to make the adjusted  
34 gross income of any taxpayer that owns property for which bonus  
35 depreciation was allowed in the current taxable year or in an  
36 earlier taxable year equal to the amount of adjusted gross income  
37 that would have been computed had an election not been made  
38 under Section 168(k) of the Internal Revenue Code to apply bonus  
39 depreciation to the property in the year that it was placed in  
40 service.
- 41 (6) Add an amount equal to any deduction allowed under Section  
42 172 or Section 810 of the Internal Revenue Code.

- 1 (7) Add or subtract the amount necessary to make the adjusted  
2 gross income of any taxpayer that placed Section 179 property (as  
3 defined in Section 179 of the Internal Revenue Code) in service  
4 in the current taxable year or in an earlier taxable year equal to  
5 the amount of adjusted gross income that would have been  
6 computed had an election for federal income tax purposes not  
7 been made for the year in which the property was placed in  
8 service to take deductions under Section 179 of the Internal  
9 Revenue Code in a total amount exceeding twenty-five thousand  
10 dollars (\$25,000).
- 11 (8) Add an amount equal to the amount that a taxpayer claimed as  
12 a deduction for domestic production activities for the taxable year  
13 under Section 199 of the Internal Revenue Code for federal  
14 income tax purposes.
- 15 (9) Subtract income that is:
- 16 (A) exempt from taxation under IC 6-3-2-21.7; and  
17 (B) included in the insurance company's taxable income under  
18 the Internal Revenue Code.
- 19 (10) Add an amount equal to any income not included in gross  
20 income as a result of the deferral of income arising from business  
21 indebtedness discharged in connection with the reacquisition after  
22 December 31, 2008, and before January 1, 2011, of an applicable  
23 debt instrument, as provided in Section 108(i) of the Internal  
24 Revenue Code. Subtract from the adjusted gross income of any  
25 taxpayer that added an amount to adjusted gross income in a  
26 previous year the amount necessary to offset the amount included  
27 in federal gross income as a result of the deferral of income  
28 arising from business indebtedness discharged in connection with  
29 the reacquisition after December 31, 2008, and before January 1,  
30 2011, of an applicable debt instrument, as provided in Section  
31 108(i) of the Internal Revenue Code.
- 32 (11) Add the amount necessary to make the adjusted gross income  
33 of any taxpayer that placed qualified restaurant property in service  
34 during the taxable year and that was classified as 15-year property  
35 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal  
36 to the amount of adjusted gross income that would have been  
37 computed had the classification not applied to the property in the  
38 year that it was placed in service.
- 39 (12) Add the amount necessary to make the adjusted gross income  
40 of any taxpayer that placed qualified retail improvement property  
41 in service during the taxable year and that was classified as  
42 15-year property under Section 168(e)(3)(E)(ix) of the Internal

1 Revenue Code equal to the amount of adjusted gross income that  
2 would have been computed had the classification not applied to  
3 the property in the year that it was placed in service.

4 (13) Add or subtract the amount necessary to make the adjusted  
5 gross income of any taxpayer that claimed the special allowance  
6 for qualified disaster assistance property under Section 168(n) of  
7 the Internal Revenue Code equal to the amount of adjusted gross  
8 income that would have been computed had the special allowance  
9 not been claimed for the property.

10 (14) Add or subtract the amount necessary to make the adjusted  
11 gross income of any taxpayer that made an election under Section  
12 179C of the Internal Revenue Code to expense costs for qualified  
13 refinery property equal to the amount of adjusted gross income  
14 that would have been computed had an election for federal  
15 income tax purposes not been made for the year.

16 (15) Add or subtract the amount necessary to make the adjusted  
17 gross income of any taxpayer that made an election under Section  
18 181 of the Internal Revenue Code to expense costs for a qualified  
19 film or television production equal to the amount of adjusted  
20 gross income that would have been computed had an election for  
21 federal income tax purposes not been made for the year.

22 (16) Add or subtract the amount necessary to make the adjusted  
23 gross income of any taxpayer that treated a loss from the sale or  
24 exchange of preferred stock in:

25 (A) the Federal National Mortgage Association, established  
26 under the Federal National Mortgage Association Charter Act  
27 (12 U.S.C. 1716 et seq.); or

28 (B) the Federal Home Loan Mortgage Corporation, established  
29 under the Federal Home Loan Mortgage Corporation Act (12  
30 U.S.C. 1451 et seq.);

31 as an ordinary loss under Section 301 of the Emergency  
32 Economic Stabilization Act of 2008 in the current taxable year or  
33 in an earlier taxable year equal to the amount of adjusted gross  
34 income that would have been computed had the loss not been  
35 treated as an ordinary loss.

36 (17) Add an amount equal to any exempt insurance income under  
37 Section 953(e) of the Internal Revenue Code that is active  
38 financing income under Subpart F of Subtitle A, Chapter 1,  
39 Subchapter N of the Internal Revenue Code.

40 (18) Add the amount necessary to make the adjusted gross income  
41 of any taxpayer that placed any qualified leasehold improvement  
42 property in service during the taxable year and that was classified

- 1 as 15-year property under Section 168(e)(3)(E)(iv) of the Internal  
2 Revenue Code equal to the amount of adjusted gross income that  
3 would have been computed had the classification not applied to  
4 the property in the year that it was placed into service.
- 5 (19) Add the amount necessary to make the adjusted gross income  
6 of any taxpayer that placed a motorsports entertainment complex  
7 in service during the taxable year and that was classified as 7-year  
8 property under Section 168(e)(3)(C)(ii) of the Internal Revenue  
9 Code equal to the amount of adjusted gross income that would  
10 have been computed had the classification not applied to the  
11 property in the year that it was placed into service.
- 12 (20) Add the amount deducted under Section 195 of the Internal  
13 Revenue Code for start-up expenditures that exceeds the amount  
14 the taxpayer could deduct under Section 195 of the Internal  
15 Revenue Code before it was amended by the Small Business Jobs  
16 Act of 2010 (P.L. 111-240).
- 17 (21) Add the amount deducted from gross income under Section  
18 198 of the Internal Revenue Code for the expensing of  
19 environmental remediation costs.
- 20 (22) Add the amount deducted from gross income under Section  
21 179E of the Internal Revenue Code for any qualified advanced  
22 mine safety equipment property.
- 23 (23) This subdivision does not apply to payments made for  
24 services provided to a business that was enrolled and participated  
25 in the E-Verify program (as defined in IC 22-5-1.7-3) during the  
26 time the taxpayer conducted business in Indiana in the taxable  
27 year. For a taxable year beginning after June 30, 2011, add the  
28 amount of any trade or business deduction allowed under the  
29 Internal Revenue Code for wages, reimbursements, or other  
30 payments made for services provided in Indiana by an individual  
31 for services as an employee, if the individual was, during the  
32 period of service, prohibited from being hired as an employee  
33 under 8 U.S.C. 1324a.
- 34 (24) Add the amount excluded from federal gross income under  
35 Section 103 of the Internal Revenue Code for interest received on  
36 an obligation of a state other than Indiana, or a political  
37 subdivision of such a state, that is acquired by the taxpayer after  
38 December 31, 2011.
- 39 (d) In the case of insurance companies subject to tax under Section  
40 831 of the Internal Revenue Code and organized under Indiana law, the  
41 same as "taxable income" (as defined in Section 832 of the Internal  
42 Revenue Code), adjusted as follows:

- 1 (1) Subtract income that is exempt from taxation under this article  
2 by the Constitution and statutes of the United States.
- 3 (2) Add an amount equal to any deduction allowed or allowable  
4 under Section 170 of the Internal Revenue Code.
- 5 (3) Add an amount equal to a deduction allowed or allowable  
6 under Section 805 or Section 831(c) of the Internal Revenue Code  
7 for taxes based on or measured by income and levied at the state  
8 level by any state.
- 9 (4) Subtract an amount equal to the amount included in the  
10 company's taxable income under Section 78 of the Internal  
11 Revenue Code.
- 12 (5) Add or subtract the amount necessary to make the adjusted  
13 gross income of any taxpayer that owns property for which bonus  
14 depreciation was allowed in the current taxable year or in an  
15 earlier taxable year equal to the amount of adjusted gross income  
16 that would have been computed had an election not been made  
17 under Section 168(k) of the Internal Revenue Code to apply bonus  
18 depreciation to the property in the year that it was placed in  
19 service.
- 20 (6) Add an amount equal to any deduction allowed under Section  
21 172 of the Internal Revenue Code.
- 22 (7) Add or subtract the amount necessary to make the adjusted  
23 gross income of any taxpayer that placed Section 179 property (as  
24 defined in Section 179 of the Internal Revenue Code) in service  
25 in the current taxable year or in an earlier taxable year equal to  
26 the amount of adjusted gross income that would have been  
27 computed had an election for federal income tax purposes not  
28 been made for the year in which the property was placed in  
29 service to take deductions under Section 179 of the Internal  
30 Revenue Code in a total amount exceeding twenty-five thousand  
31 dollars (\$25,000).
- 32 (8) Add an amount equal to the amount that a taxpayer claimed as  
33 a deduction for domestic production activities for the taxable year  
34 under Section 199 of the Internal Revenue Code for federal  
35 income tax purposes.
- 36 (9) Subtract income that is:
  - 37 (A) exempt from taxation under IC 6-3-2-21.7; and
  - 38 (B) included in the insurance company's taxable income under  
39 the Internal Revenue Code.
- 40 (10) Add an amount equal to any income not included in gross  
41 income as a result of the deferral of income arising from business  
42 indebtedness discharged in connection with the reacquisition after

1 December 31, 2008, and before January 1, 2011, of an applicable  
2 debt instrument, as provided in Section 108(i) of the Internal  
3 Revenue Code. Subtract from the adjusted gross income of any  
4 taxpayer that added an amount to adjusted gross income in a  
5 previous year the amount necessary to offset the amount included  
6 in federal gross income as a result of the deferral of income  
7 arising from business indebtedness discharged in connection with  
8 the reacquisition after December 31, 2008, and before January 1,  
9 2011, of an applicable debt instrument, as provided in Section  
10 108(i) of the Internal Revenue Code.

11 (11) Add the amount necessary to make the adjusted gross income  
12 of any taxpayer that placed qualified restaurant property in service  
13 during the taxable year and that was classified as 15-year property  
14 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal  
15 to the amount of adjusted gross income that would have been  
16 computed had the classification not applied to the property in the  
17 year that it was placed in service.

18 (12) Add the amount necessary to make the adjusted gross income  
19 of any taxpayer that placed qualified retail improvement property  
20 in service during the taxable year and that was classified as  
21 15-year property under Section 168(e)(3)(E)(ix) of the Internal  
22 Revenue Code equal to the amount of adjusted gross income that  
23 would have been computed had the classification not applied to  
24 the property in the year that it was placed in service.

25 (13) Add or subtract the amount necessary to make the adjusted  
26 gross income of any taxpayer that claimed the special allowance  
27 for qualified disaster assistance property under Section 168(n) of  
28 the Internal Revenue Code equal to the amount of adjusted gross  
29 income that would have been computed had the special allowance  
30 not been claimed for the property.

31 (14) Add or subtract the amount necessary to make the adjusted  
32 gross income of any taxpayer that made an election under Section  
33 179C of the Internal Revenue Code to expense costs for qualified  
34 refinery property equal to the amount of adjusted gross income  
35 that would have been computed had an election for federal  
36 income tax purposes not been made for the year.

37 (15) Add or subtract the amount necessary to make the adjusted  
38 gross income of any taxpayer that made an election under Section  
39 181 of the Internal Revenue Code to expense costs for a qualified  
40 film or television production equal to the amount of adjusted  
41 gross income that would have been computed had an election for  
42 federal income tax purposes not been made for the year.

- 1 (16) Add or subtract the amount necessary to make the adjusted  
2 gross income of any taxpayer that treated a loss from the sale or  
3 exchange of preferred stock in:
- 4 (A) the Federal National Mortgage Association, established  
5 under the Federal National Mortgage Association Charter Act  
6 (12 U.S.C. 1716 et seq.); or
- 7 (B) the Federal Home Loan Mortgage Corporation, established  
8 under the Federal Home Loan Mortgage Corporation Act (12  
9 U.S.C. 1451 et seq.);
- 10 as an ordinary loss under Section 301 of the Emergency  
11 Economic Stabilization Act of 2008 in the current taxable year or  
12 in an earlier taxable year equal to the amount of adjusted gross  
13 income that would have been computed had the loss not been  
14 treated as an ordinary loss.
- 15 (17) Add an amount equal to any exempt insurance income under  
16 Section 953(e) of the Internal Revenue Code that is active  
17 financing income under Subpart F of Subtitle A, Chapter 1,  
18 Subchapter N of the Internal Revenue Code.
- 19 (18) Add the amount necessary to make the adjusted gross income  
20 of any taxpayer that placed any qualified leasehold improvement  
21 property in service during the taxable year and that was classified  
22 as 15-year property under Section 168(e)(3)(E)(iv) of the Internal  
23 Revenue Code equal to the amount of adjusted gross income that  
24 would have been computed had the classification not applied to  
25 the property in the year that it was placed into service.
- 26 (19) Add the amount necessary to make the adjusted gross income  
27 of any taxpayer that placed a motorsports entertainment complex  
28 in service during the taxable year and that was classified as 7-year  
29 property under Section 168(e)(3)(C)(ii) of the Internal Revenue  
30 Code equal to the amount of adjusted gross income that would  
31 have been computed had the classification not applied to the  
32 property in the year that it was placed into service.
- 33 (20) Add the amount deducted under Section 195 of the Internal  
34 Revenue Code for start-up expenditures that exceeds the amount  
35 the taxpayer could deduct under Section 195 of the Internal  
36 Revenue Code before it was amended by the Small Business Jobs  
37 Act of 2010 (P.L. 111-240).
- 38 (21) Add the amount deducted from gross income under Section  
39 198 of the Internal Revenue Code for the expensing of  
40 environmental remediation costs.
- 41 (22) Add the amount deducted from gross income under Section  
42 179E of the Internal Revenue Code for any qualified advanced

- 1 mine safety equipment property.
- 2 (23) This subdivision does not apply to payments made for  
3 services provided to a business that was enrolled and participated  
4 in the E-Verify program (as defined in IC 22-5-1.7-3) during the  
5 time the taxpayer conducted business in Indiana in the taxable  
6 year. For a taxable year beginning after June 30, 2011, add the  
7 amount of any trade or business deduction allowed under the  
8 Internal Revenue Code for wages, reimbursements, or other  
9 payments made for services provided in Indiana by an individual  
10 for services as an employee, if the individual was, during the  
11 period of service, prohibited from being hired as an employee  
12 under 8 U.S.C. 1324a.
- 13 (24) Add the amount excluded from federal gross income under  
14 Section 103 of the Internal Revenue Code for interest received on  
15 an obligation of a state other than Indiana, or a political  
16 subdivision of such a state, that is acquired by the taxpayer after  
17 December 31, 2011.
- 18 (e) In the case of trusts and estates, "taxable income" (as defined for  
19 trusts and estates in Section 641(b) of the Internal Revenue Code)  
20 adjusted as follows:
- 21 (1) Subtract income that is exempt from taxation under this article  
22 by the Constitution and statutes of the United States.
- 23 (2) Subtract an amount equal to the amount of a September 11  
24 terrorist attack settlement payment included in the federal  
25 adjusted gross income of the estate of a victim of the September  
26 11 terrorist attack or a trust to the extent the trust benefits a victim  
27 of the September 11 terrorist attack.
- 28 (3) Add or subtract the amount necessary to make the adjusted  
29 gross income of any taxpayer that owns property for which bonus  
30 depreciation was allowed in the current taxable year or in an  
31 earlier taxable year equal to the amount of adjusted gross income  
32 that would have been computed had an election not been made  
33 under Section 168(k) of the Internal Revenue Code to apply bonus  
34 depreciation to the property in the year that it was placed in  
35 service.
- 36 (4) Add an amount equal to any deduction allowed under Section  
37 172 of the Internal Revenue Code.
- 38 (5) Add or subtract the amount necessary to make the adjusted  
39 gross income of any taxpayer that placed Section 179 property (as  
40 defined in Section 179 of the Internal Revenue Code) in service  
41 in the current taxable year or in an earlier taxable year equal to  
42 the amount of adjusted gross income that would have been

- 1 computed had an election for federal income tax purposes not  
2 been made for the year in which the property was placed in  
3 service to take deductions under Section 179 of the Internal  
4 Revenue Code in a total amount exceeding twenty-five thousand  
5 dollars (\$25,000).
- 6 (6) Add an amount equal to the amount that a taxpayer claimed as  
7 a deduction for domestic production activities for the taxable year  
8 under Section 199 of the Internal Revenue Code for federal  
9 income tax purposes.
- 10 (7) Subtract income that is:
- 11 (A) exempt from taxation under IC 6-3-2-21.7; and  
12 (B) included in the taxpayer's taxable income under the  
13 Internal Revenue Code.
- 14 (8) Add an amount equal to any income not included in gross  
15 income as a result of the deferral of income arising from business  
16 indebtedness discharged in connection with the reacquisition after  
17 December 31, 2008, and before January 1, 2011, of an applicable  
18 debt instrument, as provided in Section 108(i) of the Internal  
19 Revenue Code. Subtract from the adjusted gross income of any  
20 taxpayer that added an amount to adjusted gross income in a  
21 previous year the amount necessary to offset the amount included  
22 in federal gross income as a result of the deferral of income  
23 arising from business indebtedness discharged in connection with  
24 the reacquisition after December 31, 2008, and before January 1,  
25 2011, of an applicable debt instrument, as provided in Section  
26 108(i) of the Internal Revenue Code.
- 27 (9) Add the amount necessary to make the adjusted gross income  
28 of any taxpayer that placed qualified restaurant property in service  
29 during the taxable year and that was classified as 15-year property  
30 under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal  
31 to the amount of adjusted gross income that would have been  
32 computed had the classification not applied to the property in the  
33 year that it was placed in service.
- 34 (10) Add the amount necessary to make the adjusted gross income  
35 of any taxpayer that placed qualified retail improvement property  
36 in service during the taxable year and that was classified as  
37 15-year property under Section 168(e)(3)(E)(ix) of the Internal  
38 Revenue Code equal to the amount of adjusted gross income that  
39 would have been computed had the classification not applied to  
40 the property in the year that it was placed in service.
- 41 (11) Add or subtract the amount necessary to make the adjusted  
42 gross income of any taxpayer that claimed the special allowance

- 1 for qualified disaster assistance property under Section 168(n) of  
2 the Internal Revenue Code equal to the amount of adjusted gross  
3 income that would have been computed had the special allowance  
4 not been claimed for the property.
- 5 (12) Add or subtract the amount necessary to make the adjusted  
6 gross income of any taxpayer that made an election under Section  
7 179C of the Internal Revenue Code to expense costs for qualified  
8 refinery property equal to the amount of adjusted gross income  
9 that would have been computed had an election for federal  
10 income tax purposes not been made for the year.
- 11 (13) Add or subtract the amount necessary to make the adjusted  
12 gross income of any taxpayer that made an election under Section  
13 181 of the Internal Revenue Code to expense costs for a qualified  
14 film or television production equal to the amount of adjusted  
15 gross income that would have been computed had an election for  
16 federal income tax purposes not been made for the year.
- 17 (14) Add or subtract the amount necessary to make the adjusted  
18 gross income of any taxpayer that treated a loss from the sale or  
19 exchange of preferred stock in:
- 20 (A) the Federal National Mortgage Association, established  
21 under the Federal National Mortgage Association Charter Act  
22 (12 U.S.C. 1716 et seq.); or
- 23 (B) the Federal Home Loan Mortgage Corporation, established  
24 under the Federal Home Loan Mortgage Corporation Act (12  
25 U.S.C. 1451 et seq.);
- 26 as an ordinary loss under Section 301 of the Emergency  
27 Economic Stabilization Act of 2008 in the current taxable year or  
28 in an earlier taxable year equal to the amount of adjusted gross  
29 income that would have been computed had the loss not been  
30 treated as an ordinary loss.
- 31 (15) Add the amount excluded from gross income under Section  
32 108(a)(1)(e) of the Internal Revenue Code for the discharge of  
33 debt on a qualified principal residence.
- 34 (16) Add the amount necessary to make the adjusted gross income  
35 of any taxpayer that placed any qualified leasehold improvement  
36 property in service during the taxable year and that was classified  
37 as 15-year property under Section 168(e)(3)(E)(iv) of the Internal  
38 Revenue Code equal to the amount of adjusted gross income that  
39 would have been computed had the classification not applied to  
40 the property in the year that it was placed into service.
- 41 (17) Add the amount necessary to make the adjusted gross income  
42 of any taxpayer that placed a motorsports entertainment complex

- 1 in service during the taxable year and that was classified as 7-year  
2 property under Section 168(e)(3)(C)(ii) of the Internal Revenue  
3 Code equal to the amount of adjusted gross income that would  
4 have been computed had the classification not applied to the  
5 property in the year that it was placed into service.
- 6 (18) Add the amount deducted under Section 195 of the Internal  
7 Revenue Code for start-up expenditures that exceeds the amount  
8 the taxpayer could deduct under Section 195 of the Internal  
9 Revenue Code before it was amended by the Small Business Jobs  
10 Act of 2010 (P.L. 111-240).
- 11 (19) Add the amount deducted from gross income under Section  
12 198 of the Internal Revenue Code for the expensing of  
13 environmental remediation costs.
- 14 (20) Add the amount deducted from gross income under Section  
15 179E of the Internal Revenue Code for any qualified advanced  
16 mine safety equipment property.
- 17 (21) Add the amount necessary to make the adjusted gross income  
18 of any taxpayer for which tax was not imposed on the net  
19 recognized built-in gain of an S corporation under Section  
20 1374(d)(7) of the Internal Revenue Code as amended by the  
21 Small Business Jobs Act of 2010 (P.L. 111-240) equal to the  
22 amount of adjusted gross income that would have been computed  
23 before Section 1374(d)(7) of the Internal Revenue Code as  
24 amended by the Small Business Jobs Act of 2010 (P.L. 111-240).
- 25 (22) This subdivision does not apply to payments made for  
26 services provided to a business that was enrolled and participated  
27 in the E-Verify program (as defined in IC 22-5-1.7-3) during the  
28 time the taxpayer conducted business in Indiana in the taxable  
29 year. For a taxable year beginning after June 30, 2011, add the  
30 amount of any trade or business deduction allowed under the  
31 Internal Revenue Code for wages, reimbursements, or other  
32 payments made for services provided in Indiana by an individual  
33 for services as an employee, if the individual was, during the  
34 period of service, prohibited from being hired as an employee  
35 under 8 U.S.C. 1324a.
- 36 (23) Add the amount excluded from federal gross income under  
37 Section 103 of the Internal Revenue Code for interest received on  
38 an obligation of a state other than Indiana, or a political  
39 subdivision of such a state, that is acquired by the taxpayer after  
40 December 31, 2011."
- 41 Page 3, delete lines 1 through 24.  
42 Delete page 4.

- 1 Page 5, delete lines 1 through 2.
- 2 Page 5, line 14, delete "Sec" and insert "Sec."
- 3 Page 5, between lines 25 and 26, begin a new paragraph and insert:
- 4 "SECTION 9. [EFFECTIVE JANUARY 1, 2013
- 5 (RETROACTIVE)] **(a) IC 6-3-1-3.5, as amended by this act, applies**
- 6 **only to taxable years beginning after December 31, 2012.**
- 7 **(b) This SECTION expires July 1, 2015."**
- 8 Renumber all SECTIONS consecutively.  
(Reference is to HB 1334 as reprinted February 22, 2013.)

**and when so amended that said bill do pass .**

Committee Vote: Yeas 9, Nays 0.

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**Senator Hershman, Chairperson**