

HOUSE BILL No. 1088

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-3; IC 6-5.5-1-2.

Synopsis: State and local taxation. Provides that the minimum valuation applicable to the total amount of a taxpayer's assessable depreciable personal property in a taxing district is reduced incrementally from 30% of the assessed value of the depreciable personal property in the taxing district to 20% over 10 years beginning with the January 1, 2019, assessment date. Eliminates the addbacks of a taxpayer's federal income tax deduction for income attributable to domestic production activities in the definitions of "adjusted gross income" under the adjusted gross income tax law and the financial institutions tax law. Makes technical corrections.

Effective: July 1, 2018; January 1, 2019.

Leonard

January 3, 2018, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 120th General Assembly (2018)

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 2017 Regular Session of the General Assembly.

HOUSE BILL No. 1088

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 6-1.1-3-22, AS AMENDED BY P.L.245-2015,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2018]: Sec. 22. (a) Except to the extent that it conflicts with
4 a statute and subject to subsection (f), 50 IAC 4.2 (as in effect January
5 1, 2001), which was formerly incorporated by reference into this
6 section, is reinstated as a rule.
7 (b) Tangible personal property within the scope of 50 IAC 4.2 (as
8 in effect January 1, 2001) shall be assessed on the assessment dates in
9 calendar years 2003 and thereafter in conformity with 50 IAC 4.2 (as
10 in effect January 1, 2001).
11 (c) The publisher of the Indiana Administrative Code shall publish
12 50 IAC 4.2 (as in effect January 1, 2001) in the Indiana Administrative
13 Code.
14 (d) 50 IAC 4.3 and any other rule to the extent that it conflicts with
15 this section is void.
16 (e) A reference in 50 IAC 4.2 to a governmental entity that has been
17 terminated or a statute that has been repealed or amended shall be



1 treated as a reference to its successor.

2 (f) The department of local government finance may not amend or
3 repeal the following (all as in effect January 1, 2001):

4 (1) 50 IAC 4.2-4-3(f).

5 (2) 50 IAC 4.2-4-7.

6 ~~(3) 50 IAC 4.2-4-9.~~

7 ~~(4) (3) 50 IAC 4.2-5-7.~~

8 ~~(5) (4) 50 IAC 4.2-5-13.~~

9 ~~(6) (5) 50 IAC 4.2-6-1.~~

10 ~~(7) (6) 50 IAC 4.2-6-2.~~

11 ~~(8) (7) 50 IAC 4.2-8-9.~~

12 (g) Notwithstanding any other provision of this section, 50
13 IAC 4.2-4-6(c) is void effective July 1, 2015. The publisher of the
14 Indiana Administrative Code and the Indiana Register shall remove this
15 provision from the Indiana Administrative Code.

16 **(h) Notwithstanding any other provision of this section, the**
17 **following provisions of the Indiana Administrative Code are void**
18 **effective July 1, 2018:**

19 (1) 50 IAC 4.2-4-3(d).

20 (2) 50 IAC 4.2-4-8(d).

21 (3) 50 IAC 4.2-4-9.

22 (4) 50 IAC 4.2-8-9(c).

23 **The publisher of the Indiana Administrative Code and Indiana**
24 **Register shall remove the specified provisions from the Indiana**
25 **Administrative Code. Notwithstanding any other provision of this**
26 **section, the department of local government finance may adopt**
27 **rules amending 50 IAC 4.2 to reflect the enactment of section 26 of**
28 **this chapter.**

29 SECTION 2. IC 6-1.1-3-23, AS AMENDED BY P.L.220-2011,
30 SECTION 119, IS AMENDED TO READ AS FOLLOWS
31 [EFFECTIVE JULY 1, 2018]: Sec. 23. (a) In enacting this section, the
32 general assembly finds the following:

33 (1) The economy of northern Indiana has historically been heavily
34 dependent upon:

35 (A) the domestic steel industry, particularly the integrated steel
36 mill business, which produces steel from basic raw materials
37 through blast furnace and related operations; and

38 (B) the oil refining and petrochemical industry.

39 (2) Northern Indiana is the only area of Indiana with integrated
40 steelmaking facilities.

41 (3) During the last thirty (30) years, the domestic steel industry
42 has experienced significant financial difficulties. More than



1 one-half (1/2) of the integrated steel mills in the United States
2 were shut down or deintegrated, with the remainder requiring
3 significant investment and the addition of new processes to make
4 the facilities economically competitive with newer foreign and
5 domestic steelmaking facilities and processes.

6 (4) The United States needs to protect the capacity of the oil
7 refining and petrochemical industry. No oil refineries have been
8 built in the United States since 1976.

9 (5) Given the economic conditions affecting older integrated
10 steelmaking facilities, integrated steel mills claimed abnormal
11 obsolescence in reporting the assessed value of equipment located
12 at the integrated steelmaking facilities that began operations
13 before 1970, thereby reporting the equipment's assessed value at
14 far below thirty percent (30%) of the equipment's total cost (far
15 below the "thirty percent (30%) floor" value generally applicable
16 to equipment exhibiting only normal obsolescence under the
17 current department of local government finance rules).

18 (6) Current law existing before January 1, 2003, obligates the
19 taxpayers making abnormal obsolescence claims to pay personal
20 property taxes based only on, and permits communities to
21 determine property tax budgets and rates based only on, the
22 reported personal property assessed values until the personal
23 property appeals are resolved. Consequently, as a result of
24 abnormal obsolescence claims, the property tax base of
25 communities in northern Indiana is severely reduced for an
26 indeterminate period (if not permanently). The prospect of future
27 appeals and their attendant problems on an ongoing basis must be
28 addressed.

29 (7) A new, optional method for valuing the equipment of
30 integrated steel mills and entities that are at least fifty percent
31 (50%) owned by an affiliate of an integrated steel mill ("related
32 entities") and the oil refining and petrochemical industry in
33 northern Indiana is needed. That optional method:

34 (A) recognizes the loss of value and difficulty in valuing
35 equipment at integrated steelmaking facilities and facilities of
36 the oil refining and petrochemical industry that commenced
37 operations decades ago and at the facilities of related entities;

38 (B) recognizes that depreciable personal property used in
39 integrated steelmaking and in oil refinery or petrochemical
40 operations and by related entities is affected by different
41 economic and market forces than depreciable personal
42 property used in other industries and certain other segments of



1 the steel industry and therefore experiences different amounts
2 of obsolescence and depreciation; and

3 (C) can be used to simply and efficiently arrive at a value
4 commensurate with that property's age, use, obsolescence, and
5 market circumstances instead of the current method and its
6 potentially contentious and lengthy appeals. Such an optional
7 method would benefit the communities where these older
8 facilities are located.

9 (8) Such an optional method would be to authorize a fifth pool in
10 the depreciation schedule for valuing the equipment of integrated
11 steel mills, related entities, and the oil refining and petrochemical
12 industry that reflects all adjustments to the value of that
13 equipment for depreciation and obsolescence, including abnormal
14 obsolescence, which precludes any taxpayer electing such a
15 method from taking any other obsolescence adjustment for the
16 equipment, and which applies only at the election of the taxpayer.

17 (9) The purpose for authorizing the Pool 5 method is to provide
18 a more simplified and efficient method for valuing the equipment
19 of integrated steel mills and the oil refining and petrochemical
20 industry that recognizes the loss of value and unusual problems
21 associated with the valuation of the equipment or facilities that
22 began operations before 1970 in those industries in northern
23 Indiana, as well as for valuing the equipment of related entities,
24 to stabilize local property tax revenue by eliminating the need for
25 abnormal obsolescence claims, and to encourage those industries
26 to continue to invest in northern Indiana, thereby contributing to
27 the economic life and well-being of communities in northern
28 Indiana, the residents of northern Indiana, and Indiana generally.

29 (10) The specific circumstances described in this section do not
30 exist throughout the rest of Indiana.

31 (b) For purposes of this section:

32 (1) "adjusted cost" refers to the adjusted cost established in 50
33 IAC 4.2-4-4 (as in effect on January 1, 2003);

34 (2) "depreciable personal property" has the meaning set forth in
35 50 IAC 4.2-4-1 (as in effect on January 1, 2003);

36 (3) "integrated steel mill" means a person, including a subsidiary
37 of a corporation, that produces steel by processing iron ore and
38 other raw materials in a blast furnace in Indiana;

39 (4) "oil refinery/petrochemical company" means a person that
40 produces a variety of petroleum products by processing an annual
41 average of at least one hundred thousand (100,000) barrels of
42 crude oil per day;



- 1 (5) "permanently retired depreciable personal property" has the
 2 meaning set forth in 50 IAC 4.2-4-3 (as in effect on January 1,
 3 2003);
 4 (6) "pool" refers to a pool established in 50 IAC 4.2-4-5(a) (as in
 5 effect on January 1, 2003);
 6 (7) "special integrated steel mill or oil refinery/petrochemical
 7 equipment" means depreciable personal property, other than
 8 special tools and permanently retired depreciable personal
 9 property:
 10 (A) that:
 11 (i) is owned, leased, or used by an integrated steel mill or an
 12 entity that is at least fifty percent (50%) owned by an
 13 affiliate of an integrated steel mill; and
 14 (ii) falls within Asset Class 33.4 as set forth in IRS Rev.
 15 Proc. 87-56, 1987-2, C.B. 647; or
 16 (B) that:
 17 (i) is owned, leased, or used as an integrated part of an oil
 18 refinery/petrochemical company or its affiliate; and
 19 (ii) falls within Asset Class 13.3 or 28.0 as set forth in IRS
 20 Rev. Proc. 87-56, 1987-2, C.B. 647;
 21 (8) "special tools" has the meaning set forth in 50 IAC 4.2-6-2 (as
 22 in effect on January 1, 2003); and
 23 (9) "year of acquisition" refers to the year of acquisition
 24 determined under 50 IAC 4.2-4-6 (as in effect on January 1,
 25 2003).
 26 (c) Notwithstanding 50 IAC 4.2-4-4, 50 IAC 4.2-4-6, and 50
 27 IAC 4.2-4-7, a taxpayer may elect to calculate the true tax value of the
 28 taxpayer's special integrated steel mill or oil refinery/petrochemical
 29 equipment by multiplying the adjusted cost of that equipment by the
 30 percentage set forth in the following table:
 31
- | Year of Acquisition | Percentage |
|---------------------|------------|
| 32 1 | 40% |
| 33 2 | 56% |
| 34 3 | 42% |
| 35 4 | 32% |
| 36 5 | 24% |
| 37 6 | 18% |
| 38 7 | 15% |
| 39 8 and older | 10% |
- 40 (d) The department of local government finance shall designate the
 41 table under subsection (c) as "Pool No. 5" on the business personal
 42 property tax return.



1 (e) The percentage factors in the table under subsection (c)
 2 automatically reflect all adjustments for depreciation and obsolescence,
 3 including abnormal obsolescence, for special integrated steel mill or oil
 4 refinery/petrochemical equipment. The equipment is entitled to all
 5 exemptions, credits, and deductions for which it qualifies.

6 (f) The minimum valuation limitations under ~~50 IAC 4.2-4-9~~
 7 **section 26 of this chapter** do not apply to special integrated steel mill
 8 or oil refinery/petrochemical equipment valued under this section. The
 9 value of the equipment is not included in the calculation of that
 10 minimum valuation limitation for the taxpayer's other assessable
 11 depreciable personal property in the taxing district.

12 (g) An election to value special integrated steel mill or oil
 13 refinery/petrochemical equipment under this section:

14 (1) must be made by reporting the equipment under this section
 15 on a business personal property tax return;

16 (2) applies to all of the taxpayer's special integrated steel mill or
 17 oil refinery/petrochemical equipment located in the state (whether
 18 owned or leased, or used as an integrated part of the equipment);
 19 and

20 (3) is binding on the taxpayer for the assessment date for which
 21 the election is made.

22 The department of local government finance shall prescribe the forms
 23 to make the election beginning with the March 1, 2003, assessment
 24 date. Any special integrated steel mill or oil refinery/petrochemical
 25 equipment acquired by a taxpayer that has made an election under this
 26 section is valued under this section.

27 (h) If fifty percent (50%) or more of the adjusted cost of a taxpayer's
 28 property that would, notwithstanding this section, be reported in a pool
 29 other than Pool No. 5 is attributable to special integrated steel mill or
 30 oil refinery/petrochemical equipment, the taxpayer may elect to
 31 calculate the true tax value of all of that property as special integrated
 32 steel mill or oil refinery/petrochemical equipment. The true tax value
 33 of property for which an election is made under this subsection is
 34 calculated under subsections (c) through (g).

35 SECTION 3. IC 6-1.1-3-25, AS ADDED BY P.L.238-2017,
 36 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2018]: Sec. 25. (a) As used in this section, "district" refers to
 38 an entrepreneur and enterprise district designated under IC 5-28-15.5.

39 (b) Notwithstanding section 22(b) of this chapter and
 40 IC 6-1.1-8-44(b), assessable depreciable personal property that:

41 (1) is located in a district;

42 (2) is placed in service in the district by the owner of the property



1 after the designation of the district under IC 5-28-15.5; and
 2 (3) is used within the district by one (1) or more employees who
 3 perform the majority of their service within the district;
 4 is not subject to the valuation limitations in ~~50 IAC 4.2-4-9~~
 5 **IC 6-1.1-3-26** or ~~50 IAC 5.1-6-9~~; **IC 6-1.1-8-45**.

6 SECTION 4. IC 6-1.1-3-26 IS ADDED TO THE INDIANA CODE
 7 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 8 1, 2018]: **Sec. 26. (a) As used in this section, "minimum valuation
 9 percentage" for an assessment date means the following:**

10 (1) **Thirty percent (30%), for assessment dates on or before
 11 January 1, 2018.**

12 (2) **Twenty-nine percent (29%), for the assessment date of
 13 January 1, 2019.**

14 (3) **Twenty-eight percent (28%), for the assessment date of
 15 January 1, 2020.**

16 (4) **Twenty-seven percent (27%), for the assessment date of
 17 January 1, 2021.**

18 (5) **Twenty-six percent (26%), for the assessment date of
 19 January 1, 2022.**

20 (6) **Twenty-five percent (25%), for the assessment date of
 21 January 1, 2023.**

22 (7) **Twenty-four percent (24%), for the assessment date of
 23 January 1, 2024.**

24 (8) **Twenty-three percent (23%), for the assessment date of
 25 January 1, 2025.**

26 (9) **Twenty-two percent (22%), for the assessment date of
 27 January 1, 2026.**

28 (10) **Twenty-one percent (21%), for the assessment date of
 29 January 1, 2027.**

30 (11) **Twenty percent (20%), for assessment dates on or after
 31 January 1, 2028.**

32 (b) **Except as provided in subsection (c), for each assessment
 33 date, the total valuation of a taxpayer's assessable depreciable
 34 personal property in a single taxing district may not be less than:**

35 (1) **the minimum valuation percentage for the assessment
 36 date; multiplied by**

37 (2) **the adjusted cost of all the taxpayer's assessable
 38 depreciable property in the taxing district.**

39 (c) **The limitation set forth in subsection (a) is to be applied
 40 before any special adjustment for abnormal obsolescence. The
 41 limitation does not apply to equipment not placed in service,
 42 special tooling, and permanently retired depreciable personal**



1 **property.**

2 SECTION 5. IC 6-1.1-8-44 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 44. (a) Except to the
4 extent that it conflicts with a statute and subject to subsection (f), 50
5 IAC 5.1 (as in effect January 1, 2001), which was formerly
6 incorporated by reference into this section, is reinstated as a rule.

7 (b) Tangible personal property within the scope of 50 IAC 5.1 (as
8 in effect January 1, 2001) shall be assessed on the assessment dates in
9 calendar years 2003 and thereafter in conformity with 50 IAC 5.1 (as
10 in effect January 1, 2001).

11 (c) The publisher of the Indiana Administrative Code shall publish
12 50 IAC 5.1 (as in effect January 1, 2001) in the Indiana Administrative
13 Code.

14 (d) 50 IAC 5.2 and any other rule to the extent that it conflicts with
15 this section is void.

16 (e) A reference in 50 IAC 5.1 to a governmental entity that has been
17 terminated or a statute that has been repealed or amended shall be
18 treated as a reference to its successor.

19 (f) The department of local government finance may not amend or
20 repeal the following (all as in effect January 1, 2001):

- 21 (1) 50 IAC 5.1-6-6.
- 22 (2) 50 IAC 5.1-6-7.
- 23 (3) 50 IAC 5.1-6-8.
- 24 ~~(4) 50 IAC 5.1-6-9.~~
- 25 ~~(5) (4) 50 IAC 5.1-8-1.~~
- 26 ~~(6) (5) 50 IAC 5.1-9-1.~~
- 27 ~~(7) (6) 50 IAC 5.1-9-2.~~

28 **(g) Notwithstanding any other provision of this section, 50**
29 **IAC 5.1-6-9 is void effective July 1, 2018. The publisher of the**
30 **Indiana Administrative Code and Indiana Register shall remove 50**
31 **IAC 5.1-6-9 from the Indiana Administrative Code.**
32 **Notwithstanding any other provision of this section, the**
33 **department of local government finance may adopt rules amending**
34 **50 IAC 5.1 to reflect the enactment of section 45 of this chapter.**

35 SECTION 6. IC 6-1.1-8-45 IS ADDED TO THE INDIANA CODE
36 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
37 1, 2018]: Sec. 45. (a) As used in this section, "minimum valuation
38 percentage" for an assessment date means the following:

- 39 (1) Thirty percent (30%), for assessment dates on or before
40 January 1, 2018.
- 41 (2) Twenty-nine percent (29%), for the assessment date of
42 January 1, 2019.



- 1 **(3) Twenty-eight percent (28%), for the assessment date of**
 2 **January 1, 2020.**
- 3 **(4) Twenty-seven percent (27%), for the assessment date of**
 4 **January 1, 2021.**
- 5 **(5) Twenty-six percent (26%), for the assessment date of**
 6 **January 1, 2022.**
- 7 **(6) Twenty-five percent (25%), for the assessment date of**
 8 **January 1, 2023.**
- 9 **(7) Twenty-four percent (24%), for the assessment date of**
 10 **January 1, 2024.**
- 11 **(8) Twenty-three percent (23%), for the assessment date of**
 12 **January 1, 2025.**
- 13 **(9) Twenty-two percent (22%), for the assessment date of**
 14 **January 1, 2026.**
- 15 **(10) Twenty-one percent (21%), for the assessment date of**
 16 **January 1, 2027.**
- 17 **(11) Twenty percent (20%), for assessment dates on or after**
 18 **January 1, 2028.**
- 19 **(b) Except as provided in subsection (c), for each assessment**
 20 **date, the total valuation of a taxpayer's assessable depreciable**
 21 **personal property in a single taxing district may not be less than:**
- 22 **(1) the minimum valuation percentage for the assessment**
 23 **date; multiplied by**
- 24 **(2) the adjusted cost of all the taxpayer's assessable**
 25 **depreciable personal property in the taxing district.**
- 26 **(c) The limitation set forth in subsection (a) is to be applied**
 27 **before any special adjustment for abnormal obsolescence. The**
 28 **limitation does not apply to equipment not placed in service,**
 29 **special tooling, and permanently retired depreciable personal**
 30 **property.**
- 31 SECTION 7. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.80-2014,
 32 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JULY 1, 2018]: Sec. 4.5. (a) An applicant must provide a statement of
 34 benefits to the designating body. The applicant must provide the
 35 completed statement of benefits form to the designating body before
 36 the hearing specified in section 2.5(c) of this chapter or before the
 37 installation of the new manufacturing equipment, new research and
 38 development equipment, new logistical distribution equipment, or new
 39 information technology equipment for which the person desires to
 40 claim a deduction under this chapter. The department of local
 41 government finance shall prescribe a form for the statement of benefits.
 42 The statement of benefits must include the following information:



1 (1) A description of the new manufacturing equipment, new
 2 research and development equipment, new logistical distribution
 3 equipment, or new information technology equipment that the
 4 person proposes to acquire.

5 (2) With respect to:

6 (A) new manufacturing equipment not used to dispose of solid
 7 waste or hazardous waste by converting the solid waste or
 8 hazardous waste into energy or other useful products; and

9 (B) new research and development equipment, new logistical
 10 distribution equipment, or new information technology
 11 equipment;

12 an estimate of the number of individuals who will be employed or
 13 whose employment will be retained by the person as a result of
 14 the installation of the new manufacturing equipment, new
 15 research and development equipment, new logistical distribution
 16 equipment, or new information technology equipment and an
 17 estimate of the annual salaries of these individuals.

18 (3) An estimate of the cost of the new manufacturing equipment,
 19 new research and development equipment, new logistical
 20 distribution equipment, or new information technology
 21 equipment.

22 (4) With respect to new manufacturing equipment used to dispose
 23 of solid waste or hazardous waste by converting the solid waste
 24 or hazardous waste into energy or other useful products, an
 25 estimate of the amount of solid waste or hazardous waste that will
 26 be converted into energy or other useful products by the new
 27 manufacturing equipment.

28 The statement of benefits may be incorporated in a designation
 29 application. Notwithstanding any other law, a statement of benefits is
 30 a public record that may be inspected and copied under IC 5-14-3-3.

31 (b) The designating body must review the statement of benefits
 32 required under subsection (a). The designating body shall determine
 33 whether an area should be designated an economic revitalization area
 34 or whether the deduction shall be allowed, based on (and after it has
 35 made) the following findings:

36 (1) Whether the estimate of the cost of the new manufacturing
 37 equipment, new research and development equipment, new
 38 logistical distribution equipment, or new information technology
 39 equipment is reasonable for equipment of that type.

40 (2) With respect to:

41 (A) new manufacturing equipment not used to dispose of solid
 42 waste or hazardous waste by converting the solid waste or



- 1 hazardous waste into energy or other useful products; and
 2 (B) new research and development equipment, new logistical
 3 distribution equipment, or new information technology
 4 equipment;
 5 whether the estimate of the number of individuals who will be
 6 employed or whose employment will be retained can be
 7 reasonably expected to result from the installation of the new
 8 manufacturing equipment, new research and development
 9 equipment, new logistical distribution equipment, or new
 10 information technology equipment.
- 11 (3) Whether the estimate of the annual salaries of those
 12 individuals who will be employed or whose employment will be
 13 retained can be reasonably expected to result from the proposed
 14 installation of new manufacturing equipment, new research and
 15 development equipment, new logistical distribution equipment, or
 16 new information technology equipment.
- 17 (4) With respect to new manufacturing equipment used to dispose
 18 of solid waste or hazardous waste by converting the solid waste
 19 or hazardous waste into energy or other useful products, whether
 20 the estimate of the amount of solid waste or hazardous waste that
 21 will be converted into energy or other useful products can be
 22 reasonably expected to result from the installation of the new
 23 manufacturing equipment.
- 24 (5) Whether any other benefits about which information was
 25 requested are benefits that can be reasonably expected to result
 26 from the proposed installation of new manufacturing equipment,
 27 new research and development equipment, new logistical
 28 distribution equipment, or new information technology
 29 equipment.
- 30 (6) Whether the totality of benefits is sufficient to justify the
 31 deduction.
- 32 The designating body may not designate an area an economic
 33 revitalization area or approve the deduction unless it makes the
 34 findings required by this subsection in the affirmative.
- 35 (c) Except as provided in subsection (f), and subject to subsection
 36 (g) and section 15 of this chapter, an owner of new manufacturing
 37 equipment, new research and development equipment, new logistical
 38 distribution equipment, or new information technology equipment
 39 whose statement of benefits is approved is entitled to a deduction from
 40 the assessed value of that equipment for the number of years
 41 determined by the designating body under section 17 or 18 of this
 42 chapter. Except as provided in subsection (d) and in section 2(i)(3) of



1 this chapter, and subject to subsection (g) and section 15 of this
 2 chapter, the amount of the deduction that an owner is entitled to for a
 3 particular year equals the product of:

4 (1) the assessed value of the new manufacturing equipment, new
 5 research and development equipment, new logistical distribution
 6 equipment, or new information technology equipment in the year
 7 of deduction under the abatement schedule established under
 8 section 17 or 18 of this chapter; multiplied by

9 (2) the percentage prescribed by the designating body under
 10 section 17 or 18 of this chapter.

11 (d) With respect to new manufacturing equipment and new research
 12 and development equipment installed before March 2, 2001, the
 13 deduction under this section is the amount that causes the net assessed
 14 value of the property after the application of the deduction under this
 15 section to equal the net assessed value after the application of the
 16 deduction under this section that results from computing:

17 (1) the deduction under this section as in effect on March 1, 2001;
 18 and

19 (2) the assessed value of the property under 50 IAC 4.2, as in
 20 effect on March 1, 2001, or, in the case of property subject to
 21 IC 6-1.1-8, 50 IAC 5.1, as in effect on March 1, 2001.

22 (e) The designating body shall determine the number of years the
 23 deduction is allowed under section 17 or 18 of this chapter. Except as
 24 provided by section 18 of this chapter, the deduction may not be
 25 allowed for more than ten (10) years. This determination shall be made:

26 (1) as part of the resolution adopted under section 2.5 of this
 27 chapter; or

28 (2) by resolution adopted within sixty (60) days after receiving a
 29 copy of a property owner's certified deduction application from
 30 the county auditor. A certified copy of the resolution shall be sent
 31 to the county auditor.

32 A determination about the number of years the deduction is allowed
 33 that is made under subdivision (1) is final and may not be changed by
 34 following the procedure under subdivision (2).

35 (f) The owner of new manufacturing equipment that is directly used
 36 to dispose of hazardous waste is not entitled to the deduction provided
 37 by this section for a particular assessment year if during that
 38 assessment year the owner:

39 (1) is convicted of a criminal violation under IC 13, including
 40 IC 13-7-13-3 (repealed) or IC 13-7-13-4 (repealed); or

41 (2) is subject to an order or a consent decree with respect to
 42 property located in Indiana based on a violation of a federal or



1 state rule, regulation, or statute governing the treatment, storage,
 2 or disposal of hazardous wastes that had a major or moderate
 3 potential for harm.

4 (g) For purposes of subsection (c), the assessed value of new
 5 manufacturing equipment, new research and development equipment,
 6 new logistical distribution equipment, or new information technology
 7 equipment that is part of an owner's assessable depreciable personal
 8 property in a single taxing district subject to the valuation limitation in
 9 ~~50 IAC 4.2-4-9 IC 6-1.1-3-26~~ or ~~50 IAC 5.1-6-9 IC 6-1.1-8-45~~ is the
 10 product of:

11 (1) the assessed value of the equipment determined without
 12 regard to the valuation limitation in ~~50 IAC 4.2-4-9 IC 6-1.1-3-26~~
 13 or ~~50 IAC 5.1-6-9 IC 6-1.1-8-45~~; multiplied by

14 (2) the quotient of:

15 (A) the amount of the valuation limitation determined under
 16 ~~50 IAC 4.2-4-9 IC 6-1.1-3-26~~ or ~~50 IAC 5.1-6-9 IC 6-1.1-8-45~~
 17 for all of the owner's depreciable personal property in the
 18 taxing district; divided by

19 (B) the total true tax value of all of the owner's depreciable
 20 personal property in the taxing district that is subject to the
 21 valuation limitation in ~~50 IAC 4.2-4-9 IC 6-1.1-3-26~~ or ~~50~~
 22 ~~IAC 5.1-6-9 IC 6-1.1-8-45~~ determined:

23 (i) under the depreciation schedules in the rules of the
 24 department of local government finance before any
 25 adjustment for abnormal obsolescence; and

26 (ii) without regard to the valuation limitation in ~~50~~
 27 ~~IAC 4.2-4-9 IC 6-1.1-3-26~~ or ~~50 IAC 5.1-6-9~~
 28 ~~IC 6-1.1-8-45~~.

29 SECTION 8. IC 6-1.1-40-10, AS AMENDED BY P.L.146-2008,
 30 SECTION 300, IS AMENDED TO READ AS FOLLOWS
 31 [EFFECTIVE JULY 1, 2018]: Sec. 10. (a) Subject to subsection (d), an
 32 owner of new manufacturing equipment whose statement of benefits is
 33 approved is entitled to a deduction from the assessed value of that
 34 equipment for a period of ten (10) years. Except as provided in
 35 subsections (b) and (c), and subject to subsection (d) and section 14 of
 36 this chapter, for the first five (5) years, the amount of the deduction for
 37 new manufacturing equipment that an owner is entitled to for a
 38 particular year equals the assessed value of the new manufacturing
 39 equipment. Subject to subsection (d) and section 14 of this chapter, for
 40 the sixth through the tenth year, the amount of the deduction equals the
 41 product of:

42 (1) the assessed value of the new manufacturing equipment;



1 multiplied by
 2 (2) the percentage prescribed in the following table:
 3 YEAR OF DEDUCTION PERCENTAGE
 4 6th 100%
 5 7th 95%
 6 8th 80%
 7 9th 65%
 8 10th 50%
 9 11th and thereafter 0%

10 (b) A deduction under this section is not allowed in the first year the
 11 deduction is claimed for new manufacturing equipment to the extent
 12 that it would cause the assessed value of all of the personal property of
 13 the owner in the taxing district in which the equipment is located to be
 14 less than the assessed value of all of the personal property of the owner
 15 in that taxing district in the immediately preceding year.

16 (c) If a deduction is not fully allowed under subsection (b) in the
 17 first year the deduction is claimed, then the percentages specified in
 18 subsection (a) apply in the subsequent years to the amount of deduction
 19 that was allowed in the first year.

20 (d) For purposes of subsection (a), the assessed value of new
 21 manufacturing equipment that is part of an owner's assessable
 22 depreciable personal property in a single taxing district subject to the
 23 valuation limitation in ~~50 IAC 4.2-4-9 IC 6-1.1-3-26~~ or ~~50 IAC 5.1-6-9~~
 24 **IC 6-1.1-8-45** is the product of:
 25 (1) the assessed value of the equipment determined without
 26 regard to the valuation limitation in ~~50 IAC 4.2-4-9 IC 6-1.1-3-26~~
 27 or ~~50 IAC 5.1-6-9~~; **IC 6-1.1-8-45**; multiplied by
 28 (2) the quotient of:
 29 (A) the amount of the valuation limitation determined under
 30 ~~50 IAC 4.2-4-9 IC 6-1.1-3-26~~ or ~~50 IAC 5.1-6-9 IC 6-1.1-8-45~~
 31 for all of the owner's depreciable personal property in the
 32 taxing district; divided by
 33 (B) the total true tax value of all of the owner's depreciable
 34 personal property in the taxing district that is subject to the
 35 valuation limitation in ~~50 IAC 4.2-4-9 IC 6-1.1-3-26~~ or ~~50~~
 36 ~~IAC 5.1-6-9 IC 6-1.1-8-45~~ determined:
 37 (i) under the depreciation schedules in the rules of the
 38 department of local government finance before any
 39 adjustment for abnormal obsolescence; and
 40 (ii) without regard to the valuation limitation in ~~50~~
 41 ~~IAC 4.2-4-9 IC 6-1.1-3-26~~ or ~~50 IAC 5.1-6-9~~
 42 **IC 6-1.1-8-45.**



1 SECTION 9. IC 6-3-1-3.5, AS AMENDED BY THE TECHNICAL
 2 CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS
 3 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,
 4 2019]: Sec. 3.5. When used in this article, the term "adjusted gross
 5 income" shall mean the following:

6 (a) In the case of all individuals, "adjusted gross income" (as
 7 defined in Section 62 of the Internal Revenue Code), modified as
 8 follows:

9 (1) Subtract income that is exempt from taxation under this article
 10 by the Constitution and statutes of the United States.

11 (2) *Except as provided in subsection (c)*, add an amount equal to
 12 any deduction or deductions allowed or allowable pursuant to
 13 Section 62 of the Internal Revenue Code for taxes based on or
 14 measured by income and levied at the state level by any state of
 15 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;

22 (B) each additional amount allowable under Section 63(f) of
 23 the Internal Revenue Code; and

24 (C) the spouse of the taxpayer if a separate return is made by
 25 the taxpayer and if the spouse, for the calendar year in which
 26 the taxable year of the taxpayer begins, has no gross income
 27 and is not the dependent of another taxpayer.

28 (5) Subtract:

29 (A) one thousand five hundred dollars (\$1,500) for each of the
 30 exemptions allowed under Section 151(c)(1)(B) of the Internal
 31 Revenue Code (as effective January 1, 2004);

32 (B) for taxable years beginning after December 31, 2017, one
 33 thousand five hundred dollars (\$1,500) for each exemption
 34 allowed under Section 151(c) of the Internal Revenue Code for
 35 an individual:

36 (i) who is less than nineteen (19) years of age or is a
 37 full-time student who is less than twenty-four (24) years of
 38 age;

39 (ii) for whom the taxpayer is the legal guardian; and

40 (iii) for whom the taxpayer does not claim an exemption
 41 under clause (A); and

42 (C) five hundred dollars (\$500) for each additional amount



- 1 allowable under Section 63(f)(1) of the Internal Revenue Code
 2 if the adjusted gross income of the taxpayer, or the taxpayer
 3 and the taxpayer's spouse in the case of a joint return, is less
 4 than forty thousand dollars (\$40,000).
 5 This amount is in addition to the amount subtracted under
 6 subdivision (4).
 7 (6) Subtract any amounts included in federal adjusted gross
 8 income under Section 111 of the Internal Revenue Code as a
 9 recovery of items previously deducted as an itemized deduction
 10 from adjusted gross income.
 11 (7) Subtract any amounts included in federal adjusted gross
 12 income under the Internal Revenue Code which amounts were
 13 received by the individual as supplemental railroad retirement
 14 annuities under 45 U.S.C. 231 and which are not deductible under
 15 subdivision (1).
 16 (8) Subtract an amount equal to the amount of federal Social
 17 Security and Railroad Retirement benefits included in a taxpayer's
 18 federal gross income by Section 86 of the Internal Revenue Code.
 19 (9) In the case of a nonresident taxpayer or a resident taxpayer
 20 residing in Indiana for a period of less than the taxpayer's entire
 21 taxable year, the total amount of the deductions allowed pursuant
 22 to subdivisions (3), (4), and (5) shall be reduced to an amount
 23 which bears the same ratio to the total as the taxpayer's income
 24 taxable in Indiana bears to the taxpayer's total income.
 25 (10) In the case of an individual who is a recipient of assistance
 26 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
 27 subtract an amount equal to that portion of the individual's
 28 adjusted gross income with respect to which the individual is not
 29 allowed under federal law to retain an amount to pay state and
 30 local income taxes.
 31 (11) In the case of an eligible individual, subtract the amount of
 32 a Holocaust victim's settlement payment included in the
 33 individual's federal adjusted gross income.
 34 (12) Subtract an amount equal to the portion of any premiums
 35 paid during the taxable year by the taxpayer for a qualified long
 36 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer
 37 or the taxpayer's spouse, or both.
 38 (13) Subtract an amount equal to the lesser of:
 39 (A) two thousand five hundred dollars (\$2,500); or
 40 (B) the amount of property taxes that are paid during the
 41 taxable year in Indiana by the individual on the individual's
 42 principal place of residence.



- 1 (14) Subtract an amount equal to the amount of a September 11
 2 terrorist attack settlement payment included in the individual's
 3 federal adjusted gross income.
- 4 (15) Add or subtract the amount necessary to make the adjusted
 5 gross income of any taxpayer that owns property for which bonus
 6 depreciation was allowed in the current taxable year or in an
 7 earlier taxable year equal to the amount of adjusted gross income
 8 that would have been computed had an election not been made
 9 under Section 168(k) of the Internal Revenue Code to apply bonus
 10 depreciation to the property in the year that it was placed in
 11 service.
- 12 (16) Add an amount equal to any deduction allowed under
 13 Section 172 of the Internal Revenue Code.
- 14 (17) Add or subtract the amount necessary to make the adjusted
 15 gross income of any taxpayer that placed Section 179 property (as
 16 defined in Section 179 of the Internal Revenue Code) in service
 17 in the current taxable year or in an earlier taxable year equal to
 18 the amount of adjusted gross income that would have been
 19 computed had an election for federal income tax purposes not
 20 been made for the year in which the property was placed in
 21 service to take deductions under Section 179 of the Internal
 22 Revenue Code in a total amount exceeding twenty-five thousand
 23 dollars (\$25,000).
- 24 ~~(18) Add an amount equal to the amount that a taxpayer claimed~~
 25 ~~as a deduction for domestic production activities for the taxable~~
 26 ~~year under Section 199 of the Internal Revenue Code for federal~~
 27 ~~income tax purposes.~~
- 28 ~~(19)~~ **(18)** Subtract an amount equal to the amount of the taxpayer's
 29 qualified military income that was not excluded from the
 30 taxpayer's gross income for federal income tax purposes under
 31 Section 112 of the Internal Revenue Code.
- 32 ~~(20)~~ **(19)** Subtract income that is:
- 33 (A) exempt from taxation under IC 6-3-2-21.7; and
 34 (B) included in the individual's federal adjusted gross income
 35 under the Internal Revenue Code.
- 36 ~~(21)~~ **(20)** Add an amount equal to any income not included in
 37 gross income as a result of the deferral of income arising from
 38 business indebtedness discharged in connection with the
 39 reacquisition after December 31, 2008, and before January 1,
 40 2011, of an applicable debt instrument, as provided in Section
 41 108(i) of the Internal Revenue Code. Subtract the amount
 42 necessary from the adjusted gross income of any taxpayer that



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

8 ~~(22)~~ **(21)** Add the amount excluded from federal gross income
 9 under Section 103 of the Internal Revenue Code for interest
 10 received on an obligation of a state other than Indiana, or a
 11 political subdivision of such a state, that is acquired by the
 12 taxpayer after December 31, 2011.

13 ~~(23)~~ **(22)** *Subtract an amount as described in Section 1341(a)(2)*
 14 *of the Internal Revenue Code to the extent, if any, that the amount*
 15 *was previously included in the taxpayer's adjusted gross income*
 16 *for a prior taxable year.*

17 ~~(24)~~ **(23)** *Subtract any other amounts the taxpayer is entitled to*
 18 *deduct under IC 6-3-2.*

19 (b) In the case of corporations, the same as "taxable income" (as
 20 defined in Section 63 of the Internal Revenue Code) adjusted as
 21 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 or deductions allowed
 25 or allowable pursuant to Section 170 of the Internal Revenue
 26 Code.

27 (3) *Except as provided in subsection (c)*, add an amount equal to
 28 any deduction or deductions allowed or allowable pursuant to
 29 Section 63 of the Internal Revenue Code for taxes based on or
 30 measured by income and levied at the state level by any state of
 31 the United States.

32 (4) Subtract an amount equal to the amount included in the
 33 corporation's taxable income under Section 78 of the Internal
 34 Revenue Code.

35 (5) Add or subtract the amount necessary to make the adjusted
 36 gross income of any taxpayer that owns property for which bonus
 37 depreciation was allowed in the current taxable year or in an
 38 earlier taxable year equal to the amount of adjusted gross income
 39 that would have been computed had an election not been made
 40 under Section 168(k) of the Internal Revenue Code to apply bonus
 41 depreciation to the property in the year that it was placed in
 42 service.



- 1 (6) Add an amount equal to any deduction allowed under Section
 2 172 of the Internal Revenue Code.
- 3 (7) Add or subtract the amount necessary to make the adjusted
 4 gross income of any taxpayer that placed Section 179 property (as
 5 defined in Section 179 of the Internal Revenue Code) in service
 6 in the current taxable year or in an earlier taxable year equal to
 7 the amount of adjusted gross income that would have been
 8 computed had an election for federal income tax purposes not
 9 been made for the year in which the property was placed in
 10 service to take deductions under Section 179 of the Internal
 11 Revenue Code in a total amount exceeding twenty-five thousand
 12 dollars (\$25,000).
- 13 ~~(8) Add an amount equal to the amount that a taxpayer claimed as~~
 14 ~~a deduction for domestic production activities for the taxable year~~
 15 ~~under Section 199 of the Internal Revenue Code for federal~~
 16 ~~income tax purposes.~~
- 17 ~~(9)~~ (8) Add to the extent required by IC 6-3-2-20 the amount of
 18 intangible expenses (as defined in IC 6-3-2-20) and any directly
 19 related interest expenses (as defined in IC 6-3-2-20) for the
 20 taxable year that reduced the corporation's taxable income (as
 21 defined in Section 63 of the Internal Revenue Code) for federal
 22 income tax purposes.
- 23 ~~(10)~~ (9) Add an amount equal to any deduction for dividends paid
 24 (as defined in Section 561 of the Internal Revenue Code) to
 25 shareholders of a captive real estate investment trust (as defined
 26 in section 34.5 of this chapter).
- 27 ~~(11)~~ (10) Subtract income that is:
 28 (A) exempt from taxation under IC 6-3-2-21.7; and
 29 (B) included in the corporation's taxable income under the
 30 Internal Revenue Code.
- 31 ~~(12)~~ (11) Add an amount equal to any income not included in
 32 gross income as a result of the deferral of income arising from
 33 business indebtedness discharged in connection with the
 34 reacquisition after December 31, 2008, and before January 1,
 35 2011, of an applicable debt instrument, as provided in Section
 36 108(i) of the Internal Revenue Code. Subtract from the adjusted
 37 gross income of any taxpayer that added an amount to adjusted
 38 gross income in a previous year the amount necessary to offset the
 39 amount included in federal gross income as a result of the deferral
 40 of income arising from business indebtedness discharged in
 41 connection with the reacquisition after December 31, 2008, and
 42 before January 1, 2011, of an applicable debt instrument, as



1 provided in Section 108(i) of the Internal Revenue Code.

2 ~~(13)~~ **(12)** Add the amount excluded from federal gross income
3 under Section 103 of the Internal Revenue Code for interest
4 received on an obligation of a state other than Indiana, or a
5 political subdivision of such a state, that is acquired by the
6 taxpayer after December 31, 2011.

7 ~~(13)~~ **(13)** Add or subtract any other amounts the taxpayer is:

8 (A) required to add or subtract; or

9 (B) entitled to deduct;

10 under IC 6-3-2.

11 (c) The following apply to taxable years beginning after December
12 31, 2018, for purposes of the add back of any deduction allowed on the
13 taxpayer's federal income tax return for wagering taxes, as provided
14 in subsection (a)(2) if the taxpayer is an individual or subsection (b)(3)
15 if the taxpayer is a corporation:

16 (1) For taxable years beginning after December 31, 2018, and
17 before January 1, 2020, a taxpayer is required to add back under
18 this section eighty-seven and five-tenths percent (87.5%) of any
19 deduction allowed on the taxpayer's federal income tax return for
20 wagering taxes.

21 (2) For taxable years beginning after December 31, 2019, and
22 before January 1, 2021, a taxpayer is required to add back under
23 this section seventy-five percent (75%) of any deduction allowed
24 on the taxpayer's federal income tax return for wagering taxes.

25 (3) For taxable years beginning after December 31, 2020, and
26 before January 1, 2022, a taxpayer is required to add back under
27 this section sixty-two and five-tenths percent (62.5%) of any
28 deduction allowed on the taxpayer's federal income tax return for
29 wagering taxes.

30 (4) For taxable years beginning after December 31, 2021, and
31 before January 1, 2023, a taxpayer is required to add back under
32 this section fifty percent (50%) of any deduction allowed on the
33 taxpayer's federal income tax return for wagering taxes.

34 (5) For taxable years beginning after December 31, 2022, and
35 before January 1, 2024, a taxpayer is required to add back under
36 this section thirty-seven and five-tenths percent (37.5%) of any
37 deduction allowed on the taxpayer's federal income tax return for
38 wagering taxes.

39 (6) For taxable years beginning after December 31, 2023, and
40 before January 1, 2025, a taxpayer is required to add back under
41 this section twenty-five percent (25%) of any deduction allowed
42 on the taxpayer's federal income tax return for wagering taxes.



1 (7) For taxable years beginning after December 31, 2024, and
 2 before January 1, 2026, a taxpayer is required to add back under
 3 this section twelve and five-tenths percent (12.5%) of any
 4 deduction allowed on the taxpayer's federal income tax return for
 5 wagering taxes.

6 (8) For taxable years beginning after December 31, 2025, a
 7 taxpayer is not required to add back under this section any
 8 amount of a deduction allowed on the taxpayer's federal income
 9 tax return for wagering taxes.

10 ~~(c)~~ (d) In the case of life insurance companies (as defined in Section
 11 816(a) of the Internal Revenue Code) that are organized under Indiana
 12 law, the same as "life insurance company taxable income" (as defined
 13 in Section 801 of the Internal Revenue Code), adjusted as follows:

14 (1) Subtract income that is exempt from taxation under this article
 15 by the Constitution and statutes of the United States.

16 (2) Add an amount equal to any deduction allowed or allowable
 17 under Section 170 of the Internal Revenue Code.

18 (3) Add an amount equal to a deduction allowed or allowable
 19 under Section 805 or Section 832(c) of the Internal Revenue Code
 20 for taxes based on or measured by income and levied at the state
 21 level by any state.

22 (4) Subtract an amount equal to the amount included in the
 23 company's taxable income under Section 78 of the Internal
 24 Revenue Code.

25 (5) Add or subtract the amount necessary to make the adjusted
 26 gross income of any taxpayer that owns property for which bonus
 27 depreciation was allowed in the current taxable year or in an
 28 earlier taxable year equal to the amount of adjusted gross income
 29 that would have been computed had an election not been made
 30 under Section 168(k) of the Internal Revenue Code to apply bonus
 31 depreciation to the property in the year that it was placed in
 32 service.

33 (6) Add an amount equal to any deduction allowed under Section
 34 172 or Section 810 of the Internal Revenue Code.

35 (7) Add or subtract the amount necessary to make the adjusted
 36 gross income of any taxpayer that placed Section 179 property (as
 37 defined in Section 179 of the Internal Revenue Code) in service
 38 in the current taxable year or in an earlier taxable year equal to
 39 the amount of adjusted gross income that would have been
 40 computed had an election for federal income tax purposes not
 41 been made for the year in which the property was placed in
 42 service to take deductions under Section 179 of the Internal



- 1 Revenue Code in a total amount exceeding twenty-five thousand
 2 dollars (\$25,000).
 3 ~~(8)~~ Add an amount equal to the amount that a taxpayer claimed as
 4 a deduction for domestic production activities for the taxable year
 5 under Section 199 of the Internal Revenue Code for federal
 6 income tax purposes.
 7 ~~(9)~~ **(8)** Subtract income that is:
 8 (A) exempt from taxation under IC 6-3-2-21.7; and
 9 (B) included in the insurance company's taxable income under
 10 the Internal Revenue Code.
 11 ~~(10)~~ **(9)** Add an amount equal to any income not included in gross
 12 income as a result of the deferral of income arising from business
 13 indebtedness discharged in connection with the reacquisition after
 14 December 31, 2008, and before January 1, 2011, of an applicable
 15 debt instrument, as provided in Section 108(i) of the Internal
 16 Revenue Code. Subtract from the adjusted gross income of any
 17 taxpayer that added an amount to adjusted gross income in a
 18 previous year the amount necessary to offset the amount included
 19 in federal gross income as a result of the deferral of income
 20 arising from business indebtedness discharged in connection with
 21 the reacquisition after December 31, 2008, and before January 1,
 22 2011, of an applicable debt instrument, as provided in Section
 23 108(i) of the Internal Revenue Code.
 24 ~~(11)~~ **(10)** Add an amount equal to any exempt insurance income
 25 under Section 953(e) of the Internal Revenue Code that is active
 26 financing income under Subpart F of Subtitle A, Chapter 1,
 27 Subchapter N of the Internal Revenue Code.
 28 ~~(12)~~ **(11)** Add the amount excluded from federal gross income
 29 under Section 103 of the Internal Revenue Code for interest
 30 received on an obligation of a state other than Indiana, or a
 31 political subdivision of such a state, that is acquired by the
 32 taxpayer after December 31, 2011.
 33 ~~(13)~~ **(12)** Add or subtract any other amounts the taxpayer is:
 34 (A) required to add or subtract; or
 35 (B) entitled to deduct;
 36 under IC 6-3-2.
 37 ~~(14)~~ *(e)* In the case of insurance companies subject to tax under
 38 Section 831 of the Internal Revenue Code and organized under Indiana
 39 law, the same as "taxable income" (as defined in Section 832 of the
 40 Internal Revenue Code), adjusted as follows:
 41 (1) Subtract income that is exempt from taxation under this article
 42 by the Constitution and statutes of the United States.



- 1 (2) Add an amount equal to any deduction allowed or allowable
 2 under Section 170 of the Internal Revenue Code.
- 3 (3) Add an amount equal to a deduction allowed or allowable
 4 under Section 805 or Section 832(c) of the Internal Revenue Code
 5 for taxes based on or measured by income and levied at the state
 6 level by any state.
- 7 (4) Subtract an amount equal to the amount included in the
 8 company's taxable income under Section 78 of the Internal
 9 Revenue Code.
- 10 (5) Add or subtract the amount necessary to make the adjusted
 11 gross income of any taxpayer that owns property for which bonus
 12 depreciation was allowed in the current taxable year or in an
 13 earlier taxable year equal to the amount of adjusted gross income
 14 that would have been computed had an election not been made
 15 under Section 168(k) of the Internal Revenue Code to apply bonus
 16 depreciation to the property in the year that it was placed in
 17 service.
- 18 (6) Add an amount equal to any deduction allowed under Section
 19 172 of the Internal Revenue Code.
- 20 (7) Add or subtract the amount necessary to make the adjusted
 21 gross income of any taxpayer that placed Section 179 property (as
 22 defined in Section 179 of the Internal Revenue Code) in service
 23 in the current taxable year or in an earlier taxable year equal to
 24 the amount of adjusted gross income that would have been
 25 computed had an election for federal income tax purposes not
 26 been made for the year in which the property was placed in
 27 service to take deductions under Section 179 of the Internal
 28 Revenue Code in a total amount exceeding twenty-five thousand
 29 dollars (\$25,000).
- 30 ~~(8) Add an amount equal to the amount that a taxpayer claimed as~~
 31 ~~a deduction for domestic production activities for the taxable year~~
 32 ~~under Section 199 of the Internal Revenue Code for federal~~
 33 ~~income tax purposes.~~
- 34 ~~(9)~~ (8) Subtract income that is:
 35 (A) exempt from taxation under IC 6-3-2-21.7; and
 36 (B) included in the insurance company's taxable income under
 37 the Internal Revenue Code.
- 38 ~~(10)~~ (9) Add an amount equal to any income not included in gross
 39 income as a result of the deferral of income arising from business
 40 indebtedness discharged in connection with the reacquisition after
 41 December 31, 2008, and before January 1, 2011, of an applicable
 42 debt instrument, as provided in Section 108(i) of the Internal



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

9 ~~(H)~~ **(10)** Add an amount equal to any exempt insurance income
 10 under Section 953(e) of the Internal Revenue Code that is active
 11 financing income under Subpart F of Subtitle A, Chapter 1,
 12 Subchapter N of the Internal Revenue Code.

13 ~~(I)~~ **(11)** Add the amount excluded from federal gross income
 14 under Section 103 of the Internal Revenue Code for interest
 15 received on an obligation of a state other than Indiana, or a
 16 political subdivision of such a state, that is acquired by the
 17 taxpayer after December 31, 2011.

18 ~~(J)~~ **(12)** *Add or subtract any other amounts the taxpayer is:*

19 *(A) required to add or subtract; or*

20 *(B) entitled to deduct;*

21 *under IC 6-3-2.*

22 ~~(e)~~ *(f)* In the case of trusts and estates, "taxable income" (as defined
 23 for trusts and estates in Section 641(b) of the Internal Revenue Code)
 24 adjusted as follows:

25 (1) Subtract income that is exempt from taxation under this article
 26 by the Constitution and statutes of the United States.

27 (2) Subtract an amount equal to the amount of a September 11
 28 terrorist attack settlement payment included in the federal
 29 adjusted gross income of the estate of a victim of the September
 30 11 terrorist attack or a trust to the extent the trust benefits a victim
 31 of the September 11 terrorist attack.

32 (3) Add or subtract the amount necessary to make the adjusted
 33 gross income of any taxpayer that owns property for which bonus
 34 depreciation was allowed in the current taxable year or in an
 35 earlier taxable year equal to the amount of adjusted gross income
 36 that would have been computed had an election not been made
 37 under Section 168(k) of the Internal Revenue Code to apply bonus
 38 depreciation to the property in the year that it was placed in
 39 service.

40 (4) Add an amount equal to any deduction allowed under Section
 41 172 of the Internal Revenue Code.

42 (5) Add or subtract the amount necessary to make the adjusted



1 gross income of any taxpayer that placed Section 179 property (as
 2 defined in Section 179 of the Internal Revenue Code) in service
 3 in the current taxable year or in an earlier taxable year equal to
 4 the amount of adjusted gross income that would have been
 5 computed had an election for federal income tax purposes not
 6 been made for the year in which the property was placed in
 7 service to take deductions under Section 179 of the Internal
 8 Revenue Code in a total amount exceeding twenty-five thousand
 9 dollars (\$25,000).

10 ~~(6)~~ Add an amount equal to the amount that a taxpayer claimed as
 11 a deduction for domestic production activities for the taxable year
 12 under Section 199 of the Internal Revenue Code for federal
 13 income tax purposes.

14 ~~(7)~~ (6) Subtract income that is:

15 (A) exempt from taxation under IC 6-3-2-21.7; and

16 (B) included in the taxpayer's taxable income under the
 17 Internal Revenue Code.

18 ~~(8)~~ (7) Add an amount equal to any income not included in gross
 19 income as a result of the deferral of income arising from business
 20 indebtedness discharged in connection with the reacquisition after
 21 December 31, 2008, and before January 1, 2011, of an applicable
 22 debt instrument, as provided in Section 108(i) of the Internal
 23 Revenue Code. Subtract from the adjusted gross income of any
 24 taxpayer that added an amount to adjusted gross income in a
 25 previous year the amount necessary to offset the amount included
 26 in federal gross income as a result of the deferral of income
 27 arising from business indebtedness discharged in connection with
 28 the reacquisition after December 31, 2008, and before January 1,
 29 2011, of an applicable debt instrument, as provided in Section
 30 108(i) of the Internal Revenue Code.

31 ~~(9)~~ (8) Add the amount excluded from federal gross income under
 32 Section 103 of the Internal Revenue Code for interest received on
 33 an obligation of a state other than Indiana, or a political
 34 subdivision of such a state, that is acquired by the taxpayer after
 35 December 31, 2011.

36 ~~(10)~~ (9) Add or subtract any other amounts the taxpayer is:

37 (A) required to add or subtract; or

38 (B) entitled to deduct;

39 under IC 6-3-2.

40 SECTION 10. IC 6-3-2-2.5, AS AMENDED BY THE TECHNICAL
 41 CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS
 42 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,



- 1 2019]: Sec. 2.5. (a) This section applies to a resident person.
- 2 (b) Resident persons are entitled to a net operating loss deduction.
- 3 The amount of the deduction taken in a taxable year may not exceed
- 4 the taxpayer's unused Indiana net operating losses carried over to that
- 5 year. A taxpayer is not entitled to carryback any net operating losses
- 6 after December 31, 2011.
- 7 (c) An Indiana net operating loss equals the taxpayer's federal net
- 8 operating loss for a taxable year as calculated under Section 172 of the
- 9 Internal Revenue Code, adjusted for certain modifications required by
- 10 IC 6-3-1-3.5 as set forth in subsection (d)(1).
- 11 (d) The following provisions apply for purposes of subsection (c):
- 12 (1) The modifications that are to be applied are those
- 13 modifications required under IC 6-3-1-3.5 for the same taxable
- 14 year in which each net operating loss was incurred, except that the
- 15 modifications do not include the modifications required under:
- 16 (A) IC 6-3-1-3.5(a)(3);
- 17 (B) IC 6-3-1-3.5(a)(4);
- 18 (C) IC 6-3-1-3.5(a)(5);
- 19 (D) IC 6-3-1-3.5(a)(24); and
- 20 (E) ~~IC 6-3-1-3.5(e)(10)~~; ~~IC 6-3-1-3.5(f)(10)~~;
- 21 **IC 6-3-1-3.5(f)(9)**.
- 22 (2) An Indiana net operating loss includes a net operating loss that
- 23 arises when the applicable modifications required by IC 6-3-1-3.5
- 24 as set forth in subdivision (1) exceed the taxpayer's federal
- 25 adjusted gross income (as defined in Section 62 of the Internal
- 26 Revenue Code) for the taxable year in which the Indiana net
- 27 operating loss is determined.
- 28 (e) Subject to the limitations contained in subsection (g), an Indiana
- 29 net operating loss carryover shall be available as a deduction from the
- 30 taxpayer's adjusted gross income (as defined in IC 6-3-1-3.5) in the
- 31 carryover year provided in subsection (f).
- 32 (f) Carryovers shall be determined under this subsection as follows:
- 33 (1) An Indiana net operating loss shall be an Indiana net operating
- 34 loss carryover to each of the carryover years following the taxable
- 35 year of the loss.
- 36 (2) Carryover years shall be determined by reference to the
- 37 number of years allowed for carrying over net operating losses
- 38 under Section 172(b) of the Internal Revenue Code.
- 39 (g) The entire amount of the Indiana net operating loss for any
- 40 taxable year shall be carried to the earliest of the taxable years to which
- 41 (as determined under subsection (f)) the loss may be carried. The
- 42 amount of the Indiana net operating loss remaining after the deduction



1 is taken under this section in a taxable year may be carried over as
 2 provided in subsection (f). The amount of the Indiana net operating loss
 3 carried over from year to year shall be reduced to the extent that the
 4 Indiana net operating loss carryover is used by the taxpayer to obtain
 5 a deduction in a taxable year until the occurrence of the earlier of the
 6 following:

7 (1) The entire amount of the Indiana net operating loss has been
 8 used as a deduction.

9 (2) The Indiana net operating loss has been carried over to each
 10 of the carryover years provided by subsection (f).

11 SECTION 11. IC 6-3-2-2.6, AS AMENDED BY THE TECHNICAL
 12 CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS
 13 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,
 14 2019]: Sec. 2.6. (a) This section applies to a corporation or a
 15 nonresident person.

16 (b) Corporations and nonresident persons are entitled to a net
 17 operating loss deduction. The amount of the deduction taken in a
 18 taxable year may not exceed the taxpayer's unused Indiana net
 19 operating losses carried over to that year. A taxpayer is not entitled to
 20 carryback any net operating losses after December 31, 2011.

21 (c) An Indiana net operating loss equals the taxpayer's federal net
 22 operating loss for a taxable year as calculated under Section 172 of the
 23 Internal Revenue Code, derived from sources within Indiana and
 24 adjusted for certain modifications required by IC 6-3-1-3.5 as set forth
 25 in subsection (d)(1).

26 (d) The following provisions apply for purposes of subsection (c):

27 (1) The modifications that are to be applied are those
 28 modifications required under IC 6-3-1-3.5 for the same taxable
 29 year in which each net operating loss was incurred, except that the
 30 modifications do not include the modifications required under:

31 (A) IC 6-3-1-3.5(a)(3);

32 (B) IC 6-3-1-3.5(a)(4);

33 (C) IC 6-3-1-3.5(a)(5);

34 (D) IC 6-3-1-3.5(a)(24);

35 (E) IC 6-3-1-3.5(b)(14);

36 (F) ~~IC 6-3-1-3.5(c)(13); IC 6-3-1-3.5(d)(13);~~
 37 **IC 6-3-1-3.5(d)(12);**

38 (G) ~~IC 6-3-1-3.5(d)(13); IC 6-3-1-3.5(e)(13);~~
 39 **IC 6-3-1-3.5(e)(12);** and

40 (H) ~~IC 6-3-1-3.5(e)(10); IC 6-3-1-3.5(f)(10);~~
 41 **IC 6-3-1-3.5(f)(9).**

42 (2) The amount of the taxpayer's net operating loss that is derived



1 from sources within Indiana shall be determined in the same
 2 manner that the amount of the taxpayer's adjusted income derived
 3 from sources within Indiana is determined under section 2 of this
 4 chapter for the same taxable year during which each loss was
 5 incurred.

6 (3) An Indiana net operating loss includes a net operating loss that
 7 arises when the applicable modifications required by IC 6-3-1-3.5
 8 as set forth in subdivision (1) exceed the taxpayer's federal
 9 taxable income (as defined in Section 63 of the Internal Revenue
 10 Code), if the taxpayer is a corporation, or when the applicable
 11 modifications required by IC 6-3-1-3.5 as set forth in subdivision
 12 (1) exceed the taxpayer's federal adjusted gross income (as
 13 defined by Section 62 of the Internal Revenue Code), if the
 14 taxpayer is a nonresident person, for the taxable year in which the
 15 Indiana net operating loss is determined.

16 (e) Subject to the limitations contained in subsection (g), an Indiana
 17 net operating loss carryover shall be available as a deduction from the
 18 taxpayer's adjusted gross income derived from sources within Indiana
 19 (as defined in section 2 of this chapter) in the carryover year provided
 20 in subsection (f).

21 (f) Carryovers shall be determined under this subsection as follows:

22 (1) An Indiana net operating loss shall be an Indiana net operating
 23 loss carryover to each of the carryover years following the taxable
 24 year of the loss.

25 (2) Carryover years shall be determined by reference to the
 26 number of years allowed for carrying over net operating losses
 27 under Section 172(b) of the Internal Revenue Code.

28 (g) The entire amount of the Indiana net operating loss for any
 29 taxable year shall be carried to the earliest of the taxable years to which
 30 (as determined under subsection (f)) the loss may be carried. The
 31 amount of the Indiana net operating loss remaining after the deduction
 32 is taken under this section in a taxable year may be carried over as
 33 provided in subsection (f). The amount of the Indiana net operating loss
 34 carried over from year to year shall be reduced to the extent that the
 35 Indiana net operating loss carryover is used by the taxpayer to obtain
 36 a deduction in a taxable year until the occurrence of the earlier of the
 37 following:

38 (1) The entire amount of the Indiana net operating loss has been
 39 used as a deduction.

40 (2) The Indiana net operating loss has been carried over to each
 41 of the carryover years provided by subsection (f).

42 (h) An Indiana net operating loss deduction determined under this



1 section shall be allowed notwithstanding the fact that in the year the
 2 taxpayer incurred the net operating loss the taxpayer was not subject to
 3 the tax imposed under section 1 of this chapter because the taxpayer
 4 was:

5 (1) a life insurance company (as defined in Section 816(a) of the
 6 Internal Revenue Code); or

7 (2) an insurance company subject to tax under Section 831 of the
 8 Internal Revenue Code.

9 (i) In the case of a life insurance company that claims an operations
 10 loss deduction under Section 810 of the Internal Revenue Code, this
 11 section shall be applied by:

12 (1) substituting the corresponding provisions of Section 810 of the
 13 Internal Revenue Code in place of references to Section 172 of
 14 the Internal Revenue Code; and

15 (2) substituting life insurance company taxable income (as
 16 defined in Section 801 the Internal Revenue Code) in place of
 17 references to taxable income (as defined in Section 63 of the
 18 Internal Revenue Code).

19 SECTION 12. IC 6-3-2-4, AS AMENDED BY P.L.217-2017,
 20 SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JANUARY 1, 2019]: Sec. 4. (a) Each taxable year, an individual, or the
 22 individual's surviving spouse, is entitled to the following:

23 (1) An adjusted gross income tax deduction for the first five
 24 thousand dollars (\$5,000) of income, excluding adjusted gross
 25 income described in subdivision (2), received during the taxable
 26 year by the individual, or the individual's surviving spouse, for the
 27 individual's service in an active or reserve component of the
 28 armed forces of the United States, including the army, navy, air
 29 force, coast guard, marine corps, merchant marine, Indiana army
 30 national guard, or Indiana air national guard.

31 (2) An adjusted gross income tax deduction of six thousand two
 32 hundred fifty dollars (\$6,250) for income from retirement or
 33 survivor's benefits received during the taxable year by the
 34 individual, or the individual's surviving spouse, for the
 35 individual's service in an active or reserve component of the
 36 armed forces of the United States, including the army, navy, air
 37 force, coast guard, marine corps, merchant marine, Indiana army
 38 national guard, or Indiana air national guard.

39 (b) An individual whose qualified military income is subtracted
 40 from the individual's federal adjusted gross income under
 41 ~~IC 6-3-1-3.5(a)(19)~~ **IC 6-3-1-3.5(a)(18)** for Indiana individual income
 42 tax purposes is not, for that taxable year, entitled to a deduction under



1 this section for the same qualified military income that is deducted
 2 under ~~IC 6-3-1-3.5(a)(19)~~. **IC 6-3-1-3.5(a)(18)**.

3 SECTION 13. IC 6-5.5-1-2, AS AMENDED BY P.L.250-2015,
 4 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JANUARY 1, 2019]: Sec. 2. (a) Except as provided in subsections (b)
 6 through (d), "adjusted gross income" means taxable income as defined
 7 in Section 63 of the Internal Revenue Code, adjusted as follows:

8 (1) Add the following amounts:

9 (A) An amount equal to a deduction allowed or allowable
 10 under Section 166, Section 585, or Section 593 of the Internal
 11 Revenue Code.

12 (B) An amount equal to a deduction allowed or allowable
 13 under Section 170 of the Internal Revenue Code.

14 (C) An amount equal to a deduction or deductions allowed or
 15 allowable under Section 63 of the Internal Revenue Code for
 16 taxes based on or measured by income and levied at the state
 17 level by a state of the United States or levied at the local level
 18 by any subdivision of a state of the United States.

19 (D) The amount of interest excluded under Section 103 of the
 20 Internal Revenue Code or under any other federal law, minus
 21 the associated expenses disallowed in the computation of
 22 taxable income under Section 265 of the Internal Revenue
 23 Code.

24 (E) An amount equal to the deduction allowed under Section
 25 172 or 1212 of the Internal Revenue Code for net operating
 26 losses or net capital losses.

27 (F) For a taxpayer that is not a large bank (as defined in
 28 Section 585(c)(2) of the Internal Revenue Code), an amount
 29 equal to the recovery of a debt, or part of a debt, that becomes
 30 worthless to the extent a deduction was allowed from gross
 31 income in a prior taxable year under Section 166(a) of the
 32 Internal Revenue Code.

33 (G) Add the amount necessary to make the adjusted gross
 34 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
 37 income that would have been computed had an election not
 38 been made under Section 168(k) of the Internal Revenue Code
 39 to apply bonus depreciation to the property in the year that it
 40 was placed in service.

41 (H) Add the amount necessary to make the adjusted gross
 42 income of any taxpayer that placed Section 179 property (as



1 defined in Section 179 of the Internal Revenue Code) in
 2 service in the current taxable year or in an earlier taxable year
 3 equal to the amount of adjusted gross income that would have
 4 been computed had an election for federal income tax
 5 purposes not been made for the year in which the property was
 6 placed in service to take deductions under Section 179 of the
 7 Internal Revenue Code in a total amount exceeding
 8 twenty-five thousand dollars (\$25,000).

9 ~~(F)~~ Add an amount equal to the amount that a taxpayer claimed
 10 as a deduction for domestic production activities for the
 11 taxable year under Section 199 of the Internal Revenue Code
 12 for federal income tax purposes.

13 ~~(G)~~ (I) Add an amount equal to any income not included in
 14 gross income as a result of the deferral of income arising from
 15 business indebtedness discharged in connection with the
 16 reacquisition after December 31, 2008, and before January 1,
 17 2011, of an applicable debt instrument, as provided in Section
 18 108(i) of the Internal Revenue Code. Subtract from the
 19 adjusted gross income of any taxpayer that added an amount
 20 to adjusted gross income in a previous year the amount
 21 necessary to offset the amount included in federal gross
 22 income as a result of the deferral of income arising from
 23 business indebtedness discharged in connection with the
 24 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 ~~(K)~~ (J) Add an amount equal to any exempt insurance income
 28 under Section 953(e) of the Internal Revenue Code for active
 29 financing income under Subpart F, Subtitle A, Chapter 1,
 30 Subchapter N of the Internal Revenue Code.

31 (2) Subtract the following amounts:

32 (A) Income that the United States Constitution or any statute
 33 of the United States prohibits from being used to measure the
 34 tax imposed by this chapter.

35 (B) Income that is derived from sources outside the United
 36 States, as defined by the Internal Revenue Code.

37 (C) An amount equal to a debt or part of a debt that becomes
 38 worthless, as permitted under Section 166(a) of the Internal
 39 Revenue Code.

40 (D) An amount equal to any bad debt reserves that are
 41 included in federal income because of accounting method
 42 changes required by Section 585(c)(3)(A) or Section 593 of



- 1 the Internal Revenue Code.
- 2 (E) The amount necessary to make the adjusted gross income
- 3 of any taxpayer that owns property for which bonus
- 4 depreciation was allowed in the current taxable year or in an
- 5 earlier taxable year equal to the amount of adjusted gross
- 6 income that would have been computed had an election not
- 7 been made under Section 168(k) of the Internal Revenue Code
- 8 to apply bonus depreciation.
- 9 (F) The amount necessary to make the adjusted gross income
- 10 of any taxpayer that placed Section 179 property (as defined
- 11 in Section 179 of the Internal Revenue Code) in service in the
- 12 current taxable year or in an earlier taxable year equal to the
- 13 amount of adjusted gross income that would have been
- 14 computed had an election for federal income tax purposes not
- 15 been made for the year in which the property was placed in
- 16 service to take deductions under Section 179 of the Internal
- 17 Revenue Code in a total amount exceeding twenty-five
- 18 thousand dollars (\$25,000).
- 19 (G) Income that is:
- 20 (i) exempt from taxation under IC 6-3-2-21.7; and
- 21 (ii) included in the taxpayer's taxable income under the
- 22 Internal Revenue Code.
- 23 (b) In the case of a credit union, "adjusted gross income" for a
- 24 taxable year means the total transfers to undivided earnings minus
- 25 dividends for that taxable year after statutory reserves are set aside
- 26 under IC 28-7-1-24.
- 27 (c) In the case of an investment company, "adjusted gross income"
- 28 means the company's federal taxable income plus the amount excluded
- 29 from federal gross income under Section 103 of the Internal Revenue
- 30 Code for interest received on an obligation of a state other than Indiana,
- 31 or a political subdivision of such a state, that is acquired by the
- 32 taxpayer after December 31, 2011, multiplied by the quotient of:
- 33 (1) the aggregate of the gross payments collected by the company
- 34 during the taxable year from old and new business upon
- 35 investment contracts issued by the company and held by residents
- 36 of Indiana; divided by
- 37 (2) the total amount of gross payments collected during the
- 38 taxable year by the company from the business upon investment
- 39 contracts issued by the company and held by persons residing
- 40 within Indiana and elsewhere.
- 41 (d) As used in subsection (c), "investment company" means a
- 42 person, copartnership, association, limited liability company, or



- 1 corporation, whether domestic or foreign, that:
- 2 (1) is registered under the Investment Company Act of 1940 (15
- 3 U.S.C. 80a-1 et seq.); and
- 4 (2) solicits or receives a payment to be made to itself and issues
- 5 in exchange for the payment:
- 6 (A) a so-called bond;
- 7 (B) a share;
- 8 (C) a coupon;
- 9 (D) a certificate of membership;
- 10 (E) an agreement;
- 11 (F) a pretended agreement; or
- 12 (G) other evidences of obligation;
- 13 entitling the holder to anything of value at some future date, if the
- 14 gross payments received by the company during the taxable year
- 15 on outstanding investment contracts, plus interest and dividends
- 16 earned on those contracts (by prorating the interest and dividends
- 17 earned on investment contracts by the same proportion that
- 18 certificate reserves (as defined by the Investment Company Act
- 19 of 1940) is to the company's total assets) is at least fifty percent
- 20 (50%) of the company's gross payments upon investment
- 21 contracts plus gross income from all other sources except
- 22 dividends from subsidiaries for the taxable year. The term
- 23 "investment contract" means an instrument listed in clauses (A)
- 24 through (G).
- 25 SECTION 14. [EFFECTIVE JANUARY 1, 2019] **(a) IC 6-3-1-3.5,**
- 26 **IC 6-3-2-2.5, IC 6-3-2-2.6, and IC 6-3-2-4, all as amended by this**
- 27 **act, apply only to taxable years beginning after December 31, 2018.**
- 28 **(b) IC 6-5.5-1-2, as amended by this act, applies only to taxable**
- 29 **years beginning after December 31, 2018.**
- 30 **(c) This SECTION expires July 1, 2022.**

