

# HOUSE BILL No. 1209

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3-2.

**Synopsis:** Income tax deductions. Provides an income tax deduction for all retirement or survivor's benefits that are received by a resident individual taxpayer for service in an active or reserve component of the armed forces of the United States, including the army, navy, air force, coast guard, marine corps, merchant marine, Indiana army national guard, or Indiana air national guard. Provides that a resident individual taxpayer who was employed in Indiana for at least 20 years and has resided in Indiana for at least 20 years is entitled to an income tax deduction for all federal civil service benefits received by the individual and all retirement or disability benefits received by the individual from: (1) the public employees' retirement fund; (2) the Indiana state teachers' retirement fund; (3) the state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement plan; and (4) the trust fund and pension trust of the Indiana state police department.

**Effective:** January 1, 2016.

---

---

## Arnold L

---

---

January 13, 2015, read first time and referred to Committee on Ways and Means.

---

---



First Regular Session of the 119th General Assembly (2015)

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 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## HOUSE BILL No. 1209

---

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 6-3-2-3.7 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 3.7. **(a) Except**  
3 **as provided in subsections (b) and (c)**, each taxable year, an  
4 individual is entitled to an adjusted gross income tax deduction equal  
5 to the remainder of:  
6 (1) the first two thousand dollars (\$2,000) which is received by  
7 the individual during the taxable year from a federal civil service  
8 annuity, and which is included in adjusted gross income under  
9 Section 62 of the Internal Revenue Code; minus  
10 (2) the total amount of social security benefits and railroad  
11 retirement benefits received by the individual during the taxable  
12 year.  
13 **(b) Each taxable year, a resident individual taxpayer is entitled**  
14 **to an adjusted gross income tax deduction equal to the amount that**  
15 **is received by the individual during the taxable year from a federal**



1 **civil service annuity and that is included in adjusted gross income**  
 2 **under Section 62 of the Internal Revenue Code, if:**

3 **(1) the individual was employed in Indiana for at least twenty**  
 4 **(20) years before the individual first received the federal civil**  
 5 **service annuity payments; and**

6 **(2) in each of the twenty (20) years before the year for which**  
 7 **the deduction under this subsection is claimed, the**  
 8 **individual's primary residence was in Indiana.**

9 **A resident individual taxpayer who claims a deduction under this**  
 10 **subsection for a taxable year may not claim a deduction under**  
 11 **subsection (a) in the taxable year for the same income.**

12 **(c) However, the An individual is only entitled to the deduction**  
 13 **provided by this section if the individual is at least sixty-two (62) years**  
 14 **of age before the end of the taxable year.**

15 SECTION 2. IC 6-3-2-4, AS AMENDED BY P.L.6-2012,  
 16 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17 JANUARY 1, 2016]: Sec. 4. (a) **Except as provided in subsection (b),**  
 18 **each taxable year, an individual, or the individual's surviving spouse,**  
 19 **is entitled to an adjusted gross income tax deduction for the first five**  
 20 **thousand dollars (\$5,000) of income, including retirement or survivor's**  
 21 **benefits, received during the taxable year by the individual, or the**  
 22 **individual's surviving spouse, for the individual's service in an active**  
 23 **or reserve component of the armed forces of the United States,**  
 24 **including the army, navy, air force, coast guard, marine corps,**  
 25 **merchant marine, Indiana army national guard, or Indiana air national**  
 26 **guard.**

27 **(b) A resident individual or an individual's resident surviving**  
 28 **spouse is entitled to an adjusted gross income tax deduction equal**  
 29 **to the amount of retirement or survivor's benefits that:**

30 **(1) is received during the taxable year by the individual, or the**  
 31 **individual's surviving spouse, for the individual's service in an**  
 32 **active or reserve component of the armed forces of the United**  
 33 **States, including the army, navy, air force, coast guard,**  
 34 **marine corps, merchant marine, Indiana army national**  
 35 **guard, or Indiana air national guard; and**

36 **(2) is included in adjusted gross income under Section 62 of**  
 37 **the Internal Revenue Code;**

38 **if the primary residence of the individual or the individual's**  
 39 **surviving spouse was in Indiana during the taxable year. An**  
 40 **individual or an individual's surviving spouse who claims a**  
 41 **deduction under this subsection for a taxable year may not claim**  
 42 **a deduction under subsection (a) in the taxable year for the same**



1 **income.**

2 **(c) However,** A person who is less than sixty (60) years of age on  
3 the last day of the person's taxable year, is not, for that taxable year,  
4 entitled to a deduction under this section for retirement or survivor's  
5 benefits.

6 **(d)** An individual whose qualified military income is subtracted  
7 from the individual's federal adjusted gross income under  
8 IC 6-3-1-3.5(a)(21) for Indiana individual income tax purposes is not,  
9 for that taxable year, entitled to a deduction under this section for the  
10 individual's qualified military income.

11 **SECTION 3. IC 6-3-2-4.5 IS ADDED TO THE INDIANA CODE**  
12 **AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**  
13 **JANUARY 1, 2016]: Sec. 4.5. (a) A resident individual taxpayer is**  
14 **entitled to a deduction as provided under this section for any**  
15 **disability and retirement benefits that are received from any of the**  
16 **following and are included in adjusted gross income under Section**  
17 **62 of the Internal Revenue Code:**

18 **(1) The public employees' retirement fund established by**  
19 **IC 5-10.3-2.**

20 **(2) The Indiana state teachers' retirement fund established by**  
21 **IC 5-10.4-2.**

22 **(3) The state excise police, gaming agent, gaming control**  
23 **officer, and conservation enforcement officers' retirement**  
24 **plan established under IC 5-10-5.5.**

25 **(4) The trust fund and pension trust of the state police**  
26 **department.**

27 **(b) A resident individual taxpayer is entitled to a deduction**  
28 **from the taxpayer's adjusted gross income for a particular taxable**  
29 **year under this section only if:**

30 **(1) the individual was employed in Indiana for at least twenty**  
31 **(20) years before the individual first received the benefit**  
32 **described in subsection (a) for which the deduction is claimed**  
33 **under this section; and**

34 **(2) in each of the twenty (20) years before the year for which**  
35 **the deduction under this section is claimed, the individual's**  
36 **primary residence was in Indiana.**

37 **A resident individual taxpayer who claims a deduction under this**  
38 **section for a taxable year may not claim any other deduction in the**  
39 **taxable year for the same income.**

40 **SECTION 4. [EFFECTIVE JANUARY 1, 2016] (a) IC 6-3-2-3.7**  
41 **and IC 6-3-2-4, both as amended by this act, and IC 6-3-2-4.5, as**  
42 **added by this act, apply to taxable years beginning after December**



1       **31, 2015.**  
2       **(b) This SECTION expires January 1, 2019.**

