

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 2015 Regular Session of the General Assembly.

SENATE ENROLLED ACT No. 309

AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 5-20-5-15.5, AS AMENDED BY P.L.211-2007, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 15.5. (a) The governing body of an eligible entity that receives a grant under this chapter shall, by resolution, establish an affordable housing fund to be administered, subject to the terms of the resolution, by a department, a division, or an agency designated by the governing body.

(b) The affordable housing fund consists of:

- (1) payments in lieu of taxes deposited in the fund under IC 36-1-8-14.2 (**before its expiration**);
- (2) gifts and grants to the fund;
- (3) investment income earned on the fund's assets;
- (4) money deposited in the fund under IC 36-2-7-10; and
- (5) other funds from sources approved by the commission.

(c) The governing body shall, by resolution, establish uses for the affordable housing fund. However, the uses must be limited to:

- (1) providing financial assistance to those individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, to enable those individuals and families to purchase or lease residential units within the county;
- (2) paying expenses of administering the fund;
- (3) making grants, loans, and loan guarantees for the



development, rehabilitation, or financing of affordable housing for individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, including the elderly, persons with disabilities, and homeless individuals and families; and
 (4) providing technical assistance to nonprofit developers of affordable housing.

(d) The county treasurer shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

SECTION 2. IC 6-1.1-10-16, AS AMENDED BY P.L.151-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 16. (a) All or part of a building is exempt from property taxation if it is owned, occupied, and used by a person for educational, literary, scientific, religious, or charitable purposes.

(b) A building is exempt from property taxation if it is owned, occupied, and used by a town, city, township, or county for educational, literary, scientific, fraternal, or charitable purposes.

(c) A tract of land, including the campus and athletic grounds of an educational institution, is exempt from property taxation if:

- (1) a building that is exempt under subsection (a) or (b) is situated on it;
- (2) a parking lot or structure that serves a building referred to in subdivision (1) is situated on it; or
- (3) the tract:
 - (A) is owned by a nonprofit entity established for the purpose of retaining and preserving land and water for their natural characteristics;
 - (B) does not exceed five hundred (500) acres; and
 - (C) is not used by the nonprofit entity to make a profit.

(d) A tract of land is exempt from property taxation if:

- (1) it is purchased for the purpose of erecting a building that is to be owned, occupied, and used in such a manner that the building will be exempt under subsection (a) or (b); and
- (2) not more than four (4) years after the property is purchased, and for each year after the four (4) year period, the owner demonstrates substantial progress and active pursuit towards the erection of the intended building and use of the tract for the exempt purpose. To establish substantial progress and active pursuit under this subdivision, the owner must prove the existence of factors such as the following:

(A) Organization of and activity by a building committee or



other oversight group.

(B) Completion and filing of building plans with the appropriate local government authority.

(C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within four (4) years.

(D) The breaking of ground and the beginning of actual construction.

(E) Any other factor that would lead a reasonable individual to believe that construction of the building is an active plan and that the building is capable of being completed within eight (8) years considering the circumstances of the owner.

If the owner of the property sells, leases, or otherwise transfers a tract of land that is exempt under this subsection, the owner is liable for the property taxes that were not imposed upon the tract of land during the period beginning January 1 of the fourth year following the purchase of the property and ending on December 31 of the year of the sale, lease, or transfer. The county auditor of the county in which the tract of land is located may establish an installment plan for the repayment of taxes due under this subsection. The plan established by the county auditor may allow the repayment of the taxes over a period of years equal to the number of years for which property taxes must be repaid under this subsection.

(e) Personal property is exempt from property taxation if it is owned and used in such a manner that it would be exempt under subsection (a) or (b) if it were a building.

(f) A hospital's property that is exempt from property taxation under subsection (a), (b), or (e) shall remain exempt from property taxation even if the property is used in part to furnish goods or services to another hospital whose property qualifies for exemption under this section.

(g) Property owned by a shared hospital services organization that is exempt from federal income taxation under Section 501(c)(3) or 501(e) of the Internal Revenue Code is exempt from property taxation if it is owned, occupied, and used exclusively to furnish goods or services to a hospital whose property is exempt from property taxation under subsection (a), (b), or (e).

(h) This section does not exempt from property tax an office or a practice of a physician or group of physicians that is owned by a hospital licensed under IC 16-21-2 or other property that is not substantially related to or supportive of the inpatient facility of the hospital unless the office, practice, or other property:



- (1) provides or supports the provision of charity care (as defined in IC 16-18-2-52.5), including providing funds or other financial support for health care services for individuals who are indigent (as defined in IC 16-18-2-52.5(b) and IC 16-18-2-52.5(c)); or
- (2) provides or supports the provision of community benefits (as defined in IC 16-21-9-1), including research, education, or government sponsored indigent health care (as defined in IC 16-21-9-2).

However, participation in the Medicaid or Medicare program alone does not entitle an office, practice, or other property described in this subsection to an exemption under this section.

(i) **The exemption provided in this subsection applies only for an assessment date occurring before January 2, 2017.** A tract of land or a tract of land plus all or part of a structure on the land is exempt from property taxation if:

- (1) the tract is acquired for the purpose of erecting, renovating, or improving a single family residential structure that is to be given away or sold:

- (A) in a charitable manner;
- (B) by a nonprofit organization; and
- (C) to low income individuals who will:
 - (i) use the land as a family residence; and
 - (ii) not have an exemption for the land under this section;

- (2) the tract does not exceed three (3) acres; **and**

- (3) the tract of land or the tract of land plus all or part of a structure on the land is not used for profit while exempt under this section. **and**

- (4) **not more than four (4) years after the property is acquired for the purpose described in subdivision (1); and for each year after the four (4) year period the owner demonstrates substantial progress and active pursuit towards the erection, renovation, or improvement of the intended structure. To establish substantial progress and active pursuit under this subdivision, the owner must prove the existence of factors such as the following:**

- (A) Organization of and activity by a building committee or other oversight group.
- (B) Completion and filing of building plans with the appropriate local government authority.
- (C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within five (5) years of the initial exemption received under this subsection.



~~(D)~~ The breaking of ground and the beginning of actual construction.

(E) Any other factor that would lead a reasonable individual to believe that construction of the structure is an active plan and that the structure is capable of being:

(i) completed; and

(ii) transferred to a low income individual who does not receive an exemption under this section;

within eight (8) years considering the circumstances of the owner.

This subsection expires January 1, 2028.

(j) An exemption under subsection (i) terminates:

(1) when the property is conveyed by the nonprofit organization to another owner; **or**

(2) **January 2, 2017;**

whichever occurs first. This subsection expires January 1, 2028.

(k) When the property **that is exempt in any year under subsection (i)** is conveyed to another owner, the nonprofit organization receiving the exemption must file a certified statement with the auditor of the county, notifying the auditor of the change not later than sixty (60) days after the date of the conveyance. The county auditor shall immediately forward a copy of the certified statement to the county assessor. A nonprofit organization that fails to file the statement required by this subsection is liable for the amount of property taxes due on the property conveyed if it were not for the exemption allowed under this chapter.

~~(k)~~ (l) If property is granted an exemption in any year under subsection (i) and the owner:

~~(1)~~ ceases to be eligible for the exemption under subsection (i)~~(4)~~;

~~(2)~~ (1) fails to transfer the tangible property within eight (8) years after the assessment date for which the exemption is initially granted; **or**

~~(3)~~ (2) transfers the tangible property to a person who:

(A) is not a low income individual; **or**

(B) does not use the transferred property as a residence for at least one (1) year after the property is transferred;

the person receiving the exemption shall notify the county recorder and the county auditor of the county in which the property is located not later than sixty (60) days after the event described in subdivision (1) **or** (2) ~~or~~ (3) occurs. The county auditor shall immediately inform the county assessor of a notification received under this subsection. **This subsection expires January 1, 2028.**



~~(k)~~ **(m)** If subsection ~~(k)(1)~~, ~~(k)(2)~~, or ~~(k)(3)~~ **(l)(1) or (l)(2)** applies, the owner shall pay, not later than the date that the next installment of property taxes is due, an amount equal to the sum of the following:

- (1) The total property taxes that, if it were not for the exemption under subsection (i), would have been levied on the property in each year in which an exemption was allowed.
- (2) Interest on the property taxes at the rate of ten percent (10%) per year.

This subsection expires January 1, 2028.

~~(m)~~ **(n)** The liability imposed by subsection ~~(m)~~ **(m)** is a lien upon the property receiving the exemption under subsection (i). An amount collected under subsection ~~(m)~~ **(m)** shall be collected as an excess levy. If the amount is not paid, it shall be collected in the same manner that delinquent taxes on real property are collected. **This subsection expires January 1, 2028.**

~~(n)~~ **(o)** Property referred to in this section shall be assessed to the extent required under IC 6-1.1-11-9.

~~(o)~~ **(p)** A for-profit provider of early childhood education services to children who are at least four (4) but less than six (6) years of age on the annual assessment date may receive the exemption provided by this section for property used for educational purposes only if all the requirements of section 46 of this chapter are satisfied. A for-profit provider of early childhood education services that provides the services only to children younger than four (4) years of age may not receive the exemption provided by this section for property used for educational purposes.

SECTION 3. IC 6-1.1-10-16.7, AS AMENDED BY P.L.181-2006, SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 16.7. **(a) Except as otherwise provided in this section**, all or part of real property is exempt from property taxation if:

- (1) the improvements on the real property were constructed, rehabilitated, or acquired for the purpose of providing housing to income eligible persons under the federal low income housing tax credit program under 26 U.S.C. 42;
- (2) the real property is subject to an extended use agreement under 26 U.S.C. 42 as administered by the Indiana housing and community development authority; and
- (3) the owner of the property has entered into an agreement to make payments in lieu of taxes under IC 36-1-8-14.2 **(before its expiration)**, IC 36-2-6-22 **(before its expiration)**, or IC 36-3-2-11 **(before its expiration)**.

(b) For assessment dates after December 31, 2017, all or part of



real property is exempt from property taxation if:

(1) the conditions specified in subsection (a)(1) through (a)(3) are met; and

(2) before January 1, 2018:

(A) the real property was exempt from property taxation under this section for one (1) or more assessment dates;

(B) a person filed an application seeking bond financing with a political subdivision with respect to the real property;

(C) a person filed an application with the Indiana housing and community development authority seeking tax credits under 26 U.S.C. 42 with respect to the real property; or

(D) the real property was the subject of a resolution for affordable housing adopted by a political subdivision.

(c) This section may not be construed in such a way as to:

(1) alter the terms of an agreement with the holders of any outstanding notes, bonds, or other obligations of an issuing body;

(2) authorize the issuing body to alter the terms of an agreement described in subdivision (1); or

(3) impair, or authorize the issuing body to impair, the rights and remedies of any creditor of the issuing body.

SECTION 4. IC 6-1.1-12-18, AS AMENDED BY P.L.247-2015, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 18. (a) **This section applies only to rehabilitation of residential real property that occurs before January 2, 2017.**

~~(a)~~ (b) If the assessed value of residential real property described in subsection ~~(d)~~ (e) is increased because it has been rehabilitated, the owner may have deducted from the assessed value of the property an amount not to exceed the lesser of:

(1) the total increase in assessed value resulting from the rehabilitation **(excluding an increase in assessed value that occurs after January 1, 2017)**; or

(2) eighteen thousand seven hundred twenty dollars (\$18,720) per rehabilitated dwelling unit.

The owner is entitled to this deduction annually for a five (5) year period, or if subsection ~~(e)~~ (f) applies, the period established under subsection ~~(e)~~: (f).

~~(b)~~ (c) For purposes of this section, the term "rehabilitation" means significant repairs, replacements, or improvements to an existing structure which are intended to increase the livability, utility, safety, or



value of the property under rules adopted by the department of local government finance.

(e) (d) For the purposes of this section, the term "owner" or "property owner" includes any person who has the legal obligation, or has otherwise assumed the obligation, to pay the real property taxes on the rehabilitated property.

(d) (e) The deduction provided by this section applies only:

(1) for the rehabilitation of residential real property which is located within this state and which is described in one (1) of the following classifications:

(A) A single family dwelling if before rehabilitation the assessed value (excluding any exemptions or deductions) of the improvements does not exceed thirty-seven thousand four hundred forty dollars (\$37,440).

(B) A two (2) family dwelling if before rehabilitation the assessed value (excluding exemptions or deductions) of the improvements does not exceed forty-nine thousand nine hundred twenty dollars (\$49,920).

(C) A dwelling with more than two (2) family units if before rehabilitation the assessed value (excluding any exemptions or deductions) of the improvements does not exceed eighteen thousand seven hundred twenty dollars (\$18,720) per dwelling unit; and

(2) if the property owner:

(A) owns the residential real property; or

(B) is buying the residential real property under contract;

on the assessment date of the year in which an application must be filed under section 20 of this chapter.

(e) (f) A county, city, or town fiscal body may adopt an ordinance to establish a deduction period that is longer than five (5) years but not to exceed fifteen (15) years for any rehabilitated property covered by this section that has also been determined to be abandoned or vacant for purposes of IC 6-1.1-24.

(g) This section expires January 1, 2033.

SECTION 5. IC 6-1.1-12-19, AS AMENDED BY P.L.112-2012, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 19. (a) The deduction from assessed value provided by section 18 of this chapter (**before its expiration**) is first available in the year in which the increase in assessed value resulting from the rehabilitation occurs and shall continue for the following four (4) years. In the sixth (6th) year, the county auditor shall add the amount of the deduction to the assessed value of the real property. A:



- (1) general reassessment of real property under IC 6-1.1-4-4; or
- (2) reassessment under a county's reassessment plan prepared under IC 6-1.1-4-4.2;

which occurs within the five (5) year period of the deduction does not affect the amount of the deduction.

(b) This section expires January 1, 2023.

SECTION 6. IC 6-1.1-12-20, AS AMENDED BY P.L.1-2009, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 20. (a) A property owner who desires to obtain the deduction provided by section 18 of this chapter **(before its expiration)** must file a certified deduction application, on forms prescribed by the department of local government finance, with the auditor of the county in which the rehabilitated property is located. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. Except as provided in subsection (b) and subject to section 45 of this chapter, the application must be filed in the year in which the addition to assessed value is made.

(b) If notice of the addition to assessed value for any year is not given to the property owner before December 1 of that year, the application required by this section may be filed not later than thirty (30) days after the date such a notice is mailed to the property owner at the address shown on the records of the township or county assessor.

(c) The application required by this section shall contain the following information:

- (1) A description of the property for which a deduction is claimed in sufficient detail to afford identification.
- (2) Statements of the ownership of the property.
- (3) The assessed value of the improvements on the property before rehabilitation.
- (4) The number of dwelling units on the property.
- (5) The number of dwelling units rehabilitated.
- (6) The increase in assessed value resulting from the rehabilitation.
- (7) The amount of deduction claimed.

(d) A deduction application filed under this section is applicable for the year in which the increase in assessed value occurs and for the immediately following four (4) years without any additional application being filed.

(e) On verification of an application by the assessor of the township in which the property is located, or the county assessor if there is no township assessor for the township, the county auditor shall make the



deduction.

(f) This section expires January 1, 2023.

SECTION 7. IC 6-1.1-12-22, AS AMENDED BY P.L.247-2015, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 22. **(a) This section applies only to rehabilitation of property that occurs before January 2, 2017.**

~~(a)~~ **(b)** If the assessed value of property is increased because it has been rehabilitated and the owner has paid at least ten thousand dollars (\$10,000) for the rehabilitation, the owner is entitled to have deducted from the assessed value of the property an amount equal to fifty percent (50%) of the increase in assessed value resulting from the rehabilitation **(excluding an increase in assessed value that occurs from rehabilitation after January 1, 2017)**. The owner is entitled to this deduction annually for a five (5) year period, or if subsection ~~(e)~~ **(f)** applies, the period established under subsection ~~(e)~~: **(f)**. However, the maximum deduction which a property owner may receive under this section for a particular year is:

- (1) one hundred twenty-four thousand eight hundred dollars (\$124,800) for a single family dwelling unit; or
- (2) three hundred thousand dollars (\$300,000) for any other type of property.

~~(b)~~ **(c)** For purposes of this section, the term "property" means a building or structure which was erected at least fifty (50) years before the date of application for the deduction provided by this section. The term "property" does not include land.

~~(c)~~ **(d)** For purposes of this section, the term "rehabilitation" means significant repairs, replacements, or improvements to an existing structure that are intended to increase the livability, utility, safety, or value of the property under rules adopted by the department of local government finance.

~~(d)~~ **(e)** The deduction provided by this section applies only if the property owner:

- (1) owns the property; or
- (2) is buying the property under contract;

on the assessment date of the year in which an application must be filed under section 24 of this chapter.

~~(e)~~ **(f)** A county, city, or town fiscal body may adopt an ordinance to establish a deduction period that is longer than five (5) years but not to exceed seven (7) years for any rehabilitated property covered by this section that has also been determined to be abandoned or vacant for purposes of IC 6-1.1-24.

(g) This section expires January 1, 2025.



SECTION 8. IC 6-1.1-12-23, AS AMENDED BY P.L.112-2012, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 23. **(a)** The deduction from assessed value provided by section 22 of this chapter **(before its expiration)** is first available after the first assessment date following the rehabilitation and shall continue for the taxes first due and payable in the following five (5) years. In the sixth (6th) year, the county auditor shall add the amount of the deduction to the assessed value of the property. Any:

- (1) general reassessment of real property under IC 6-1.1-4-4; or
- (2) reassessment under a county's reassessment plan prepared under IC 6-1.1-4-4.2;

which occurs within the five (5) year period of the deduction does not affect the amount of the deduction.

(b) This section expires January 1, 2023.

SECTION 9. IC 6-1.1-12-24, AS AMENDED BY P.L.113-2010, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 24. (a) A property owner who desires to obtain the deduction provided by section 22 of this chapter **(before its expiration)** must file a certified deduction application, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is located. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. Except as provided in subsection (b) and subject to section 45 of this chapter, the application must be filed in the year in which the addition to assessed valuation is made.

(b) If notice of the addition to assessed valuation for any year is not given to the property owner before December 1 of that year, the application required by this section may be filed not later than thirty (30) days after the date such a notice is mailed to the property owner at the address shown on the records of the township or county assessor.

(c) The application required by this section shall contain the following information:

- (1) The name of the property owner.
- (2) A description of the property for which a deduction is claimed in sufficient detail to afford identification.
- (3) The assessed value of the improvements on the property before rehabilitation.
- (4) The increase in the assessed value of improvements resulting from the rehabilitation.
- (5) The amount of deduction claimed.

(d) A deduction application filed under this section is applicable for



the year in which the addition to assessed value is made and in the immediate following four (4) years without any additional application being filed.

(e) On verification of the correctness of an application by the assessor of the township in which the property is located, or the county assessor if there is no township assessor for the township, the county auditor shall make the deduction.

(f) This section expires January 1, 2023.

SECTION 10. IC 6-1.1-12-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 25. (a) For repairs or improvements made to a particular building or structure, a person may receive either the deduction provided by section 18 of this chapter (before its expiration) or the deduction provided by section 22 of this chapter (before its expiration). ~~He~~ **A person** may not receive deductions under both sections for the repairs or improvements.

(b) This section expires January 1, 2025.

SECTION 11. IC 6-1.1-12-46, AS AMENDED BY P.L.250-2015, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 46. (a) This section applies to real property for an assessment date in 2011 or a later year if:

- (1) the real property is not exempt from property taxation for the assessment date;
- (2) title to the real property is transferred after the assessment date and on or before the December 31 that next succeeds the assessment date;
- (3) the transferee of the real property applies for an exemption under IC 6-1.1-11 for the next succeeding assessment date; and
- (4) the county property tax assessment board of appeals determines that the real property is exempt from property taxation for that next succeeding assessment date.

(b) For the assessment date referred to in subsection (a)(1), real property is eligible for any deductions for which the transferor under subsection (a)(2) was eligible for that assessment date under the following:

- (1) IC 6-1.1-12-1.
- (2) IC 6-1.1-12-9.
- (3) IC 6-1.1-12-11.
- (4) IC 6-1.1-12-13.
- (5) IC 6-1.1-12-14.
- (6) IC 6-1.1-12-16.
- (7) IC 6-1.1-12-17.4 (before its expiration).
- (8) IC 6-1.1-12-18 (before its expiration).



(9) IC 6-1.1-12-22 **(before its expiration)**.

(10) IC 6-1.1-12-37.

(11) IC 6-1.1-12-37.5.

(c) For the payment date applicable to the assessment date referred to in subsection (a)(1), real property is eligible for the credit for excessive residential property taxes under IC 6-1.1-20.6 for which the transferor under subsection (a)(2) would be eligible for that payment date if the transfer had not occurred.

SECTION 12. IC 6-1.1-12.1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 6. (a) A property owner may not receive a deduction under this chapter for repairs or improvements to real property if ~~he~~ **the property owner** receives a deduction under either IC 6-1.1-12-18 **(before its expiration)** or IC 6-1.1-12-22 **(before its expiration)** for those same repairs or improvements. **This subsection expires January 1, 2033.**

(b) A property owner may not receive a deduction under this chapter if the property owner receives a deduction under IC 6-1.1-12-28.5 for the same property.

SECTION 13. IC 6-1.1-42-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 22. (a) The designating body shall determine whether to approve a deduction.

(b) A designating body may not grant a deduction for a facility described in IC 6-1.1-12.1-3(e).

(c) A property owner may not receive a deduction under this chapter for repairs or improvements to real property if the owner receives a deduction under either IC 6-1.1-12.1, IC 6-1.1-12-18 **(before its expiration)**, IC 6-1.1-12-22 **(before its expiration)**, or IC 6-1.1-12-28.5 for the same property.

(d) A designating body may approve a deduction only if the following findings are made in the affirmative:

(1) The applicant:

(A) has never had an ownership interest in an entity that contributed; and

(B) has not contributed;

a contaminant (as defined in IC 13-11-2-42) that is the subject of the voluntary remediation, as determined under the written standards adopted by the department of environmental management.

(2) The proposed improvement or property will be located in a zone.

(3) The estimate of the value of the remediation and redevelopment is reasonable for projects of that nature.



(4) The estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described remediation and redevelopment.

(5) The estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described remediation and redevelopment.

(6) Any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed described remediation and redevelopment.

(7) The totality of benefits is sufficient to justify the deduction.

SECTION 14. IC 6-2.5-1-14.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 14.7. "Construction material" means any tangible personal property to be converted into real property.**

SECTION 15. IC 6-2.5-1-14.9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 14.9. "Contractor" means any person engaged in converting construction material into real property on behalf of another person. The term includes, but is not limited to, general or prime contractors, subcontractors, and specialty contractors.**

SECTION 16. IC 6-2.5-1-19.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 19.5. "Facilitator" means a person who:**

- (1) contracts or otherwise enters into an agreement:**
 - (A) with a person who rents or furnishes rooms, lodgings, or accommodations for consideration; and**
 - (B) to market the rooms, lodgings, or accommodations through the Internet; and**
- (2) accepts payment from the consumer for the room, lodging, or accommodation.**

The term does not include a licensee (as defined in IC 25-34.1-1-2(6)) under the real estate broker licensing act (IC 25-34.1) or the owner of the room, lodging, or accommodation.

SECTION 17. IC 6-2.5-1-27.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 27.7. "Time and material contract" means a contract in which the cost**



of construction material and the cost of labor or other charges are stated separately.

SECTION 18. IC 6-2.5-3-2, AS AMENDED BY P.L.13-2013, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 2. (a) An excise tax, known as the use tax, is imposed on the storage, use, or consumption of tangible personal property in Indiana if the property was acquired in a retail transaction, regardless of the location of that transaction or of the retail merchant making that transaction.

(b) The use tax is also imposed on the storage, use, or consumption of a vehicle, an aircraft, or a watercraft, if the vehicle, aircraft, or watercraft:

- (1) is acquired in a transaction that is an isolated or occasional sale; and
- (2) is required to be titled, licensed, or registered by this state for use in Indiana.

(c) The use tax is imposed on ~~the addition of tangible personal property to a structure or facility, if, after its addition, the property becomes part of the real estate on which the structure or facility is located:~~ **a contractor's conversion of construction material into real property if that construction material was purchased by the contractor.** However, the use tax does not apply to ~~additions conversions of tangible personal property construction material~~ described in this subsection, if:

- (1) the state gross retail or use tax has been previously imposed on the ~~sale~~ **contractor's acquisition** or use of that ~~property~~; or **construction material;**
- (2) the ~~ultimate purchaser or recipient of that property would have been person for whom the construction material is being converted could have purchased the material~~ exempt from the state gross retail and use taxes, **as evidenced by a properly issued exemption certificate**, if that ~~purchaser or recipient person~~ had directly purchased the ~~property from the supplier for addition to the structure or facility:~~ **construction material from a retail merchant in a retail transaction; or**
- (3) **the conversion of the construction material into real property is governed by a time and material contract as described in IC 6-2.5-4-9(b).**

(d) The use tax is imposed on a person who:

- (1) manufactures, fabricates, or assembles tangible personal property from materials either within or outside Indiana; and
- (2) uses, stores, distributes, or consumes tangible personal



property in Indiana.

(e) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over tangible personal property, if:

(1) the property is delivered into Indiana by or for the purchaser of the property;

(2) the property is delivered in Indiana for the sole purpose of being processed, printed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property; and

(3) the property is subsequently transported out of state for use solely outside Indiana.

(f) As used in subsection (g) and IC 6-2.5-5-42:

(1) "completion work" means the addition of tangible personal property to or reconfiguration of the interior of an aircraft, if the work requires the issuance of an airworthiness certificate from the:

(A) Federal Aviation Administration; or

(B) equivalent foreign regulatory authority;

due to the change in the type certification basis of the aircraft resulting from the addition to or reconfiguration of the interior of the aircraft;

(2) "delivery" means the physical delivery of the aircraft regardless of who holds title; and

(3) "prepurchase evaluation" means an examination of an aircraft by a potential purchaser for the purpose of obtaining information relevant to the potential purchase of the aircraft.

(g) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over an aircraft, if:

(1) the aircraft is or will be titled, registered, or based (as defined in IC 6-6-6.5-1(m)) in another state or country;

(2) the aircraft is delivered to Indiana by or for a nonresident owner or purchaser of the aircraft;

(3) the aircraft is delivered to Indiana for the sole purpose of being repaired, refurbished, remanufactured, or subjected to completion work or a prepurchase evaluation; and

(4) after completion of the repair, refurbishment, remanufacture, completion work, or prepurchase evaluation, the aircraft is transported to a destination outside Indiana.

(h) The amendments made to this section by P.L.153-2012 shall be interpreted to specify and not to change the general assembly's intent



with respect to this section.

SECTION 19. IC 6-2.5-4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4. (a) A person is a retail merchant making a retail transaction when the person rents or furnishes rooms, lodgings, or other accommodations, such as booths, display spaces, banquet facilities, and cubicles or spaces used for adult relaxation, massage, modeling, dancing, or other entertainment to another person:

- (1) if those rooms, lodgings, or accommodations are rented or furnished for periods of less than thirty (30) days; and
- (2) if the rooms, lodgings, and accommodations are located in:
 - (A) a hotel, motel, inn, tourist camp, tourist cabin, gymnasium, hall, coliseum, or other place, where rooms, lodgings, or accommodations are regularly furnished for consideration; **or**
 - (B) a house, condominium, or apartment in which rooms, lodgings, or accommodations are rented or furnished for transient residential housing for consideration.

(b) A facilitator is a retail merchant making a retail transaction when the facilitator accepts payment from the consumer for a room, lodging, or accommodation rented or furnished in Indiana.

~~(b)~~ (c) **Except as provided in section 4.2 of this chapter**, each rental or furnishing by a retail merchant under subsection (a) **or (b)** is a separate unitary transaction regardless of whether consideration is paid to an independent contractor or directly to the retail merchant.

~~(c)~~ (d) For purposes of this section, "consideration" includes a membership fee charged to a customer.

~~(d)~~ (e) Notwithstanding subsection (a), a person is not a retail merchant making a retail transaction if:

- (1) the person is a promoter that rents a booth or display space to an exhibitor; and
- (2) the booth or display space is located in a facility that:
 - (A) is described in subsection (a)(2); and
 - (B) is operated by a political subdivision (including a capital improvement board established under IC 36-10-8 or IC 36-10-9) or the state fair commission.

This subsection does not exempt from the state gross retail tax the renting of accommodations by a political subdivision or the state fair commission to a promoter or an exhibitor.

SECTION 20. IC 6-2.5-4-4.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 4.2. (a) A person or a facilitator who is a retail merchant making a retail transaction described in**



section 4 of this chapter shall give to the consumer of the room, lodging, or accommodation an itemized statement separately stating all the following:

- (1) The part of the gross retail income that is charged by the person for renting or furnishing the room, lodging, or accommodation.
- (2) Any amount collected by the person renting or furnishing the room, lodging, or accommodation for:
 - (A) the state gross retail or use tax; and
 - (B) any innkeeper's tax due under IC 6-9.
- (3) Any part of the gross retail income that is a fee, commission, or other charge of a facilitator.

(b) A penalty of twenty-five dollars (\$25) is imposed for each transaction described in subsection (a) in which a facilitator fails to separately state the information required to be separately stated by subsection (a).

SECTION 21. IC 6-2.5-4-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]:
Sec. 9. (a) A person is a retail merchant making a retail transaction when the person sells tangible personal property which:

- (1) is to be added to a structure or facility by the purchaser; and
- (2) after its addition to the structure or facility, would become a part of the real estate on which the structure or facility is located.

(b) A contractor is a retail merchant making a retail transaction when the contractor:

- (1) disposes of tangible personal property; or
- (2) converts tangible personal property into real property; under a time and material contract. As such a retail merchant, a contractor described in this subsection shall collect, as an agent of the state, the state gross retail tax on the resale of the construction material and remit the state gross retail tax as provided in this article.

(b) (c) Notwithstanding subsection (a), subsections (a) and (b), a transaction described in subsection (a) or (b) is not a retail transaction, if the ultimate purchaser or recipient of the property to be added to the a structure or facility would be exempt from the state gross retail and use taxes if that purchaser or recipient had directly purchased the property from the supplier for addition to the structure or facility.

SECTION 22. IC 6-2.5-5-3, AS AMENDED BY P.L.250-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 3. (a) For purposes of this section:

- (1) the:



(A) retreading of tires; **and**
~~(B) cutting of steel bars into billets; and~~
~~(C) (B) felling of trees for further use in production or for sale~~
 in the ordinary course of business;
 shall be treated as the processing of tangible personal property;
 and

(2) commercial printing shall be treated as the production and manufacture of tangible personal property.

(b) Except as provided in subsection (c), transactions involving manufacturing machinery, tools, and equipment are exempt from the state gross retail tax if the person acquiring that property acquires it for direct use in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, including material handling equipment purchased for the purpose of transporting materials into such activities from an onsite location.

(c) The exemption provided in subsection (b) does not apply to transactions involving distribution equipment or transmission equipment acquired by a public utility engaged in generating electricity.

SECTION 23. IC 6-3-1-3.5, AS AMENDED BY SEA 23-2016, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

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

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.
- (3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).
- (4) Subtract one thousand dollars (\$1,000) for:
 - (A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;
 - (B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and
 - (C) the spouse of the taxpayer if a separate return is made by



the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

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

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

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

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

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

~~(B)~~ (C) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(7) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(8) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(9) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), and (5) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.



- (10) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.
- (11) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.
- (12) Subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.
- (13) Subtract an amount equal to the lesser of:
- (A) two thousand five hundred dollars (\$2,500); or
 - (B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.
- (14) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.
- (15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.
- (16) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.
- (17) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).
- (18) Add an amount equal to the amount that a taxpayer claimed



as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(19) Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.

(20) Subtract income that is:

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

(B) included in the individual's federal adjusted gross income under the Internal Revenue Code.

(21) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract the amount necessary from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

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

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

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

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

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the



corporation's taxable income under Section 78 of the Internal Revenue Code.

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

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

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

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

(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.

(10) Add an amount equal to any deduction for dividends paid (as defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 34.5 of this chapter).

(11) Subtract income that is:

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

(B) included in the corporation's taxable income under the Internal Revenue Code.

(12) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business



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

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

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

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

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

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

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

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

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

(7) Add or subtract the amount necessary to make the adjusted



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

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

(9) Subtract income that is:

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

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

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

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

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal



Revenue Code), adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 832(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.
- (4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.
- (5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.
- (6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.
- (7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).
- (8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.
- (9) Subtract income that is:
 - (A) exempt from taxation under IC 6-3-2-21.7; and
 - (B) included in the insurance company's taxable income under the Internal Revenue Code.
- (10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business



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

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

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

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

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

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

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

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

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as



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

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

(7) Subtract income that is:

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

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

(8) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

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

SECTION 24. IC 6-3-3-5.1 IS REPEALED [EFFECTIVE JANUARY 1, 2017]. Sec. 5-1. (a) At the election of the taxpayer, a credit against the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, is permitted in an amount (subject to the applicable limitations provided by this section) equal to fifty percent (50%) of the aggregate amount of contributions made by the taxpayer during the taxable year to the twenty-first century scholars program support fund established under IC 21-12-7-1.



(b) In the case of a taxpayer other than a corporation, the amount allowable as a credit under this section for any taxable year may not exceed:

- (1) one hundred dollars (\$100) in the case of a single return; or
- (2) two hundred dollars (\$200) in the case of a joint return.

(c) In the case of a taxpayer that is a corporation, the amount allowable as a credit under this section for any taxable year may not exceed the lesser of the following amounts:

- (1) Ten percent (10%) of the corporation's total adjusted gross income tax under IC 6-3-1 through IC 6-3-7 for the taxable year (as determined without regard to any credits against that tax);
- (2) One thousand dollars (\$1,000).

(d) The credit permitted under this section may not exceed the amount of the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.

SECTION 25. IC 6-3-3-12, AS AMENDED BY P.L.182-2009(ss), SECTION 198, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 12. (a) As used in this section, "account" has the meaning set forth in IC 21-9-2-2.

(b) As used in this section, "account beneficiary" has the meaning set forth in IC 21-9-2-3.

(c) As used in this section, "account owner" has the meaning set forth in IC 21-9-2-4.

(d) As used in this section, "college choice 529 education savings plan" refers to a college choice 529 investment plan established under IC 21-9.

(e) As used in this section, "contribution" means the amount of money directly provided to a college choice 529 education savings plan account by a taxpayer. A contribution does not include any of the following:

- (1) Money credited to an account as a result of bonus points or other forms of consideration earned by the taxpayer that result in a transfer of money to the account.
- (2) Money transferred from any other qualified tuition program under Section 529 of the Internal Revenue Code or from any other similar plan.

(f) As used in this section, "nonqualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is not a qualified withdrawal.

(g) As used in this section, "qualified higher education expenses"



has the meaning set forth in IC 21-9-2-19.5.

(h) As used in this section, "qualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is made:

- (1) to pay for qualified higher education expenses, excluding any withdrawals or distributions used to pay for qualified higher education expenses if the withdrawals or distributions are made from an account of a college choice 529 education savings plan that is terminated within twelve (12) months after the account is opened;
- (2) as a result of the death or disability of an account beneficiary;
- (3) because an account beneficiary received a scholarship that paid for all or part of the qualified higher education expenses of the account beneficiary, to the extent that the withdrawal or distribution does not exceed the amount of the scholarship; or
- (4) by a college choice 529 education savings plan as the result of a transfer of funds by a college choice 529 education savings plan from one (1) third party custodian to another.

A qualified withdrawal does not include a rollover distribution or transfer of assets from a college choice 529 education savings plan to any other qualified tuition program under Section 529 of the Internal Revenue Code or to any other similar plan.

(i) As used in this section, "taxpayer" means:

- (1) an individual filing a single return; or
- (2) a married couple filing a joint return.

(j) A taxpayer is entitled to a credit against the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a taxable year equal to the least of the following:

- (1) Twenty percent (20%) of the amount of the total contributions made by the taxpayer to an account or accounts of a college choice 529 education savings plan during the taxable year.
- (2) One thousand dollars (\$1,000).
- (3) The amount of the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.

(k) A taxpayer who makes a contribution to a college choice 529 education savings plan is considered to have made the contribution on the date that:

- (1) the taxpayer's contribution is postmarked or accepted by a delivery service, for contributions that are submitted to a college choice 529 education savings plan by mail or delivery**



service; or

(2) the taxpayer's electronic funds transfer is initiated, for contributions that are submitted to a college choice 529 education savings plan by electronic funds transfer.

~~(k)~~ **(l)** A taxpayer is not entitled to a carryback, carryover, or refund of an unused credit.

~~(h)~~ **(m)** A taxpayer may not sell, assign, convey, or otherwise transfer the tax credit provided by this section.

~~(m)~~ **(n)** To receive the credit provided by this section, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit provided by this section.

~~(n)~~ **(o)** An account owner of an account of a college choice 529 education savings plan must repay all or a part of the credit in a taxable year in which any nonqualified withdrawal is made from the account. The amount the taxpayer must repay is equal to the lesser of:

(1) twenty percent (20%) of the total amount of nonqualified withdrawals made during the taxable year from the account; or

(2) the excess of:

(A) the cumulative amount of all credits provided by this section that are claimed by any taxpayer with respect to the taxpayer's contributions to the account for all prior taxable years beginning on or after January 1, 2007; over

(B) the cumulative amount of repayments paid by the account owner under this subsection for all prior taxable years beginning on or after January 1, 2008.

~~(o)~~ **(p)** Any required repayment under subsection (o) shall be reported by the account owner on the account owner's annual state income tax return for any taxable year in which a nonqualified withdrawal is made.

~~(p)~~ **(q)** A nonresident account owner who is not required to file an annual income tax return for a taxable year in which a nonqualified withdrawal is made shall make any required repayment on the form required under IC 6-3-4-1(2). If the nonresident account owner does not make the required repayment, the department shall issue a demand notice in accordance with IC 6-8.1-5-1.

~~(q)~~ **(r)** The executive director of the Indiana education savings authority shall submit or cause to be submitted to the department a copy of all information returns or statements issued to account owners, account beneficiaries, and other taxpayers for each taxable year with respect to:



- (1) nonqualified withdrawals made from accounts of a college choice 529 education savings plan for the taxable year; or
- (2) account closings for the taxable year.

SECTION 26. IC 6-3-3-14.6, AS ADDED BY P.L.213-2015, SECTION 83, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 14.6. (a) This section applies only to taxable years beginning after December 31, 2015.

(b) As used in this section, "hospital" means an acute care hospital that:

- (1) is licensed under IC 16-21-2;
- (2) is operated on a for-profit basis;
- (3) is subject to the adjusted gross income tax at the rate specified in IC 6-3-2-1(b);
- (4) provides health care, accommodations, facilities, and equipment, in connection with the services of a physician, to individuals who may need medical or surgical services; and
- (5) is not primarily providing care and treatment of patients:
 - (A) with a cardiac condition;
 - (B) with an orthopedic condition; or
 - (C) receiving a surgical procedure.

(c) Each taxable year, a hospital is entitled to a credit against the hospital's adjusted gross income tax liability for the taxable year equal to ten percent (10%) of the property taxes paid in Indiana for the taxable year on property used as a hospital.

(d) The credit provided by this section may not exceed the amount of the taxpayer's adjusted gross income tax liability for the taxable year, reduced by the sum of all credits for the taxable year that are applied before the application of the credit provided by this section. The amount of any unused credit under this section for a taxable year may ~~not~~ be carried forward to a succeeding taxable year. ~~carried back to a preceding taxable year, or refunded.~~

SECTION 27. IC 6-3-4-12, AS AMENDED BY P.L.242-2015, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 12. (a) Every partnership shall, at the time that the partnership pays or credits amounts to any of its nonresident partners on account of their distributive shares of partnership income, for a taxable year of the partnership, deduct and retain therefrom the amount prescribed in the withholding instructions referred to in section 8 of this chapter. Such partnership so paying or crediting any nonresident partner:

- (1) shall be liable to the state of Indiana for the payment of the tax required to be deducted and retained under this section and shall



not be liable to such partner for the amount deducted from such payment or credit and paid over in compliance or intended compliance with this section; and

(2) shall make return of and payment to the department monthly whenever the amount of tax due under IC 6-3 and IC 6-3.5 exceeds an aggregate amount of fifty dollars (\$50) per month with such payment due on the thirtieth day of the following month, unless an earlier date is specified by section 8.1 of this chapter.

Where the aggregate amount due under IC 6-3 and IC 6-3.5 does not exceed fifty dollars (\$50) per month, then such partnership shall make return and payment to the department quarterly, on such dates and in such manner as the department shall prescribe, of the amount of tax which, under IC 6-3 and IC 6-3.5, it is required to withhold.

(b) Every partnership shall, at the time of each payment made by it to the department pursuant to this section, deliver to the department a return upon such form as shall be prescribed by the department showing the total amounts paid or credited to its nonresident partners, the amount deducted therefrom in accordance with the provisions of this section, and such other information as the department may require. Every partnership making the deduction and retention provided in this section shall furnish to its nonresident partners annually, but not later than the fifteenth day of the third month after the end of its taxable year, a record of the amount of tax deducted and retained from such partners on forms to be prescribed by the department.

(c) All money deducted and retained by the partnership, as provided in this section, shall immediately upon such deduction be the money of the state of Indiana and every partnership which deducts and retains any amount of money under the provisions of IC 6-3 shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided in IC 6-3. Any partnership may be required to post a surety bond in such sum as the department shall determine to be appropriate to protect the state of Indiana with respect to money deducted and retained pursuant to this section.

(d) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to partnerships subject to the provisions of this section, and for these purposes any amount deducted, or required to be deducted and remitted to the department under this section, shall be considered to be the tax of the partnership, and with respect to such amount it shall be considered the taxpayer.

(e) Amounts deducted from payments or credits to a nonresident partner during any taxable year of the partnership in accordance with



the provisions of this section shall be considered to be in part payment of the tax imposed on such nonresident partner for the nonresident partner's taxable year within or with which the partnership's taxable year ends. A return made by the partnership under subsection (b) shall be accepted by the department as evidence in favor of the nonresident partner of the amount so deducted for the nonresident partner's distributive share.

(f) This section shall in no way relieve any nonresident partner from the nonresident partner's obligations of filing a return or returns at the time required under IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(g) Instead of the reporting periods required under subsection (a), the department may permit a partnership to file one (1) return and payment each year if the partnership pays or credits amounts to its nonresident partners only one (1) time each year. The return and payment are due on or before the fifteenth day of the fourth month after the end of the year. However, if a partnership is permitted an extension to file its income tax return under IC 6-8.1-6-1, the return and payment due under this subsection shall be allowed the same treatment as an extended income tax return with respect to due dates, interest, and penalties under IC 6-8.1-6-1.

(h) If a partnership fails to withhold and pay any amount of tax required to be withheld under this section and thereafter the tax is paid by the partners, the amounts of tax as paid by the partners shall not be collected from the partnership but it may not be relieved from liability for interest or penalty otherwise due in respect to the failure to withhold under IC 6-8.1-10.

(h)(i) A partnership shall file a composite adjusted gross income tax return on behalf of all nonresident partners. The composite return must include each nonresident partner regardless of whether or not the nonresident partner has other Indiana source income.

(h)(j) If a partnership does not include all nonresident partners in the composite return, the partnership is subject to the penalty imposed under IC 6-8.1-10-2.1(j).

(h)(k) For taxable years beginning after December 31, 2013, the department may not impose a late payment penalty on a partnership for the failure to file a return, pay the full amount of the tax shown on the partnership's return, or pay the deficiency of the withholding taxes due under this section if the partnership pays the department before the fifteenth day of the fourth month after the end of the partnership's taxable year at least:

- (1) eighty percent (80%) of the withholding tax due for the



current year; or

(2) one hundred percent (100%) of the withholding tax due for the preceding year.

~~(k)~~ **(l)** Notwithstanding subsection (a) or ~~(h)~~; **(i)**, a pass through entity is not required to withhold tax or file a composite adjusted gross income tax return for a nonresident member if the entity:

(1) is a publicly traded partnership as defined by Section 7704(b) of the Internal Revenue Code;

(2) meets the exception for partnerships under Section 7704(c) of the Internal Revenue Code; and

(3) has agreed to file an annual information return reporting the name, address, taxpayer identification number, and other information requested by the department of each unit holder.

The department may issue written guidance explaining circumstances under which limited partnerships or limited liability companies owned by a publicly traded partnership may be excluded from the withholding requirements of this section.

~~(j)~~ **(m)** Notwithstanding subsection ~~(j)~~; **(k)**, a partnership is subject to a late payment penalty for the failure to file a return, pay the full amount of the tax shown on the partnership's return, or pay the deficiency of the withholding taxes due under this section for any amounts of withholding tax, including any interest under IC 6-8.1-10-1, reported or paid after the due date of the return, as adjusted by any extension under IC 6-8.1-6-1.

~~(m)~~ **(n)** For purposes of this section, a "nonresident partner" is:

(1) an individual who does not reside in Indiana;

(2) a trust that does not reside in Indiana;

(3) an estate that does not reside in Indiana;

(4) a partnership not domiciled in Indiana;

(5) a C corporation not domiciled in Indiana; or

(6) an S corporation not domiciled in Indiana.

SECTION 28. IC 6-3-4-15, AS AMENDED BY P.L.242-2015, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 15. (a) A trust or estate shall, at the time that it distributes income (except income attributable to interest or dividends) to a nonresident beneficiary, deduct and retain therefrom the amount prescribed in the withholding instructions referred to in section 8 of this chapter. The trust or estate so distributing income to a nonresident beneficiary:

(1) is liable to this state for the tax which it is required to deduct and retain under this section and is not liable to the beneficiary for the amount deducted from the distribution and paid to the



department in compliance, or intended compliance, with this section; and

(2) shall pay the amount deducted to the department before the thirtieth day of the month following the distribution, unless an earlier date is specified by section 8.1 of this chapter.

(b) A trust or estate shall, at the time that it makes a payment to the department under this section, deliver to the department a return which shows the total amounts distributed to the trust's or estate's nonresident beneficiaries, the amount deducted from the distributions under this section, and any other information required by the department. The trust or estate shall file the return on the form prescribed by the department. A trust or estate which makes the deduction and retention required by this section shall furnish to its nonresident beneficiaries annually, but not later than thirty (30) days after the end of the trust's or estate's taxable year, a record of the amount of tax deducted and retained from the beneficiaries. The trust or estate shall furnish the information on the form prescribed by the department.

(c) The money deducted and retained by a trust or estate under this section is money of this state. Every trust or estate which deducts and retains any money under this section shall hold the money in trust for this state until it pays the money to the department in the manner and at the time provided in this section. The department may require a trust or estate to post a surety bond to protect this state with respect to money deducted and retained by the trust or estate under this section. The department shall determine the amount of the surety bond.

(d) The provisions of IC 6-8.1 relating to penalties or to additions to tax in case of a delinquency apply to trusts and estates which are subject to this section. For purposes of this subsection, any amount deducted, or required to be deducted and remitted to the department, under this section is considered the tax of the trust or estate, and with respect to that amount, it is considered the taxpayer.

(e) Amounts deducted from distributions to nonresident beneficiaries under this section during a taxable year of the trust or estate are considered a partial payment of the tax imposed on the nonresident beneficiary for his taxable year within or with which the trust's or estate's taxable year ends. The department shall accept a return made by the trust or estate under subsection (b) as evidence of the amount of tax deducted from the income distributed to a nonresident beneficiary.

(f) This section does not relieve a nonresident beneficiary of his duty to file a return at the time required under IC 6-3. The nonresident beneficiary shall pay any unpaid tax at the time prescribed by section



5 of this chapter.

(g) If a trust or estate fails to withhold and pay any amount of tax required to be withheld under this section and thereafter the tax is paid by the beneficiaries, the amount of tax paid by the beneficiaries may not be collected from the trust or estate but it may not be relieved from liability for interest or penalty otherwise due in respect to the failure to withhold under IC 6-8.1-10.

~~(g)~~ **(h)** A trust or estate shall file a composite adjusted gross income tax return on behalf of all nonresident beneficiaries. The composite return must include each nonresident beneficiary regardless of whether the nonresident beneficiary has other Indiana source income.

~~(h)~~ **(i)** For purposes of this section, a "nonresident beneficiary" is:

- (1) an individual who does not reside in Indiana;
- (2) a trust that does not reside in Indiana;
- (3) an estate that does not reside in Indiana;
- (4) a partnership that is not domiciled in Indiana;
- (5) a C corporation that is not domiciled in Indiana; or
- (6) an S corporation that is not domiciled in Indiana.

~~(i)~~ **(j)** If a trust or estate is permitted an extension to file its income tax return under IC 6-8.1-6-1, then the return and payment due under this subsection shall be allowed the same treatment as the extended income tax return with respect to due dates, interest, and penalties under IC 6-8.1-6-1.

SECTION 29. IC 6-8.1-8-2, AS AMENDED BY P.L.242-2015, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 2. (a) Except as provided in IC 6-8.1-5-3 and sections 16 and 17 of this chapter, the department must issue a demand notice for the payment of a tax and any interest or penalties accrued on the tax, if a person files a tax return without including full payment of the tax or if the department, after ruling on a protest, finds that a person owes the tax before the department issues a tax warrant. The demand notice must state the following:

- (1) That the person has ~~ten (10)~~ **twenty (20)** days from the date the department mails the notice to either pay the amount demanded or show reasonable cause for not paying the amount demanded.
- (2) The statutory authority of the department for the issuance of a tax warrant.
- (3) The earliest date on which a tax warrant may be filed and recorded.
- (4) The statutory authority for the department to levy against a person's property that is held by a financial institution.



(5) The remedies available to the taxpayer to prevent the filing and recording of the judgment.

If the department files a tax warrant in more than one (1) county, the department is not required to issue more than one (1) demand notice.

(b) If the person does not pay the amount demanded or show reasonable cause for not paying the amount demanded within the ~~ten~~ **(10) twenty (20)** day period, the department may issue a tax warrant for the amount of the tax, interest, penalties, collection fee, sheriff's costs, clerk's costs, and fees established under section 4(b) of this chapter when applicable. When the department issues a tax warrant, a collection fee of ten percent (10%) of the unpaid tax is added to the total amount due.

(c) When the department issues a tax warrant, it may not file the warrant with the circuit court clerk of any county in which the person owns property until at least twenty (20) days after the date the demand notice was mailed to the taxpayer. The department may also send the warrant to the sheriff of any county in which the person owns property and direct the sheriff to file the warrant with the circuit court clerk:

- (1) at least twenty (20) days after the date the demand notice was mailed to the taxpayer; and
- (2) no later than five (5) days after the date the department issues the warrant.

(d) When the circuit court clerk receives a tax warrant from the department or the sheriff, the clerk shall record the warrant by making an entry in the judgment debtor's column of the judgment record, listing the following:

- (1) The name of the person owing the tax.
- (2) The amount of the tax, interest, penalties, collection fee, sheriff's costs, clerk's costs, and fees established under section 4(b) of this chapter when applicable.
- (3) The date the warrant was filed with the clerk.

(e) When the entry is made, the total amount of the tax warrant becomes a judgment against the person owing the tax. The judgment creates a lien in favor of the state that attaches to all the person's interest in any:

- (1) chose in action in the county; and
 - (2) real or personal property in the county;
- excepting only negotiable instruments not yet due.

(f) A judgment obtained under this section is valid for ten (10) years from the date the judgment is filed. The department may renew the judgment for additional ten (10) year periods by filing an alias tax warrant with the circuit court clerk of the county in which the judgment



previously existed.

(g) A judgment arising from a tax warrant in a county shall be released by the department:

- (1) after the judgment, including all accrued interest to the date of payment, has been fully satisfied; or
- (2) if the department determines that the tax assessment or the issuance of the tax warrant was in error.

(h) Subject to subsections (p) and (q), if the department determines that the filing of a tax warrant was in error or if the commissioner determines that the release of the judgment and expungement of the tax warrant are in the best interest of the state, the department shall mail a release of the judgment to the taxpayer and the circuit court clerk of each county where the warrant was filed. The circuit court clerk of each county where the warrant was filed shall expunge the warrant from the judgment debtor's column of the judgment record. The department shall mail the release and the order for the warrant to be expunged as soon as possible but no later than seven (7) days after:

- (1) the determination by the department that the filing of the warrant was in error; and
- (2) the receipt of information by the department that the judgment has been recorded under subsection (d).

(i) If the department determines that a judgment described in subsection (h) is obstructing a lawful transaction, the department shall immediately upon making the determination mail:

- (1) a release of the judgment to the taxpayer; and
- (2) an order requiring the circuit court clerk of each county where the judgment was filed to expunge the warrant.

(j) A release issued under subsection (h) or (i) must state that the filing of the tax warrant was in error. Upon the request of the taxpayer, the department shall mail a copy of a release and the order for the warrant to be expunged issued under subsection (h) or (i) to each major credit reporting company located in each county where the judgment was filed.

(k) The commissioner shall notify each state agency or officer supplied with a tax warrant list of the issuance of a release under subsection (h) or (i).

(l) If the sheriff collects the full amount of a tax warrant, the sheriff shall disburse the money collected in the manner provided in section 3(c) of this chapter. If a judgment has been partially or fully satisfied by a person's surety, the surety becomes subrogated to the department's rights under the judgment. If a sheriff releases a judgment:

- (1) before the judgment is fully satisfied;



(2) before the sheriff has properly disbursed the amount collected;
or

(3) after the sheriff has returned the tax warrant to the department; the sheriff commits a Class B misdemeanor and is personally liable for the part of the judgment not remitted to the department.

(m) A lien on real property described in subsection (e)(2) is void if both of the following occur:

(1) The person owing the tax provides written notice to the department to file an action to foreclose the lien.

(2) The department fails to file an action to foreclose the lien not later than one hundred eighty (180) days after receiving the notice.

(n) A person who gives notice under subsection (m) by registered or certified mail to the department may file an affidavit of service of the notice to file an action to foreclose the lien with the circuit court clerk in the county in which the property is located. The affidavit must state the following:

(1) The facts of the notice.

(2) That more than one hundred eighty (180) days have passed since the notice was received by the department.

(3) That no action for foreclosure of the lien is pending.

(4) That no unsatisfied judgment has been rendered on the lien.

(o) Upon receipt of the affidavit described in subsection (n), the circuit court clerk shall make an entry showing the release of the judgment lien in the judgment records for tax warrants.

(p) The department shall adopt rules to define the circumstances under which a release and expungement may be granted based on a finding that the release and expungement would be in the best interest of the state. The rules may allow the commissioner to expunge a tax warrant in other circumstances not inconsistent with subsection (q) that the commissioner determines are appropriate. Any releases or expungements granted by the commissioner must be consistent with these rules.

(q) The commissioner may expunge a tax warrant in the following circumstances:

(1) If the taxpayer has timely and fully filed and paid all of the taxpayer's state taxes, or has otherwise resolved any outstanding state tax issues, for the preceding five (5) years.

(2) If the warrant was issued more than ten (10) years prior to the expungement.

(3) If the warrant is not subject to pending litigation.

(4) Other circumstances not inconsistent with subdivisions (1)



through (3) that are specified in the rules adopted under subsection (p).

(r) Notwithstanding any other provision in this section, the commissioner may decline to release a judgment or expunge a warrant upon a finding that the warrant was issued based on the taxpayer's fraudulent, intentional, or reckless conduct.

(s) The rules required under subsection (p) shall specify the process for requesting that the commissioner release and expunge a tax warrant.

SECTION 30. IC 6-8.1-10-2.1, AS AMENDED BY P.L.293-2013(ts), SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 2.1. (a) Except as provided in ~~IC 6-3-4-12(j)~~ **IC 6-3-4-12(k)** and IC 6-3-4-13(l), a person that:

- (1) fails to file a return for any of the listed taxes;
- (2) fails to pay the full amount of tax shown on the person's return on or before the due date for the return or payment;
- (3) incurs, upon examination by the department, a deficiency that is due to negligence;
- (4) fails to timely remit any tax held in trust for the state; or
- (5) is required to make a payment by electronic funds transfer (as defined in IC 4-8.1-2-7), overnight courier, or personal delivery and the payment is not received by the department by the due date in funds acceptable to the department;

is subject to a penalty.

(b) Except as provided in subsection (g), the penalty described in subsection (a) is ten percent (10%) of:

- (1) the full amount of the tax due if the person failed to file the return;
- (2) the amount of the tax not paid, if the person filed the return but failed to pay the full amount of the tax shown on the return;
- (3) the amount of the tax held in trust that is not timely remitted;
- (4) the amount of deficiency as finally determined by the department; or
- (5) the amount of tax due if a person failed to make payment by electronic funds transfer, overnight courier, or personal delivery by the due date.

(c) For purposes of this section, the filing of a substantially blank or unsigned return does not constitute a return.

(d) If a person subject to the penalty imposed under this section can show that the failure to file a return, pay the full amount of tax shown on the person's return, timely remit tax held in trust, or pay the



deficiency determined by the department was due to reasonable cause and not due to willful neglect, the department shall waive the penalty.

(e) A person who wishes to avoid the penalty imposed under this section must make an affirmative showing of all facts alleged as a reasonable cause for the person's failure to file the return, pay the amount of tax shown on the person's return, pay the deficiency, or timely remit tax held in trust, in a written statement containing a declaration that the statement is made under penalty of perjury. The statement must be filed with the return or payment within the time prescribed for protesting departmental assessments. A taxpayer may also avoid the penalty imposed under this section by obtaining a ruling from the department before the end of a particular tax period on the amount of tax due for that tax period.

(f) The department shall adopt rules under IC 4-22-2 to prescribe the circumstances that constitute reasonable cause and negligence for purposes of this section.

(g) A person who fails to file a return for a listed tax that shows no tax liability for a taxable year, other than an information return (as defined in section 6 of this chapter), on or before the due date of the return shall pay a penalty of ten dollars (\$10) for each day that the return is past due, up to a maximum of two hundred fifty dollars (\$250).

(h) A:

- (1) corporation which otherwise qualifies under IC 6-3-2-2.8(2);
- (2) partnership; or
- (3) trust;

that fails to withhold and pay any amount of tax required to be withheld under IC 6-3-4-12, IC 6-3-4-13, or IC 6-3-4-15 shall pay a penalty equal to twenty percent (20%) of the amount of tax required to be withheld under IC 6-3-4-12, IC 6-3-4-13, or IC 6-3-4-15. This penalty shall be in addition to any penalty imposed by section 6 of this chapter.

(i) Subsections (a) through (c) do not apply to a motor carrier fuel tax return.

(j) If a partnership or an S corporation fails to include all nonresidential individual partners or nonresidential individual shareholders in a composite return as required by ~~IC 6-3-4-12(h)~~ **IC 6-3-4-12(i)** or IC 6-3-4-13(j), a penalty of five hundred dollars (\$500) per partnership or S corporation is imposed on the partnership or S corporation.

SECTION 31. IC 6-9-29-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 3. If an ordinance has been adopted requiring the payment of the innkeeper's tax to the county



treasurer instead of the department of state revenue, the county treasurer has the same rights and powers with respect to collecting **and refunding** the county innkeeper's tax as the department of state revenue.

SECTION 32. IC 8-15-3-23, AS AMENDED BY P.L.47-2006, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 23. (a) The exercise of the powers granted by this chapter to the department or the authority must be in all respects for:

- (1) the benefit of the people of Indiana;
- (2) the increase of the commerce and prosperity of Indiana; and
- (3) the improvement of the health and living conditions of the people of Indiana.

(b) Since the operation and maintenance of a tollway by the department or the authority constitutes the performance of essential governmental functions, neither the department nor the authority is required to pay any taxes or assessments upon a tollway or any property acquired or used by the department under this chapter or IC 8-15.7 or upon the income from a tollway.

(c) The operator under a public-private agreement is not required to pay taxes or assessments upon a tollway, any property or property interest acquired by the operator under a public-private agreement, or any possessory interest in the tollway or in property granted or created by the public-private agreement under this chapter or IC 8-15.7.

(d) An operator or any other person purchasing tangible personal property for incorporation into or improvement of a structure or facility constituting or becoming part of the land included in:

- (1) a tollway; or
- (2) property granted or created by the public-private agreement; is entitled to the exemption from gross retail tax and use tax provided under ~~IC 6-2.5-4-9(b)~~ **IC 6-2.5-4-9(c)** and IC 6-2.5-3-2(c), respectively, with respect to that tangible personal property.

SECTION 33. IC 8-15.5-1-2, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2016 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) This article contains full and complete authority for public-private agreements between the authority, a private entity, and, where applicable, a governmental entity. Except as provided in this article, no law, procedure, proceeding, publication, notice, consent, approval, order, or act by the authority or any other officer, department, agency, or instrumentality of the state or any political subdivision is required for the authority to enter into a



public-private agreement with a private entity under this article, or for a project that is the subject of a public-private agreement to be constructed, acquired, maintained, repaired, operated, financed, transferred, or conveyed.

(b) Before the authority or the department may issue a request for proposals for or enter into a public-private agreement under this article that would authorize an operator to impose tolls for the operation of motor vehicles on all or part of a toll road project, the general assembly must adopt a statute authorizing the imposition of tolls. However, during the period beginning July 1, 2011, and ending June 30, 2021, and notwithstanding subsection (c), the general assembly is not required to enact a statute authorizing the authority or the department to issue a request for proposals or enter into a public-private agreement to authorize an operator to impose tolls for the operation of motor vehicles on all or part of the following projects:

- (1) A project on which construction begins after June 30, 2011, not including any part of Interstate Highway 69 other than a part described in subdivision (4).
- (2) The addition of toll lanes, including high occupancy toll lanes, to a highway, roadway, or other facility in existence on July 1, 2011, if the number of nontolled lanes on the highway, roadway, or facility as of July 1, 2011, does not decrease due to the addition of the toll lanes.
- (3) The Illiana Expressway, a limited access facility connecting Interstate Highway 65 in northwestern Indiana with an interstate highway in Illinois.
- (4) A project that is located within a metropolitan planning area (as defined by 23 U.S.C. 134) and that connects the state of Indiana with the commonwealth of Kentucky.

(c) Before the authority or an operator may carry out any of the following activities under this article, the general assembly must enact a statute authorizing that activity:

- (1) Imposing tolls on motor vehicles for use of Interstate Highway 69.
- (2) Imposing tolls on motor vehicles for use of a nontolled highway, roadway, or other facility in existence or under construction on July 1, 2011, including nontolled interstate highways, U.S. routes, and state routes.

(d) ~~Except as provided in subsection (c)(1);~~ The general assembly is not required to enact a statute authorizing the authority or the department to issue a request for proposals or enter into a public-private agreement for a freeway project.



(e) The authority may enter into a public-private agreement for a facility project if the general assembly, by statute, authorizes the authority to enter into a public-private agreement for the facility project.

(f) As permitted by subsection (e), the general assembly authorizes the authority to enter into public-private agreements for the following facility projects:

(1) A state park inn and related improvements in an existing state park located in a county with a population of more than two hundred thousand (200,000) and less than three hundred thousand (300,000).

(2) Communications systems infrastructure, including:

(A) towers and associated land, improvements, foundations, access roads and rights-of-way, structures, fencing, and equipment necessary, proper, or convenient to enable the towers to function as part of the communications system;

(B) any equipment necessary, proper, or convenient to transmit and receive voice and data communications; and

(C) any other necessary, proper, or convenient elements of the communications system.

(3) Larue D. Carter Memorial Hospital in Indianapolis.

(g) The following apply to a public-private agreement for communications systems infrastructure under subsection (f)(2):

(1) The authority may:

(A) use the procedures set forth in IC 8-15.5-4; or

(B) at the authority's option and in its sole discretion, negotiate an agreement with a single offeror.

The authority must issue a request for information before entering into negotiations with a single offeror. If an agreement is negotiated with a single offeror, IC 8-15.5-4-11 and IC 8-15.5-4-12 are the only sections in IC 8-15.5-4 that apply.

(2) This article, and any other applicable laws with respect to establishing, charging, and collecting user fees, including IC 8-15.5-7, do not apply, and the operator may establish, charge, and collect user fees as set forth in the public-private agreement.

(3) Notwithstanding IC 8-15.5-5-2(2) providing that all improvements and real property must be owned by the authority in the name of the state or by a governmental entity, or both, the public-private agreement may provide that any improvements on any real property interests may be owned



by the authority, a governmental entity, an operator, or a private entity.

(4) The authority shall transfer money received from an operator under a ~~lease~~ **public-private** agreement for ~~communications systems infrastructure under subdivision (f)(2)~~ to the state bicentennial capital account established under IC 4-12-1-14.9.

SECTION 34. IC 8-15.5-4-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 0.5. If a public-private agreement for communications systems infrastructure is negotiated with a single offeror under IC 8-15.5-1-2(g)(1)(B), the requirements of this chapter, except sections 11 and 12 of this chapter, do not apply.**

SECTION 35. IC 8-15.5-4-11, AS AMENDED BY P.L.205-2013, SECTION 148, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) After the **applicable** procedures required in this chapter have been completed, the authority shall make a determination as to whether the offeror that submitted the selected offer should be designated as the operator for the project and shall submit the authority's determination to the governor and the budget committee.

(b) After review of the authority's determination by the budget committee, the governor may accept or reject the determination of the authority. If the governor accepts the determination of the authority, the governor shall designate the offeror who submitted the selected offer as the operator for the project. The authority shall publish notice of the designation of the operator for the project one (1) time, in accordance with IC 5-3-1.

(c) After the designation of the operator for the project, the authority may execute the public-private agreement with that operator.

(d) The budget committee shall hold a meeting and conduct a review of the determination not later than ninety (90) days after the date the authority's determination is submitted for review.

SECTION 36. IC 8-15.7-7-2, AS ADDED BY P.L.47-2006, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 2. An operator or any other person purchasing tangible personal property for incorporation into or improvement of a structure or facility constituting or becoming part of the land included in a project is entitled to the exemption from gross retail tax and use tax provided under ~~IC 6-2.5-4-9(b)~~ **IC 6-2.5-4-9(c)** and IC 6-2.5-3-2(c), respectively, with respect to that tangible personal property.



SECTION 37. IC 21-12-7-4 IS REPEALED [EFFECTIVE JANUARY 1, 2017]. ~~Sec. 4. A contributor to the fund is entitled to an income tax credit under IC 6-3-3-5.1.~~

SECTION 38. IC 36-1-8-14.2, AS AMENDED BY P.L.146-2008, SECTION 686, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 14.2. **(a) PILOTS may not be imposed under this section for an assessment date occurring after January 1, 2017.**

~~(a)~~ **(b)** As used in this section, the following terms have the meanings set forth in IC 6-1.1-1:

- (1) Assessed value.
- (2) Exemption.
- (3) Owner.
- (4) Person.
- (5) Property taxation.
- (6) Real property.
- (7) Township assessor.

~~(b)~~ **(c)** As used in this section, "PILOTS" means payments in lieu of taxes.

~~(c)~~ **(d)** As used in this section, "property owner" means the owner of real property described in IC 6-1.1-10-16.7.

~~(d)~~ **(e)** Subject to **subsection (a) and** the approval of a property owner, the governing body of a political subdivision may adopt an ordinance to require the property owner to pay PILOTS at times set forth in the ordinance with respect to real property that is subject to an exemption under IC 6-1.1-10-16.7. ~~if the improvements that qualify the real property for an exemption were begun or acquired after December 31, 2001.~~ The ordinance remains in full force and effect until:

- (1) the date the ordinance is repealed or modified by the governing body, subject to the approval of the property owner; or**
- (2) subject to subsection (a), December 31, 2018;**

whichever occurs first.

~~(e)~~ **(f)** The PILOTS must be calculated so that the PILOTS are in an amount equal to the amount of property taxes that would have been levied by the governing body for the political subdivision upon the real property described in subsection ~~(d)~~ **(e)** if the property were not subject to an exemption from property taxation.

~~(f)~~ **(g)** PILOTS shall be imposed as are property taxes and shall be based on the assessed value of the real property described in subsection ~~(d)~~ **(e)**. Except as provided in subsection ~~(j)~~ **(k)**, the township assessor, or the county assessor if there is no township assessor for the township, shall assess the real property described in subsection ~~(d)~~ **(e)**



as though the property were not subject to an exemption.

~~(g)~~ **(h)** PILOTS collected under this section shall be deposited in the unit's affordable housing fund established under IC 5-20-5-15.5 and used for any purpose for which the affordable housing fund may be used.

~~(h)~~ **(i)** PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as taxes for purposes of all procedural and substantive provisions of law.

~~(i)~~ **(j)** This section does not apply to a county that contains a consolidated city or to a political subdivision of the county.

~~(j)~~ **(k)** If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

(l) This section expires January 1, 2020.

SECTION 39. IC 36-2-6-22, AS AMENDED BY P.L.146-2008, SECTION 690, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 22. **(a) PILOTS may not be imposed under this section for an assessment date occurring after January 1, 2017.**

~~(a)~~ **(b)** As used in this section, the following terms have the meanings set forth in IC 6-1.1-1:

- (1) Assessed value.
- (2) Exemption.
- (3) Owner.
- (4) Person.
- (5) Property taxation.
- (6) Real property.
- (7) Township assessor.

~~(b)~~ **(c)** As used in this section, "PILOTS" means payments in lieu of taxes.

~~(c)~~ **(d)** As used in this section, "property owner" means the owner of real property described in IC 6-1.1-10-16.7 that is not located in a county containing a consolidated city.

~~(d)~~ **(e)** Subject to **subsection (a) and** the approval of a property owner, the fiscal body of a county may adopt an ordinance to require the property owner to pay PILOTS at times set forth in the ordinance with respect to real property that is subject to an exemption under IC 6-1.1-10-16.7. The ordinance remains in full force and effect until:

- (1) the date the ordinance is repealed or modified by the legislative body, subject to the approval of the property owner; or**



**(2) subject to subsection (a), December 31, 2018;
whichever occurs first.**

~~(e)~~ **(f)** The PILOTS must be calculated so that the PILOTS are in an amount equal to the amount of property taxes that would have been levied upon the real property described in subsection ~~(d)~~ **(e)** if the property were not subject to an exemption from property taxation.

~~(f)~~ **(g)** PILOTS shall be imposed in the same manner as property taxes and shall be based on the assessed value of the real property described in subsection ~~(d)~~ **(e)**. Except as provided in subsection ~~(i)~~ **(j)**, the township assessor, or the county assessor if there is no township assessor for the township, shall assess the real property described in subsection ~~(d)~~ **(e)** as though the property were not subject to an exemption.

~~(g)~~ **(h)** PILOTS collected under this section shall be distributed in the same manner as if they were property taxes being distributed to taxing units in the county.

~~(h)~~ **(i)** PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as taxes for purposes of all procedural and substantive provisions of law.

~~(i)~~ **(j)** If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

(k) This section expires January 1, 2020.

SECTION 40. IC 36-3-2-11, AS AMENDED BY P.L.146-2008, SECTION 702, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 11. **(a) PILOTS may not be imposed under this section for an assessment date occurring after January 1, 2017.**

~~(a)~~ **(b)** As used in this section, the following terms have the meanings set forth in IC 6-1.1-1:

- (1) Assessed value.
- (2) Exemption.
- (3) Owner.
- (4) Person.
- (5) Property taxation.
- (6) Real property.
- (7) Township assessor.

~~(b)~~ **(c)** As used in this section, "PILOTS" means payments in lieu of taxes.

~~(c)~~ **(d)** As used in this section, "property owner" means the owner



of real property described in IC 6-1.1-10-16.7 that is located in a county with a consolidated city.

~~(d)~~ (e) Subject to **subsection (a) and** the approval of a property owner, the legislative body of the consolidated city may adopt an ordinance to require the property owner to pay PILOTS at times set forth in the ordinance with respect to real property that is subject to an exemption under IC 6-1.1-10-16.7. The ordinance remains in full force and effect until:

(1) the date the ordinance is repealed or modified by the legislative body, subject to the approval of the property owner; or

(2) subject to subsection (a), December 31, 2018;

whichever occurs first.

~~(e)~~ (f) The PILOTS must be calculated so that the PILOTS are in an amount that is:

(1) agreed upon by the property owner and the legislative body of the consolidated city;

(2) a percentage of the property taxes that would have been levied by the legislative body for the consolidated city and the county upon the real property described in subsection ~~(d)~~ (e) if the property were not subject to an exemption from property taxation; and

(3) not more than the amount of property taxes that would have been levied by the legislative body for the consolidated city and county upon the real property described in subsection ~~(d)~~ (e) if the property were not subject to an exemption from property taxation.

~~(f)~~ (g) PILOTS shall be imposed as are property taxes and shall be based on the assessed value of the real property described in subsection ~~(d)~~ (e). Except as provided in subsection ~~(i)~~ (j), the township assessor, or the county assessor if there is no township assessor for the township, shall assess the real property described in subsection ~~(d)~~ (e) as though the property were not subject to an exemption.

~~(g)~~ (h) PILOTS collected under this section shall be deposited in the housing trust fund established under IC 36-7-15.1-35.5 and used for any purpose for which the housing trust fund may be used.

~~(h)~~ (i) PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as taxes for purposes of all procedural and substantive provisions of law.

~~(i)~~ (j) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.



(k) This section expires January 1, 2020.

SECTION 41. IC 36-7-4-1104 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1104. (a) As used in this section, "state agency" means all agencies, boards, commissions, departments, and institutions, including state educational institutions, of the state.

(b) ADVISORY—AREA. This chapter does not restrict or regulate (or authorize any political subdivision, legislative body, plan commission, or board of zoning appeals to restrict or regulate) the exercise of the power of eminent domain by the state, ~~or~~ by any state agency, **or by the Indiana finance authority (IC 4-4-11-4)**, or the use of property owned or occupied by the state, ~~or~~ by any state agency, **or by the Indiana finance authority.**

SECTION 42. IC 36-7-15.1-35.5, AS AMENDED BY P.L.144-2013, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 35.5. (a) The general assembly finds the following:

- (1) Federal law permits the sale of a multiple family housing project that is or has been covered, in whole or in part, by a contract for project based assistance from the United States Department of Housing and Urban Development without requiring the continuation of that project based assistance.
- (2) Such a sale displaces the former residents of a multiple family housing project described in subdivision (1) and increases the shortage of safe and affordable housing for persons of low and moderate income within the county.
- (3) The displacement of families and individuals from affordable housing requires increased expenditures of public funds for crime prevention, public health and safety, fire and accident prevention, and other public services and facilities.
- (4) The establishment of a supplemental housing program under this section will do the following:
 - (A) Benefit the health, safety, morals, and welfare of the county and the state.
 - (B) Serve to protect and increase property values in the county and the state.
 - (C) Benefit persons of low and moderate income by making affordable housing available to them.
- (5) The establishment of a supplemental housing program under this section and sections 32 through 35 of this chapter is:
 - (A) necessary in the public interest; and
 - (B) a public use and purpose for which public money may be



spent and private property may be acquired.

(b) In addition to its other powers with respect to a housing program under sections 32 through 35 of this chapter, the commission may establish a supplemental housing program. Except as provided by this section, the commission has the same powers and duties with respect to the supplemental housing program that the commission has under sections 32 through 35 of this chapter with respect to the housing program.

(c) One (1) allocation area may be established for the supplemental housing program. The commission is not required to make the findings required under section 34(5) through 34(8) of this chapter with respect to the allocation area. However, the commission must find that the property contained within the boundaries of the allocation area consists solely of one (1) or more multiple family housing projects that are or have been covered, in whole or in part, by a contract for project based assistance from the United States Department of Housing and Urban Development or have been owned at one time by a public housing agency. The allocation area need not be contiguous. The definition of "base assessed value" set forth in section 35(a) of this chapter applies to the special fund established under section 26(b) of this chapter for the allocation area.

(d) The special fund established under section 26(b) of this chapter for the allocation area established under this section may be used only for the following purposes:

(1) Subject to subdivision (2), on January 1 and July 1 of each year the balance of the special fund shall be transferred to the housing trust fund established under subsection (e).

(2) The commission may provide each taxpayer in the allocation area a credit for property tax replacement in the manner provided by section 35(b)(7) of this chapter. Transfers made under subdivision (1) shall be reduced by the amount necessary to provide the credit.

(e) The commission shall, by resolution, establish a housing trust fund to be administered, subject to the terms of the resolution, by:

(1) the housing division of the consolidated city; or

(2) the department, division, or agency that has been designated to perform the public housing function by an ordinance adopted under IC 36-7-18-1.

(f) The housing trust fund consists of:

(1) amounts transferred to the fund under subsection (d);

(2) payments in lieu of taxes deposited in the fund under IC 36-3-2-11 **(before its expiration)**;



- (3) gifts and grants to the fund;
- (4) investment income earned on the fund's assets;
- (5) money deposited in the fund under IC 36-2-7-10(j); and
- (6) other funds from sources approved by the commission.

(g) The commission shall, by resolution, establish uses for the housing trust fund. However, the uses must be limited to:

- (1) providing financial assistance to those individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, to enable those individuals and families to purchase or lease residential units within the county;
- (2) paying expenses of administering the fund;
- (3) making grants, loans, and loan guarantees for the development, rehabilitation, or financing of affordable housing for individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, including the elderly, persons with disabilities, and homeless individuals and families;
- (4) providing technical assistance to nonprofit developers of affordable housing; and
- (5) funding other programs considered appropriate to meet the affordable housing and community development needs of lower income families (as defined in IC 5-20-4-5) and very low income families (as defined in IC 5-20-4-6), including lower income elderly individuals, individuals with disabilities, and homeless individuals.

(h) At least fifty percent (50%) of the dollars allocated for production, rehabilitation, or purchase of housing must be used for units to be occupied by individuals and families whose income is at or below fifty percent (50%) of the county's area median income for individuals and families, respectively.

(i) The low income housing trust fund advisory committee is established. The low-income housing trust fund advisory committee consists of eleven (11) members. The membership of the low income housing trust fund advisory committee is comprised of:

- (1) one (1) member appointed by the mayor, to represent the interests of low income families;
- (2) one (1) member appointed by the mayor, to represent the interests of owners of subsidized, multifamily housing communities;
- (3) one (1) member appointed by the mayor, to represent the interests of banks and other financial institutions;



- (4) one (1) member appointed by the mayor, of the department of metropolitan development;
- (5) three (3) members representing the community at large appointed by the commission, from nominations submitted to the commission as a result of a general call for nominations from neighborhood associations, community based organizations, and other social services agencies;
- (6) one (1) member appointed by and representing the Coalition for Homeless Intervention and Prevention of Greater Indianapolis;
- (7) one (1) member appointed by and representing the Local Initiatives Support Corporation;
- (8) one (1) member appointed by and representing the Indianapolis Coalition for Neighborhood Development; and
- (9) one (1) member appointed by and representing the Indianapolis Neighborhood Housing Partnership.

Members of the low income housing trust fund advisory committee serve for a term of four (4) years, and are eligible for reappointment. If a vacancy exists on the committee, the appointing authority who appointed the former member whose position has become vacant shall appoint an individual to fill the vacancy. A committee member may be removed at any time by the appointing authority who appointed the committee member.

(j) The low income housing trust fund advisory committee shall make recommendations to the commission regarding:

- (1) the development of policies and procedures for the uses of the low income housing trust fund; and
- (2) long term sources of capital for the low income housing trust fund, including:
 - (A) revenue from:
 - (i) development ordinances;
 - (ii) fees; or
 - (iii) taxes;
 - (B) financial market based income;
 - (C) revenue derived from private sources; and
 - (D) revenue generated from grants, gifts, donations, or income in any other form, from a:
 - (i) government program;
 - (ii) foundation; or
 - (iii) corporation.

(k) The county treasurer shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.



SECTION 43. [EFFECTIVE JANUARY 1, 2017] (a) IC 6-3-1-3.5, as amended by this act, applies to taxable years beginning after December 31, 2016.

(b) This SECTION expires January 1, 2019.

SECTION 44. [EFFECTIVE UPON PASSAGE] (a) For any taxpayer predominately engaged in the business of cutting steel bars owned by others into billets, IC 6-2.5-5-3(a)(1)(B), as amended by P.L.250-2015, SECTION 10 (as in effect January 1, 2016), shall be applied retroactively as if it were in effect on January 1, 2011. However, a taxpayer predominantly engaged in the business of cutting steel bars owned by others into billets is not entitled to a refund of state gross retail or use taxes paid for any tax period beginning December 31, 2010, and before January 1, 2016, if that refund is based on a claim that applies under IC 6-2.5-5-3(a)(1)(B).

(b) This SECTION expires January 1, 2020.

SECTION 45. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "legislative council" refers to the legislative council created by IC 2-5-1.1-1.

(b) As used in this SECTION, "study committee" means either of the following:

- (1) A statutory committee established under IC 2-5.
- (2) An interim study committee.

(c) The legislative council is urged to assign to the appropriate study committee the topic of the eligibility of low income housing for a property tax exemption.

(d) If the topic described in subsection (c) is assigned to a study committee, the study committee shall issue a final report on the topic to the legislative council in an electronic format under IC 5-14-6 not later than November 1, 2016.

(e) This SECTION expires December 31, 2016.

SECTION 46. An emergency is declared for this act.



President of the Senate

President Pro Tempore

Speaker of the House of Representatives

Governor of the State of Indiana

Date: _____ Time: _____

