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 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

SENATE ENROLLED ACT No. 1

AN ACT to amend the Indiana Code concerning taxation.

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

SECTION 1. IC 6-1.1-3-7.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 7.2. (a) This section applies in a county in which an exemption ordinance adopted under this section is in effect in the county for those assessment dates occurring:**

(1) after the later of:

(A) December 31, 2015; or

(B) the date on which the ordinance is adopted; and

(2) before the ordinance is rescinded.

(b) As used in this section, "affiliate" means an entity that effectively controls or is controlled by a taxpayer or is associated with a taxpayer under common ownership or control, whether by shareholdings or other means.

(c) As used in this section, "business personal property" means personal property that:

(1) is otherwise subject to assessment and taxation under this article;

(2) is used in a trade or business or otherwise held, used, or consumed in connection with the production of income; and

(3) was:

(A) acquired by the taxpayer in an arms length transaction

from an entity that is not an affiliate of the taxpayer, if the personal property has been previously used in Indiana before being placed in service in the county; or

(B) acquired in any manner, if the personal property has never been previously used in Indiana before being placed in service in the county.

The term does not include mobile homes assessed under IC 6-1.1-7, personal property held as an investment, or personal property that is assessed under IC 6-1.1-8 and is owned by a public utility subject to regulation by the Indiana utility regulatory commission. However, the term does include the personal property of a telephone company or a communications service provider if that personal property meets the requirements of subdivisions (1) through (3), regardless of whether that personal property is assessed under IC 6-1.1-8 and regardless of whether the telephone company or communications service provider is subject to regulation by the Indiana utility regulatory commission.

(d) As used in this section, "county income tax council" refers to the county income tax council established by IC 6-3.5-6-2 for a county.

(e) As used in this section, "exemption ordinance" refers to an ordinance adopted under subsection (f) by a county income tax council.

(f) The county income tax council may by a majority vote of the total votes allocated to the county income tax council adopt an ordinance to have the exemption under this section apply throughout the county.

(g) For purposes of adopting an exemption ordinance under this section, a county income tax council is comprised of the same members as the county income tax council that is established by IC 6-3.5-6-2 for the county, regardless of whether a county income tax is in effect in the county and regardless of which county income tax is in effect in the county. Except as otherwise provided in this section, the county income tax council shall use the same procedures that apply under IC 6-3.5-6 when acting under this section.

(h) Before adopting an exemption ordinance under this section, a county income tax council must conduct a public hearing on the proposed exemption ordinance. The county income tax council must publish notice of the public hearing in accordance with IC 5-3-1.

(i) The county income tax council shall provide a certified copy

of an adopted exemption ordinance to the department of local government finance and the county auditor.

(j) Notwithstanding section 7 of this chapter, if:

(1) a county income tax council has adopted an exemption ordinance and this section applies to a county for a particular assessment date; and

(2) the acquisition cost of a taxpayer's business personal property in a county is less than twenty thousand dollars ($20,000) for that assessment date;

the taxpayer's business personal property in the county for that assessment date is exempt from taxation.

(k) A taxpayer that is eligible for the exemption under this section is not required to file a personal property return for the taxpayer's business personal property in the county for that assessment date. However, the taxpayer must, before May 15 of the calendar year in which the assessment date occurs, file with the county assessor an annual certification stating that the taxpayer's business personal property in the county is exempt from taxation under this section for that assessment date.

SECTION 2. IC 6-1.1-10.3 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

Chapter 10.3. County Option Exemption of Business Personal Property

Sec. 1. As used in this chapter, "business personal property" means personal property that:

(1) is otherwise subject to assessment and taxation under this article; and

(2) is used in a trade or business or otherwise held, used, or consumed in connection with the production of income.

The term does not include mobile homes assessed under IC 6-1.1-7, personal property held as an investment, or personal property that is assessed under IC 6-1.1-8 and is owned by a public utility subject to regulation by the Indiana utility regulatory commission. However, the term does include the personal property of a telephone company or a communications service provider if that personal property meets the requirements of subdivisions (1) through (2), regardless of whether that personal property is assessed under IC 6-1.1-8 and regardless of whether the telephone company or communications service provider is subject to regulation by the Indiana utility regulatory commission.

Sec. 2. As used in this chapter, "county income tax council"

refers to the county income tax council established by IC 6-3.5-6-2 for a county.

Sec. 3. As used in this chapter, "exemption ordinance" refers to an ordinance adopted under section 5 of this chapter by a county income tax council.

Sec. 4. As used in this chapter, "new personal property" means business personal property that:

(1) a taxpayer places in service after the later of the date the exemption ordinance is adopted or a date specified in the exemption ordinance; and

(2) has not previously been used in Indiana before the taxpayer acquires the business personal property.

Sec. 5. (a) A county income tax council may adopt an exemption ordinance that exempts new personal property located in the county from property taxation as provided in section 6 of this chapter.

(b) For purposes of adopting an exemption ordinance under this chapter, a county income tax council is comprised of the same members as the county income tax council that is established by IC 6-3.5-6-2 for the county, regardless of whether a county income tax is in effect in the county and regardless of which county income tax is in effect in the county. Except as provided in this chapter, the county income tax council shall use the same procedures that apply under IC 6-3.5-6 when acting under this chapter.

(c) Before adopting an exemption ordinance under this section, a county income tax council must conduct a public hearing on the proposed exemption ordinance. The county income tax council must publish notice of the public hearing in accordance with IC 5-3-1.

(d) The county income tax council shall provide a certified copy of an adopted exemption ordinance to the department of local government finance and the county auditor.

Sec. 6. An exemption ordinance adopted under this chapter must exempt all new personal property.

Sec. 7. A county income tax council may repeal or amend an exemption ordinance. However, if a county income tax council repeals or amends an exemption ordinance, any new personal property that was exempt under the exemption ordinance on the date the new personal property was placed into service by a taxpayer remains exempt from property taxation, regardless of whether or not the ownership of the new personal property changes after the date the exemption ordinance is amended or

repealed.

Sec. 8. A taxpayer is not required to file an application or a personal property tax return to qualify for an exemption under this chapter.

SECTION 3. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.288-2013, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4.5. (a) An applicant must provide a statement of benefits to the designating body. The applicant must provide the completed statement of benefits form to the designating body before the hearing specified in section 2.5(c) of this chapter or before the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment for which the person desires to claim a deduction under this chapter. The department of local government finance shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

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

(2) With respect to:

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

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

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

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

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

manufacturing equipment.

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

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

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

(2) With respect to:

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

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

whether 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 installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(3) Whether 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 installation of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, whether the estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products can be reasonably expected to result from the installation of the new manufacturing equipment.

(5) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed installation of new manufacturing equipment,

new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(6) Whether the totality of benefits is sufficient to justify the deduction.

The designating body may not designate an area an economic revitalization area or approve the deduction unless it makes the findings required by this subsection in the affirmative.

(c) Except as provided in subsection (f), and subject to subsection (g) and section 15 of this chapter, an owner of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment whose statement of benefits is approved is entitled to a deduction from the assessed value of that equipment for the number of years determined by the designating body under section 17 **or 18** of this chapter. Except as provided in subsection (d) and in section 2(i)(3) of this chapter, and subject to subsection (g) and section 15 of this chapter, the amount of the deduction that an owner is entitled to for a particular year equals the product of:

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

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

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

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

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

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

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

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

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

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

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

(2) is subject to an order or a consent decree with respect to property located in Indiana based on a violation of a federal or state rule, regulation, or statute governing the treatment, storage, or disposal of hazardous wastes that had a major or moderate potential for harm.

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

(1) the assessed value of the equipment determined without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9; multiplied by

(2) the quotient of:

(A) the amount of the valuation limitation determined under 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's depreciable personal property in the taxing district; divided by

(B) the total true tax value of all of the owner's depreciable personal property in the taxing district that is subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 determined:

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

(ii) without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

SECTION 4. IC 6-1.1-12.1-12.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 12.5. Except as provided in section 12(f) of this chapter, if a county or municipality receives a reimbursement, repayment, or penalty from a taxpayer on account of the taxpayer's failure to comply with the statement of benefits provided by the taxpayer or on account of the taxpayer's failure to comply with any other requirement to receive a deduction under this chapter, the county or municipal fiscal officer shall distribute the amount of the reimbursement, repayment, or penalty on a pro rata basis to each taxing unit that contains the property that was subject to the deduction. The amount to be distributed to each taxing unit that contains the property that was subject to the deduction shall be determined according to the following formula:**

STEP ONE: Determine the total aggregate property tax rate imposed in the preceding year by the taxing unit.

STEP TWO: Determine the sum of the STEP ONE amounts for all taxing units that contain the property that was subject to the deduction.

STEP THREE: Divide the STEP ONE amount by the sum determined under STEP TWO.

STEP FOUR: Multiply the amount of the reimbursement, repayment, or penalty by the STEP THREE quotient.

SECTION 5. IC 6-1.1-12.1-17, AS AMENDED BY P.L.288-2013, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 17. (a) A designating body may provide to a business that is established in or relocated to a revitalization area and that receives a deduction under section 4 or 4.5 of this chapter an abatement schedule based on the following factors:

(1) The total amount of the taxpayer's investment in real and personal property.

(2) The number of new full-time equivalent jobs created.

(3) The average wage of the new employees compared to the state minimum wage.

(4) The infrastructure requirements for the taxpayer's investment.

(b) This subsection applies to a statement of benefits approved after June 30, 2013. A designating body shall establish an abatement schedule for each deduction allowed under this chapter. An abatement schedule must specify the percentage amount of the deduction for each year of the deduction. **Except as provided in section 18 of this chapter,** an abatement schedule may not exceed ten (10) years.

(c) An abatement schedule approved for a particular taxpayer before

July 1, 2013, remains in effect until the abatement schedule expires under the terms of the resolution approving the taxpayer's statement of benefits.

SECTION 6. IC 6-1.1-12.1-18 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 18. (a) This section applies to a deduction provided under section 4.5 of this chapter for new personal property with respect to a statement of benefits approved after June 30, 2015.**

(b) As used in this section, "business personal property" means personal property that:

(1) is otherwise subject to assessment and taxation under this article; and

(2) is used in a trade or business or otherwise held, used, or consumed in connection with the production of income.

The term does not include mobile homes assessed under IC 6-1.1-7, personal property held as an investment, or personal property that is assessed under IC 6-1.1-8 and is owned by a public utility subject to regulation by the Indiana utility regulatory commission. However, the term does include the personal property of a telephone company or a communications service provider if that personal property meets the requirements of subdivisions (1) through (2), regardless of whether that personal property is assessed under IC 6-1.1-8 and regardless of whether the telephone company or communications service provider is subject to regulation by the Indiana utility regulatory commission.

(c) As used in this section, "new personal property" means business personal property that:

(1) a taxpayer places in service after the date the taxpayer's statement of benefits is approved by the designating body; and

(2) has not previously been used in Indiana before the taxpayer acquires the business personal property.

(d) A designating body may establish an enhanced abatement schedule for a deduction described in subsection (a). An enhanced abatement schedule established under this subsection:

(1) must specify the percentage amount of the deduction for each year of the deduction; and

(2) may not exceed twenty (20) years.

(e) If a taxpayer is granted a deduction under section 4.5 of this chapter on an abatement schedule that exceeds ten (10) years through an enhanced abatement schedule established under

subsection (d), the designating body shall conduct a public hearing to review the taxpayer's compliance with the statement of benefits provided to the designating body under this chapter after the tenth year of the abatement.

SECTION 7. IC 6-1.1-37-7, AS AMENDED BY P.L.146-2008, SECTION 292, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 7. (a) If a person fails to file a required personal property return on or before the due date, the county auditor shall add a penalty of twenty-five dollars ($25) to the person's next property tax installment. The county auditor shall also add an additional penalty to the taxes payable by the person if the person fails to file the personal property return within thirty (30) days after the due date. The amount of the additional penalty is twenty percent (20%) of the taxes finally determined to be due with respect to the personal property which should have been reported on the return.

(b) For purposes of this section, a personal property return is not due until the expiration of any extension period granted by the township or county assessor under IC 6-1.1-3-7(b).

(c) The penalties prescribed under this section do not apply to an individual or the individual's dependents if the individual:

(1) is in the military or naval forces of the United States on the assessment date; and

(2) is covered by the federal Soldiers' and Sailors' Civil Relief Act.

(d) If a person subject to IC 6-1.1-3-7(d) fails to include on a personal property return the information, if any, that the department of local government finance requires under IC 6-1.1-3-9 or IC 6-1.1-5-13, the county auditor shall add a penalty to the property tax installment next due for the return. The amount of the penalty is twenty-five dollars ($25).

(e) If the total assessed value that a person reports on a personal property return is less than the total assessed value that the person is required by law to report and if the amount of the undervaluation exceeds five percent (5%) of the value that should have been reported on the return, then the county auditor shall add a penalty of twenty percent (20%) of the additional taxes finally determined to be due as a result of the undervaluation. The penalty shall be added to the property tax installment next due for the return on which the property was undervalued. If a person has complied with all of the requirements for claiming a deduction, an exemption, or an adjustment for abnormal obsolescence, then the increase in assessed value that results from a denial of the deduction, exemption, or adjustment for abnormal obsolescence is not considered to result from an undervaluation for purposes of this subsection.

(f) If a person required by IC 6-1.1-3-7.2(k) to file an annual certification with the county assessor fails to timely file the annual certification, the county auditor shall impose a penalty of twenty-five dollars ($25) that must be paid by the person with the next property tax installment that is collected.

~~(f)~~ **(g)** A penalty is due with an installment under subsection (a), (d), ~~or~~ (e), **or (f)** whether or not an appeal is filed under IC 6-1.1-15-5 with respect to the tax due on that installment.

SECTION 8. IC 6-2.5-5-49.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 49.5. (a) This section applies to a retail merchant engaged in selling bulk propane at retail in Indiana.**

(b) A retail merchant shall claim a credit against the state gross retail or use tax on a return filed by the retail merchant under IC 6-2.5-6-1 before June 30, 2014.

(c) The amount of the credit is equal to the result determined under the following STEPS:

STEP ONE: Determine (for each customer to whom the retail merchant sold bulk propane after December 31, 2013, and before April 1, 2014) the greater of zero (0) or the result of:

(A) the amount of state gross retail tax collected by the retail merchant after December 31, 2013, and before April 1, 2014, on the retail sale of bulk propane to the customer; minus

(B) the amount of state gross retail tax that would have been collected by the retail merchant after December 31, 2013, and before April 1, 2014, on the retail sale of bulk propane to the customer if the cost of that bulk propane had been two dollars and fifty cents ($2.50) per gallon.

STEP TWO: Determine the sum of the STEP ONE amounts for all customers of the retail merchant.

(d) A retail merchant that claims a credit under subsection (c) shall provide a credit to each customer of the retail merchant for whom an amount was determined under STEP ONE of subsection (c). The credit is equal to the amount determined under STEP ONE of subsection (c) for that customer. The credit under this subsection shall be applied to the next purchase of bulk propane by the customer from the retail merchant occurring after the retail merchant claims the credit under subsection (b).

(e) In order to compensate retail merchants for administering the credits provided to customers under this section, a retail merchant is entitled to deduct and retain an additional collection allowance from the amount of taxes otherwise required to be remitted by the retail merchant under IC 6-2.5. The amount of the additional collection allowance is equal to:

(1) the amount of the credit claimed by the retail merchant as calculated under subsection (c); multiplied by

(2) one percent (1%).

(f) The department may audit credits claimed by a retail merchant under subsection (c) and the credits provided by a retail merchant under subsection (d).

(g) This section expires December 31, 2017.

SECTION 9. IC 6-3-2-1, AS AMENDED BY P.L.205-2013, SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 1. (a) Each taxable year, a tax at the following rate of adjusted gross income is imposed upon the adjusted gross income of every resident person, and on that part of the adjusted gross income derived from sources within Indiana of every nonresident person:

(1) For taxable years beginning before January 1, 2015, three and four-tenths percent (3.4%).

(2) For taxable years beginning after December 31, 2014, and before January 1, 2017, three and three-tenths percent (3.3%).

(3) For taxable years beginning after December 31, 2016, three and twenty-three hundredths percent (3.23%).

(b) Except as provided in section 1.5 of this chapter, each taxable year, a tax at the following rate of adjusted gross income is imposed on that part of the adjusted gross income derived from sources within Indiana of every corporation:

(1) Before July 1, 2012, eight and five-tenths percent (8.5%).

(2) After June 30, 2012, and before July 1, 2013, eight percent (8.0%).

(3) After June 30, 2013, and before July 1, 2014, seven and five-tenths percent (7.5%).

(4) After June 30, 2014, and before July 1, 2015, seven percent (7.0%).

(5) After June 30, 2015, **and before July 1, 2016,** six and five-tenths percent (6.5%).

(6) After June 30, 2016, and before July 1, 2017, six and twenty-five hundredths percent (6.25%).

(7) After June 30, 2017, and before July 1, 2018, six percent (6.0%).

(8) After June 30, 2018, and before July 1, 2019, five and seventy-five hundredths percent (5.75%).

(9) After June 30, 2019, and before July 1, 2020, five and five-tenths percent (5.5%).

(10) After June 30, 2020, and before July 1, 2021, five and twenty-five hundredths percent (5.25%).

(11) After June 30, 2021, four and nine-tenths percent (4.9%).

(c) If for any taxable year a taxpayer is subject to different tax rates under subsection (b), the taxpayer's tax rate for that taxable year is the rate determined in the last STEP of the following STEPS:

STEP ONE: Multiply the number of months in the taxpayer's taxable year that precede the month the rate changed by the rate in effect before the rate change.

STEP TWO: Multiply the number of months in the taxpayer's taxable year that follow the month before the rate changed by the rate in effect after the rate change.

STEP THREE: Divide the sum of the amounts determined under STEPS ONE and TWO by twelve (12).

However, the rate determined under this subsection shall be rounded to the nearest one-hundredth of one percent (0.01%).

SECTION 10. IC 6-5.5-2-1, AS AMENDED BY P.L.93-2013, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 1. (a) There is imposed on each taxpayer a franchise tax measured by the taxpayer's apportioned income for the privilege of exercising its franchise or the corporate privilege of transacting the business of a financial institution in Indiana. The amount of the tax for a taxable year shall be determined by multiplying the applicable rate under subsection (b) times the remainder of:

(1) the taxpayer's apportioned income; minus

(2) the taxpayer's deductible Indiana net operating losses as determined under this section; minus

(3) the taxpayer's net capital losses minus the taxpayer's net capital gains computed under the Internal Revenue Code for each taxable year or part of a taxable year beginning after December 31, 1989, multiplied by the apportionment percentage applicable to the taxpayer under this chapter for the taxable year of the loss.

A net capital loss for a taxable year is a net capital loss carryover to each of the five (5) taxable years that follow the taxable year in which the loss occurred.

(b) The following are the applicable tax rates to be used under subsection (a):

(1) For taxable years beginning before January 1, 2014, eight and

five-tenths percent (8.5%).

(2) For taxable years beginning after December 31, 2013, and before January 1, 2015, eight percent (8.0%).

(3) For taxable years beginning after December 31, 2014, and before January 1, 2016, seven and five-tenths percent (7.5%).

(4) For taxable years beginning after December 31, 2015, and before January 1, 2017, seven percent (7.0%).

(5) For taxable years beginning after December 31, 2016, **and before January 1, 2019,** six and five-tenths percent (6.5%).

(6) For taxable years beginning after December 31, 2018, and before January 1, 2020, six and twenty-five hundredths percent (6.25%).

(7) For taxable years beginning after December 31, 2019, and before January 1, 2021, six percent (6.0%).

(8) For taxable years beginning after December 31, 2020, and before January 1, 2022, five and five-tenths percent (5.5%).

(9) For taxable years beginning after December 31, 2021, and before January 1, 2023, five percent (5.0%).

(10) For taxable years beginning after December 31, 2022, four and nine-tenths percent (4.9%).

(c) The amount of net operating losses deductible under subsection (a) is an amount equal to the net operating losses computed under the Internal Revenue Code, adjusted for the items set forth in IC 6-5.5-1-2, that are:

(1) incurred in each taxable year, or part of a year, beginning after December 31, 1989; and

(2) attributable to Indiana.

(d) The following apply to determining the amount of net operating losses that may be deducted under subsection (a):

(1) The amount of net operating losses that is attributable to Indiana is the taxpayer's total net operating losses under the Internal Revenue Code for the taxable year of the loss, adjusted for the items set forth in IC 6-5.5-1-2, multiplied by the apportionment percentage applicable to the taxpayer under this chapter for the taxable year of the loss.

(2) A net operating loss for any taxable year is a net operating loss carryover to each of the fifteen (15) taxable years that follow the taxable year in which the loss occurred.

(e) The following provisions apply to a combined return computing the tax on the basis of the income of the unitary group when the return is filed for more than one (1) taxpayer member of the unitary group for any taxable year:

(1) Any net capital loss or net operating loss attributable to Indiana in the combined return shall be prorated between each taxpayer member of the unitary group by the quotient of:

(A) the receipts of that taxpayer member attributable to Indiana under section 4 of this chapter; divided by

(B) the receipts of all taxpayer members of the unitary group attributable to Indiana.

(2) The net capital loss or net operating loss for that year, if any, to be carried forward to any subsequent year shall be limited to the capital gains or apportioned income for the subsequent year of that taxpayer, determined by the same receipts formula set out in subdivision (1).

SECTION 11. IC 36-7-14.2 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

Chapter 14.2. Tax Rate Limitation

Sec. 1. As used in this chapter, "property taxes" means:

(1) property taxes, as described in:

(A) IC 6-1.1-39-5(g);

(B) IC 36-7-14-39(a);

(C) IC 36-7-14-39.2;

(D) IC 36-7-14-39.3(c);

(E) IC 36-7-14.5-12.5;

(F) IC 36-7-15.1-26(a);

(G) IC 36-7-15.1-26.2(c);

(H) IC 36-7-15.1-53(a);

(I) IC 36-7-15.1-55(c);

(J) IC 36-7-30-25(a)(3);

(K) IC 36-7-30-26(c);

(L) IC 36-7-30.5-30; or

(M) IC 36-7-30.5-31; and

(2) for allocation areas created under IC 8-22-3.5, the taxes assessed on taxable tangible property in the allocation area.

Sec. 2. Notwithstanding any other law, for assessment dates for which an exemption under IC 6-1.1-3-7.2 applies in a county, a tax rate for property taxes described in section 1 of this chapter must be calculated by including in the base assessed value (for purposes of this section only) the amount of the assessed value that would otherwise have been included in the base assessed value if the exemption under IC 6-1.1-3-7.2 were not in effect for the assessment date.

SECTION 12. [EFFECTIVE UPON PASSAGE] **(a) As used in this**

SECTION, "commission" refers to the commission on business personal property and business taxation established by subsection (b).

(b) The commission on business personal property and business taxation is established.

(c) The commission consists of the following members:

(1) Two (2) members of the senate appointed by the president pro tempore of the senate.

(2) One (1) member of the senate appointed by the minority leader of the senate.

(3) Two (2) members of the house of representatives appointed by the speaker of the house of representatives.

(4) One (1) member of the house of representatives appointed by the minority leader of the house of representatives.

(5) The governor or the governor's designee. An individual designated by the governor under this subdivision must be a state employee.

(6) One (1) member who is nominated by the Association of Indiana Counties and is appointed jointly by the chairman and the vice chairman of the legislative council.

(7) One (1) member who is nominated by the Indiana Association of Cities and Towns and is appointed jointly by the chairman and the vice chairman of the legislative council.

(8) One (1) member who is nominated by the Indiana State Chamber of Commerce and is appointed jointly by the chairman and the vice chairman of the legislative council.

(9) One (1) member who is nominated by the Indiana Manufacturers Association and is appointed jointly by the chairman and the vice chairman of the legislative council.

(10) One (1) member who is nominated by the Indiana Association of School Business Officials and is appointed jointly by the chairman and the vice chairman of the legislative council.

(11) One (1) member to represent agriculture who is appointed jointly by the chairman and the vice chairman of the legislative council.

(12) One (1) member who is nominated by the Indiana Association of Realtors and is appointed jointly by the chairman and the vice chairman of the legislative council.

(d) The president pro tempore of the senate shall appoint a legislative member of the commission to serve as chairperson of the commission. The speaker of the house of representatives shall

appoint a legislative member of the commission to serve as vice chairperson of the commission.

(e) If a vacancy occurs on the commission, the appointing authority who appointed the member whose position is vacant shall appoint an individual to fill the vacancy.

(f) The commission shall do the following:

(1) Study issues concerning the taxation of business personal property in Indiana and business taxation in general in Indiana.

(2) Study issues related to the share of the overall tax burden borne by businesses in Indiana.

(3) Study the competitive advantages and disadvantages for businesses in Indiana that result from the structure of state and local taxation of business.

(4) Study any special elements of the taxation of business personal property.

(5) Study issues related to property taxes paid by taxpayers (including individual taxpayers) other than business taxpayers, and the relative share of the overall tax burden borne by these taxpayers.

(6) Study the impact on local government of reducing business personal property taxes.

(7) Study the existing mechanisms and tools that may be used by local governments to address the effects of the circuit breaker credits under IC 6-1.1-20.6, and the extent to which these mechanisms and tools have been or have not been adopted and used.

(8) Study the impact of tax increment financing, including the impact of tax increment financing on local government.

(9) Study the issue of what number or percentage of votes by a county option income tax council should be required to eliminate property taxes on new business personal property in a county, if the county option income tax councils are given the authority to eliminate property taxes on such property.

(10) Study any other topics assigned by the legislative council or as directed by the chair of the commission.

(g) The commission shall submit a final report of the results of its study and any recommendations to the legislative council before November 1, 2014. The report must be in an electronic format under IC 5-14-6.

(h) The legislative services agency shall provide staff support to the commission.

(i) The affirmative votes of a majority of the members appointed to the commission are required for the commission to take action on any measure, including a final report.

(j) Except as otherwise specifically provided in this SECTION, the commission shall operate under the rules of the legislative council.

(k) This SECTION expires January 1, 2015.

SECTION 13. **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: ____________________