



January 13, 2022

HOUSE BILL No. 1002

DIGEST OF HB 1002 (Updated January 12, 2022 7:52 pm - DI 134)

Citations Affected: IC 4-10; IC 6-1.1; IC 6-2.3; IC 6-2.5; IC 6-3; IC 6-3.1; IC 6-8.1; IC 8-1; IC 35-52; noncode.

Synopsis: Various tax matters. Repeals a provision that would require the budget agency to transfer the amount of combined excess reserves that exceed \$2,500,000,000 in calendar year 2022 to the pre-1996 account of the Indiana state teachers' retirement fund. Amends provisions that provide for an automatic taxpayer refund if sufficient excess reserves are available to: (1) clarify the tax return filing requirement for a refund; (2) require that refunds be distributed before May 1 of the calendar year immediately following the year in which a determination is made that the state has excess reserves; (3) remove provisions that require a taxpayer to have adjusted gross income tax liability in order to qualify for the refund; and (4) remove provisions that require the refund to be made in the form of a refundable tax credit. Provides that the minimum valuation limitation applicable to the total amount of a taxpayer's assessable depreciable personal property in a taxing district is 30% of the adjusted cost of the depreciable personal property purchased before January 2, 2022. Provides an exemption from the 30% minimum valuation limitation for new depreciable personal property purchased after January 1, 2022. Requires the department of local government finance to develop or amend forms for property taxation of assessable depreciable personal property. Repeals the utility receipts and utility services use taxes. Provides a state income tax credit for property taxes paid on certain business personal property. Specifies a formula for determining the amount of the credit. Removes the double direct test currently applied in production sales tax exemptions. Phases down the individual
(Continued next page)

Effective: Upon passage; January 1, 2022 (retroactive); July 1, 2022; January 1, 2023.

Brown T, Leonard, O'Brien, Judy

January 4, 2022, read first time and referred to Committee on Ways and Means.
January 13, 2022, amended, reported — Do Pass.

HB 1002—LS 7148/DI 125



Digest Continued

adjusted gross income tax rate from 3.23% in 2022 to 3% in 2026 and thereafter. Allows a taxpayer to elect a special property tax valuation method for mini-mill equipment. Requires a utility that is subject to the jurisdiction of the Indiana utility regulatory commission (IURC) for the approval of rates and charges to file a rate adjustment with the IURC that adjusts the utility's rates and charges to reflect the repeal of the utility receipts tax. Requires a utility that is: (1) subject to the utility receipts tax; and (2) not under the jurisdiction of the IURC; to adjust the utility's rates and charges to reflect the repeal of the utility receipts tax. Requires each utility to provide notice to the utility's customers that the adjustment in rates and charges reflects the repeal of the utility receipts tax. Specifies definitions for the income tax credit for property taxes paid on certain business personal property. Specifies how certain taxpayers claim the tax credit. Specifies taxpayer procedure for the repeal of the utility receipts and utility services use tax. Makes conforming changes.

HB 1002—LS 7148/DI 125



January 13, 2022

Second Regular Session of the 122nd General Assembly (2022)

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 2021 Regular Session of the General Assembly.

HOUSE BILL No. 1002

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

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

1 SECTION 1. IC 4-10-22-1, AS AMENDED BY P.L.165-2021,
2 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 1. (a) After the end of the state fiscal year
4 beginning July 1, 2015, and ending June 30, 2016, and after the end of
5 each odd-numbered state fiscal year thereafter, the office of
6 management and budget shall calculate in the customary manner the
7 total amount of state reserves as of the end of the state fiscal year. The
8 office of management and budget shall make the calculation not later
9 than July 31, 2016, and not later than July 31 of each odd-numbered
10 year thereafter.

11 (b) The office of management and budget may not consider a
12 balance in the state tuition reserve account established by
13 IC 4-12-1-15.7 when making the calculation required by subsection (a)
14 in 2017 and in an odd-numbered year thereafter.

15 (c) The office of management and budget shall consider a balance
16 in the state tuition reserve account established by IC 4-12-1-15.7 when
17 making the calculation required by subsection (a) in 2016.

HB 1002—LS 7148/DI 125



1 (d) This subsection applies in 2022. After the end of the state fiscal
 2 year beginning July 1, 2021, and ending June 30, 2022, the office of
 3 management and budget shall calculate in the customary manner the
 4 total amount of state reserves as of the end of the state fiscal year. In
 5 making the calculation, the office of management and budget shall
 6 include a balance in the state tuition reserve account established by
 7 IC 4-12-1-15.7. The office of management and budget shall make the
 8 calculation of the combined reserve balance required by this subsection
 9 not later than July 31, 2022.

10 SECTION 2. IC 4-10-22-1.5 IS REPEALED [EFFECTIVE UPON
 11 PASSAGE]. Sec. 1.5: This section applies only in calendar year 2022.
 12 Notwithstanding any other law, if, after the calculation required by
 13 section 1(d) of this chapter, the budget agency certifies that the state's
 14 combined reserve balance as calculated in section 1(d) of this chapter
 15 exceeds two billion five hundred million dollars (\$2,500,000,000), the
 16 budget agency, after budget committee review, shall transfer the
 17 amount of combined state reserves that exceed two billion five hundred
 18 million dollars (\$2,500,000,000) to the pre-1996 account (as defined
 19 in IC 5-10-2-1-5.5) for the purposes of the pre-1996 account.

20 SECTION 3. IC 4-10-22-4, AS AMENDED BY P.L.160-2012,
 21 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JANUARY 1, 2022 (RETROACTIVE)]: Sec. 4. The following apply
 23 if sufficient excess state reserves are available to provide an automatic
 24 taxpayer refund to each taxpayer eligible for a refund:

25 (1) To qualify for a refund, a taxpayer

26 (A) must have filed, **by the end of the calendar year in**
 27 **which a determination is made under section 1 of this**
 28 **chapter that the state has excess reserves**, an Indiana
 29 resident individual adjusted gross income tax return for the
 30 taxpayer's taxable year ending in the calendar year
 31 immediately preceding the calendar year in which a
 32 determination is made. ~~under section 1 of this chapter that the~~
 33 ~~state has excess reserves; and~~

34 (B) must have adjusted gross income tax liability for the
 35 taxpayer's taxable year ending in the calendar year in which a
 36 determination is made ~~under section 1 of this chapter that the~~
 37 ~~state has excess reserves.~~

38 (2) The amount of the refund is determined for each qualifying
 39 taxpayer as follows:

40 STEP ONE: Determine the total amount of excess state
 41 reserves that under section 3 of this chapter are available to
 42 provide automatic taxpayer refunds.



- 1 STEP TWO: Determine the total number of taxpayers that
 2 qualify for a refund under subdivision (1).
 3 STEP THREE: Determine the result of:
 4 (A) the STEP ONE result; divided by
 5 (B) the STEP TWO result;
 6 as rounded to the nearest dollar.
- 7 (3) The refund **shall be distributed to taxpayers before May 1**
 8 **of the calendar year immediately following the year in which**
 9 **a determination is made under section 1 of this chapter that**
 10 **the state has excess reserves.** is a refundable credit that shall
 11 first be applied as a credit against adjusted gross income tax
 12 liability in the taxpayer's taxable year in which a refund is
 13 provided. Any remaining unused credit shall be refunded to the
 14 taxpayer. The credit may not be carried forward.
- 15 (4) If an individual and the individual's spouse are both qualifying
 16 taxpayers for purposes of this section for a taxable year and file
 17 a joint Indiana resident individual adjusted gross income tax
 18 return for the taxable year **ending in the calendar year**
 19 **immediately preceding the year in which a determination is**
 20 **made under section 1 of this chapter that the state has excess**
 21 **reserves:**
- 22 (A) the individual and the individual's spouse are considered
 23 two (2) taxpayers for purposes of determining the amount of
 24 the refund under subdivision (2) for a qualifying taxpayer; and
 25 (B) the amount of the refund that the individual and the
 26 individual's spouse are entitled to claim is equal to the amount
 27 of any refund determined under subdivision (2) for a
 28 qualifying taxpayer, multiplied by two (2).
- 29 SECTION 4. IC 6-1.1-3-22, AS AMENDED BY P.L.159-2020,
 30 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JANUARY 1, 2022 (RETROACTIVE)]: Sec. 22. (a) Except to the
 32 extent that it conflicts with a statute and subject to subsection (f), 50
 33 IAC 4.2 (as in effect January 1, 2001), which was formerly
 34 incorporated by reference into this section, is reinstated as a rule.
- 35 (b) Tangible personal property within the scope of 50 IAC 4.2 (as
 36 in effect January 1, 2001) shall be assessed on the assessment dates in
 37 calendar years 2003 and thereafter in conformity with 50 IAC 4.2 (as
 38 in effect January 1, 2001).
- 39 (c) The publisher of the Indiana Administrative Code shall publish
 40 50 IAC 4.2 (as in effect January 1, 2001) in the Indiana Administrative
 41 Code.
- 42 (d) 50 IAC 4.3 and any other rule to the extent that it conflicts with



1 this section is void.

2 (e) A reference in 50 IAC 4.2 to a governmental entity that has been
3 terminated or a statute that has been repealed or amended shall be
4 treated as a reference to its successor.

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

7 (1) 50 IAC 4.2-4-3(f).

8 (2) 50 IAC 4.2-4-7.

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

10 ~~(4) (3) 50 IAC 4.2-5-7.~~

11 ~~(5) (4) 50 IAC 4.2-5-13.~~

12 ~~(6) (5) 50 IAC 4.2-6-1.~~

13 ~~(7) 50 IAC 4.2-6-2.~~

14 ~~(8) 50 IAC 4.2-8-9.~~

15 However, the department of local government finance may amend
16 these rules to conform with statutory changes.

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

21 **(h) Notwithstanding any other provision of this section, 50**
22 **IAC 4.2-4-9 is void effective January 1, 2022. The publisher of the**
23 **Indiana Administrative Code and Indiana Register shall remove 50**
24 **IAC 4.2-4-9 from the Indiana Administrative Code.**
25 **Notwithstanding any other provision of this section, the**
26 **department of local government finance may adopt rules amending**
27 **50 IAC 4.2 to reflect the enactment of section 29 of this chapter.**

28 SECTION 5. IC 6-1.1-3-23, AS AMENDED BY P.L.220-2011,
29 SECTION 119, IS AMENDED TO READ AS FOLLOWS
30 [EFFECTIVE JANUARY 1, 2022 (RETROACTIVE)]: Sec. 23. (a) In
31 enacting this section, the general assembly finds the following:

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

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

37 (B) the oil refining and petrochemical industry.

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

40 (3) During the last thirty (30) years, the domestic steel industry
41 has experienced significant financial difficulties. More than
42 one-half (1/2) of the integrated steel mills in the United States



1 were shut down or deintegrated, with the remainder requiring
2 significant investment and the addition of new processes to make
3 the facilities economically competitive with newer foreign and
4 domestic steelmaking facilities and processes.

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

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

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

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

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

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



1 of obsolescence and depreciation; and

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

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

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

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

30 (b) For purposes of this section:

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

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

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

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

42 (5) "permanently retired depreciable personal property" has the



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



1 automatically reflect all adjustments for depreciation and obsolescence,
 2 including abnormal obsolescence, for special integrated steel mill or oil
 3 refinery/petrochemical equipment. The equipment is entitled to all
 4 exemptions, credits, and deductions for which it qualifies.

5 (f) The minimum valuation limitations under ~~50 IAC 4.2-4-9~~
 6 **section 29 of this chapter** do not apply to special integrated steel mill
 7 or oil refinery/petrochemical equipment valued under this section. The
 8 value of the equipment is not included in the calculation of that
 9 minimum valuation limitation for the taxpayer's other assessable
 10 depreciable personal property in the taxing district.

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

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

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

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

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

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

34 SECTION 6. IC 6-1.1-3-23.5 IS ADDED TO THE INDIANA
 35 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
 36 [EFFECTIVE JULY 1, 2022]: **Sec. 23.5. (a) For purposes of this**
 37 **section:**

38 (1) "adjusted cost" has the meaning set forth in section
 39 23(b)(1) of this chapter;

40 (2) "depreciable personal property" has the meaning set forth
 41 in section 23(b)(2) of this chapter;

42 (3) "mini-mill" means a person, including a subsidiary of a



1 corporation, that produces steel using an electric arc furnace
2 in Indiana;

3 (4) "permanently retired depreciable personal property" has
4 the meaning set forth in section 23(b)(5) of this chapter;

5 (5) "pool" has the meaning set forth in section 23(b)(6) of this
6 chapter;

7 (6) "mini-mill equipment" means depreciable personal
8 property, other than special tools and permanently retired
9 depreciable personal property, that is owned, leased, or used
10 by a mini-mill or an entity that is at least fifty percent (50%)
11 owned by an affiliate of a mini-mill in the production of steel;

12 (7) "special tools" has the meaning set forth in section
13 23(b)(8) of this chapter; and

14 (8) "year of acquisition" has the meaning set forth in section
15 23(b)(9) of this chapter.

16 (b) Notwithstanding 50 IAC 4.2-4-4, 50 IAC 4.2-4-6, and 50
17 IAC 4.2-4-7, beginning with the January 1, 2023, assessment date,
18 a taxpayer may elect to calculate the true tax value of the
19 taxpayer's mini-mill equipment by multiplying the adjusted cost of
20 that equipment by the percentage set forth in the table designated
21 as "Pool No. 5" under sections 23(c) and 23(d) of this chapter.

22 (c) The percentage factors in the table under section 23(c) of this
23 chapter automatically reflect all adjustments for depreciation and
24 obsolescence, including abnormal obsolescence, for mini-mill
25 equipment. The equipment is entitled to all exemptions, credits,
26 and deductions for which it qualifies.

27 (d) The minimum valuation limitations under section 29 of this
28 chapter do not apply to mini-mill equipment valued under this
29 section. The value of the equipment is not included in the
30 calculation of that minimum valuation limitation for the taxpayer's
31 other assessable depreciable personal property in the taxing
32 district.

33 (e) An election to value mini-mill equipment under this section:

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

36 (2) applies to all of the taxpayer's mini-mill equipment located
37 in the state (whether owned or leased, or used as an integrated
38 part of the equipment); and

39 (3) is binding on the taxpayer for the assessment date for
40 which the election is made.

41 The department of local government finance shall prescribe the
42 forms to make the election beginning with the January 1, 2023,



1 assessment date. Any mini-mill equipment acquired by a taxpayer
 2 that has made an election under this section is valued under this
 3 section.

4 (f) If fifty percent (50%) or more of the adjusted cost of a
 5 taxpayer's property that would, notwithstanding this section, be
 6 reported in a pool other than "Pool No. 5" (as designated under
 7 section 23 of this chapter) is attributable to mini-mill equipment,
 8 the taxpayer may elect to calculate the true tax value of all of that
 9 property as mini-mill equipment. The true tax value of property
 10 for which an election is made under this subsection is calculated
 11 under subsections (b) through (e).

12 SECTION 7. IC 6-1.1-3-25, AS ADDED BY P.L.238-2017,
 13 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JANUARY 1, 2022 (RETROACTIVE)]: Sec. 25. (a) As used in this
 15 section, "district" refers to an entrepreneur and enterprise district
 16 designated under IC 5-28-15.5.

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

19 (1) is located in a district;

20 (2) is placed in service in the district by the owner of the property
 21 after the designation of the district under IC 5-28-15.5; and

22 (3) is used within the district by one (1) or more employees who
 23 perform the majority of their service within the district;

24 is not subject to the valuation limitations in ~~50 IAC 4.2-4-9~~ **section 29**
 25 **of this chapter** or ~~50 IAC 5.1-6-9~~ **IC 6-1.1-8-45**.

26 SECTION 8. IC 6-1.1-3-29 IS ADDED TO THE INDIANA CODE
 27 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 28 JANUARY 1, 2022 (RETROACTIVE)]: **Sec. 29. (a) This subsection**
 29 **does not apply to a taxpayer's assessable depreciable personal**
 30 **property that is purchased after January 1, 2022. Except as**
 31 **provided in subsections (b) and (c), for each assessment date, the**
 32 **total valuation of a taxpayer's assessable depreciable personal**
 33 **property in a single taxing district may not be less than thirty**
 34 **percent (30%) of the adjusted cost of all the taxpayer's assessable**
 35 **depreciable personal property in the taxing district.**

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

41 (c) Depreciable personal property that is purchased after
 42 January 1, 2022, is not subject to the minimum valuation limitation



1 **under this section.**

2 SECTION 9. IC 6-1.1-8-44, AS AMENDED BY P.L.38-2021,
3 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JANUARY 1, 2022 (RETROACTIVE)]: Sec. 44. (a) Except to the
5 extent that it conflicts with a statute and subject to subsection (f), 50
6 IAC 5.1 (as in effect January 1, 2001), which was formerly
7 incorporated by reference into this section, is reinstated as a rule.

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

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

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

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

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

- 22 (1) 50 IAC 5.1-6-6.
- 23 (2) 50 IAC 5.1-6-7.
- 24 (3) 50 IAC 5.1-6-8.
- 25 ~~(4) 50 IAC 5.1-6-9.~~
- 26 ~~(5) (4) 50 IAC 5.1-8-1.~~
- 27 ~~(6) (5) 50 IAC 5.1-9-1.~~
- 28 ~~(7) 50 IAC 5.1-9-2.~~

29 However, the department of local government finance may amend
30 these rules to reflect statutory changes.

31 **(g) Notwithstanding any other provision of this section, 50**
32 **IAC 5.1-6-9 is void effective January 1, 2022. The publisher of the**
33 **Indiana Administrative Code and Indiana Register shall remove 50**
34 **IAC 5.1-6-9 from the Indiana Administrative Code.**
35 **Notwithstanding any other provision of this section, the**
36 **department of local government finance may adopt rules amending**
37 **50 IAC 5.1 to reflect the enactment of section 45 of this chapter.**

38 SECTION 10. IC 6-1.1-8-45 IS ADDED TO THE INDIANA CODE
39 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
40 JANUARY 1, 2022 (RETROACTIVE)]: **Sec. 45. (a) This subsection**
41 **does not apply to a taxpayer's assessable depreciable personal**
42 **property that is purchased after January 1, 2022. Except as**



1 provided in subsections (b) and (c), for each assessment date, the
 2 total valuation of a taxpayer's assessable depreciable personal
 3 property in a single taxing district may not be less than thirty
 4 percent (30%) of the adjusted cost of all the taxpayer's assessable
 5 depreciable personal property in the taxing district.

6 (b) The limitation set forth in subsection (a) is to be applied
 7 before any special adjustment for abnormal obsolescence. The
 8 limitation does not apply to equipment not placed in service,
 9 special tooling, and permanently retired depreciable personal
 10 property.

11 (c) Depreciable personal property that is purchased after
 12 January 1, 2022, is not subject to the minimum valuation limitation
 13 under this section.

14 SECTION 11. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.80-2014,
 15 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JANUARY 1, 2022 (RETROACTIVE)]: Sec. 4.5. (a) An applicant
 17 must provide a statement of benefits to the designating body. The
 18 applicant must provide the completed statement of benefits form to the
 19 designating body before the hearing specified in section 2.5(c) of this
 20 chapter or before the installation of the new manufacturing equipment,
 21 new research and development equipment, new logistical distribution
 22 equipment, or new information technology equipment for which the
 23 person desires to claim a deduction under this chapter. The department
 24 of local government finance shall prescribe a form for the statement of
 25 benefits. The statement of benefits must include the following
 26 information:

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

31 (2) With respect to:

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

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

38 an estimate of the number of individuals who will be employed or
 39 whose employment will be retained by the person as a result of
 40 the installation of the new manufacturing equipment, new
 41 research and development equipment, new logistical distribution
 42 equipment, or new information technology equipment and an



1 estimate of the annual salaries of these individuals.

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

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

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

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

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

24 (2) With respect to:

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

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

31 whether the estimate of the number of individuals who will be
32 employed or whose employment will be retained can be
33 reasonably expected to result from the installation of the new
34 manufacturing equipment, new research and development
35 equipment, new logistical distribution equipment, or new
36 information technology equipment.

37 (3) Whether the estimate of the annual salaries of those
38 individuals who will be employed or whose employment will be
39 retained can be reasonably expected to result from the proposed
40 installation of new manufacturing equipment, new research and
41 development equipment, new logistical distribution equipment, or
42 new information technology equipment.



- 1 (4) With respect to new manufacturing equipment used to dispose
 2 of solid waste or hazardous waste by converting the solid waste
 3 or hazardous waste into energy or other useful products, whether
 4 the estimate of the amount of solid waste or hazardous waste that
 5 will be converted into energy or other useful products can be
 6 reasonably expected to result from the installation of the new
 7 manufacturing equipment.
- 8 (5) Whether any other benefits about which information was
 9 requested are benefits that can be reasonably expected to result
 10 from the proposed installation of new manufacturing equipment,
 11 new research and development equipment, new logistical
 12 distribution equipment, or new information technology
 13 equipment.
- 14 (6) Whether the totality of benefits is sufficient to justify the
 15 deduction.
- 16 The designating body may not designate an area an economic
 17 revitalization area or approve the deduction unless it makes the
 18 findings required by this subsection in the affirmative.
- 19 (c) Except as provided in subsection (f), and subject to subsection
 20 (g) and section 15 of this chapter, an owner of new manufacturing
 21 equipment, new research and development equipment, new logistical
 22 distribution equipment, or new information technology equipment
 23 whose statement of benefits is approved is entitled to a deduction from
 24 the assessed value of that equipment for the number of years
 25 determined by the designating body under section 17 or 18 of this
 26 chapter. Except as provided in subsection (d) and in section 2(i)(3) of
 27 this chapter, and subject to subsection (g) and section 15 of this
 28 chapter, the amount of the deduction that an owner is entitled to for a
 29 particular year equals the product of:
- 30 (1) the assessed value of the new manufacturing equipment, new
 31 research and development equipment, new logistical distribution
 32 equipment, or new information technology equipment in the year
 33 of deduction under the abatement schedule established under
 34 section 17 or 18 of this chapter; multiplied by
- 35 (2) the percentage prescribed by the designating body under
 36 section 17 or 18 of this chapter.
- 37 (d) With respect to new manufacturing equipment and new research
 38 and development equipment installed before March 2, 2001, the
 39 deduction under this section is the amount that causes the net assessed
 40 value of the property after the application of the deduction under this
 41 section to equal the net assessed value after the application of the
 42 deduction under this section that results from computing:



- 1 (1) the deduction under this section as in effect on March 1, 2001;
 2 and
 3 (2) the assessed value of the property under 50 IAC 4.2, as in
 4 effect on March 1, 2001, or, in the case of property subject to
 5 IC 6-1.1-8, 50 IAC 5.1, as in effect on March 1, 2001.
- 6 (e) The designating body shall determine the number of years the
 7 deduction is allowed under section 17 or 18 of this chapter. Except as
 8 provided by section 18 of this chapter, the deduction may not be
 9 allowed for more than ten (10) years. This determination shall be made:
 10 (1) as part of the resolution adopted under section 2.5 of this
 11 chapter; or
 12 (2) by resolution adopted within sixty (60) days after receiving a
 13 copy of a property owner's certified deduction application from
 14 the county auditor. A certified copy of the resolution shall be sent
 15 to the county auditor.
- 16 A determination about the number of years the deduction is allowed
 17 that is made under subdivision (1) is final and may not be changed by
 18 following the procedure under subdivision (2).
- 19 (f) The owner of new manufacturing equipment that is directly used
 20 to dispose of hazardous waste is not entitled to the deduction provided
 21 by this section for a particular assessment year if during that
 22 assessment year the owner:
 23 (1) is convicted of a criminal violation under IC 13, including
 24 IC 13-7-13-3 (repealed) or IC 13-7-13-4 (repealed); or
 25 (2) is subject to an order or a consent decree with respect to
 26 property located in Indiana based on a violation of a federal or
 27 state rule, regulation, or statute governing the treatment, storage,
 28 or disposal of hazardous wastes that had a major or moderate
 29 potential for harm.
- 30 (g) For purposes of subsection (c), the assessed value of new
 31 manufacturing equipment, new research and development equipment,
 32 new logistical distribution equipment, or new information technology
 33 equipment that is part of an owner's assessable depreciable personal
 34 property in a single taxing district subject to the valuation limitation in
 35 ~~50 IAC 4.2-4-9~~ **IC 6-1.1-3-29** or ~~50 IAC 5.1-6-9~~ **IC 6-1.1-8-45** is the
 36 product of:
 37 (1) the assessed value of the equipment determined without
 38 regard to the valuation limitation in ~~50 IAC 4.2-4-9~~ **IC 6-1.1-3-29**
 39 or ~~50 IAC 5.1-6-9~~; **IC 6-1.1-8-45**; multiplied by
 40 (2) the quotient of:
 41 (A) the amount of the valuation limitation determined under
 42 ~~50 IAC 4.2-4-9~~ **IC 6-1.1-3-29** or ~~50 IAC 5.1-6-9~~ **IC 6-1.1-8-45**



1 for all of the owner's depreciable personal property in the
2 taxing district; divided by

3 (B) the total true tax value of all of the owner's depreciable
4 personal property in the taxing district that is subject to the
5 valuation limitation in ~~50 IAC 4.2-4-9~~ **IC 6-1.1-3-29** or ~~50~~
6 ~~IAC 5.1-6-9~~ **IC 6-1.1-8-45** determined:

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

10 (ii) without regard to the valuation limitation in ~~50~~
11 ~~IAC 4.2-4-9~~ **IC 6-1.1-3-29** or ~~50 IAC 5.1-6-9:~~
12 **IC 6-1.1-8-45.**

13 SECTION 12. IC 6-1.1-31-14 IS ADDED TO THE INDIANA
14 CODE AS A NEW SECTION TO READ AS FOLLOWS
15 [EFFECTIVE JULY 1, 2022]: **Sec. 14. For assessment dates after**
16 **December 31, 2022, the department of local government finance**
17 **shall develop or amend forms and returns for property taxation of**
18 **assessable depreciable personal property to do the following:**

19 (1) **Create separate depreciation schedules for assessable**
20 **depreciable personal property placed into service:**

21 (A) **before January 2, 2022; and**

22 (B) **after January 1, 2022.**

23 (2) **For the depreciation schedule described in subdivision**
24 **(1)(A), create a line on the form that specifies the difference,**
25 **if applicable, between:**

26 (A) **the assessed value of the taxpayer's assessable**
27 **depreciable personal property based on the pool schedules**
28 **after depreciation, but before application of the minimum**
29 **valuation limitations under IC 6-1.1-3-29 and**
30 **IC 6-1.1-8-45; and**

31 (B) **the assessed value of the taxpayer's assessable**
32 **depreciable personal property after application of the**
33 **minimum valuation limitations under IC 6-1.1-3-29 and**
34 **IC 6-1.1-8-45.**

35 SECTION 13. IC 6-1.1-40-10, AS AMENDED BY
36 P.L.212-2018(ss), SECTION 16, IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE JANUARY 1, 2022 (RETROACTIVE)]:
38 Sec. 10. (a) The deduction under this section applies only to new
39 manufacturing equipment installed before July 1, 2018.

40 (b) Subject to subsection (e), an owner of new manufacturing
41 equipment whose statement of benefits is approved is entitled to a
42 deduction from the assessed value of that equipment for a period of ten



1 (10) years. Except as provided in subsections (c) and (d), and subject
 2 to subsection (e) and section 14 of this chapter, for the first five (5)
 3 years, the amount of the deduction for new manufacturing equipment
 4 that an owner is entitled to for a particular year equals the assessed
 5 value of the new manufacturing equipment. Subject to subsection (e)
 6 and section 14 of this chapter, for the sixth through the tenth year, the
 7 amount of the deduction equals the product of:

- 8 (1) the assessed value of the new manufacturing equipment;
- 9 multiplied by
- 10 (2) the percentage prescribed in the following table:

11 YEAR OF DEDUCTION	PERCENTAGE
12 6th	100%
13 7th	95%
14 8th	80%
15 9th	65%
16 10th	50%
17 11th and thereafter	0%

18 (c) A deduction under this section is not allowed in the first year the
 19 deduction is claimed for new manufacturing equipment to the extent
 20 that it would cause the assessed value of all of the personal property of
 21 the owner in the taxing district in which the equipment is located to be
 22 less than the assessed value of all of the personal property of the owner
 23 in that taxing district in the immediately preceding year.

24 (d) If a deduction is not fully allowed under subsection (c) in the
 25 first year the deduction is claimed, then the percentages specified in
 26 subsection (b) apply in the subsequent years to the amount of deduction
 27 that was allowed in the first year.

28 (e) For purposes of subsection (b), the assessed value of new
 29 manufacturing equipment that is part of an owner's assessable
 30 depreciable personal property in a single taxing district subject to the
 31 valuation limitation in ~~50 IAC 4.2-4-9 IC 6-1.1-3-29~~ or ~~50 IAC 5.1-6-9~~
 32 **IC 6-1.1-8-45** is the product of:

- 33 (1) the assessed value of the equipment (excluding equipment
 34 installed after June 30, 2018) determined without regard to the
 35 valuation limitation in ~~50 IAC 4.2-4-9 IC 6-1.1-3-29~~ or ~~50~~
 36 ~~IAC 5.1-6-9; IC 6-1.1-8-45~~; multiplied by
- 37 (2) the quotient of:
 - 38 (A) the amount of the valuation limitation determined under
 39 ~~50 IAC 4.2-4-9 IC 6-1.1-3-29~~ or ~~50 IAC 5.1-6-9 IC 6-1.1-8-45~~
 40 for all of the owner's depreciable personal property in the
 41 taxing district; divided by
 - 42 (B) the total true tax value of all of the owner's depreciable



1 personal property in the taxing district that is subject to the
 2 valuation limitation in ~~50 IAC 4.2-4-9~~ **IC 6-1.1-3-29** or ~~50~~
 3 ~~IAC 5.1-6-9~~ **IC 6-1.1-8-45** determined:

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

7 (ii) without regard to the valuation limitation in ~~50~~
 8 ~~IAC 4.2-4-9~~ **IC 6-1.1-3-29** or ~~50 IAC 5.1-6-9:~~
 9 **IC 6-1.1-8-45.**

10 SECTION 14. IC 6-2.3 IS REPEALED [EFFECTIVE JULY 1,
 11 2022]. (Utility Receipts Tax)

12 SECTION 15. IC 6-2.5-4-5, AS AMENDED BY P.L.288-2013,
 13 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2022]: Sec. 5. (a) As used in this section, a "power subsidiary"
 15 means a corporation which is owned or controlled by one (1) or more
 16 public utilities that furnish or sell electrical energy, natural or artificial
 17 gas, water, steam, or steam heat and which produces power exclusively
 18 for the use of those public utilities.

19 (b) A power subsidiary or a person engaged as a public utility is a
 20 retail merchant making a retail transaction when the subsidiary or
 21 person furnishes or sells electrical energy, natural or artificial gas,
 22 water, steam, or steam heating service to a person for commercial or
 23 domestic consumption.

24 (c) Notwithstanding subsection (b), a power subsidiary or a person
 25 engaged as a public utility is not a retail merchant making a retail
 26 transaction in any of the following transactions:

27 (1) The power subsidiary or person provides, installs, constructs,
 28 services, or removes tangible personal property which is used in
 29 connection with the furnishing of the services or commodities
 30 listed in subsection (b).

31 (2) The power subsidiary or person sells the services or
 32 commodities listed in subsection (b) to another public utility or
 33 power subsidiary described in this section or a person described
 34 in section 6 of this chapter.

35 (3) The power subsidiary or person sells the services or
 36 commodities listed in subsection (b) to a person for use in
 37 manufacturing, mining, production, processing (after December
 38 31, 2012), repairing (after December 31, 2012), refining,
 39 recycling (as defined in IC 6-2.5-5-45.8), oil extraction, mineral
 40 extraction, irrigation, agriculture, floriculture (after December 31,
 41 2012), arboriculture (after December 31, 2012), or horticulture.

42 However, this exclusion for sales of the services and commodities



1 only applies if the services are consumed as an essential and
 2 integral part of an integrated process that produces tangible
 3 personal property in direct production pursuant to
 4 **IC 6-2.5-5-0.5(3)** and those sales are separately metered for the
 5 excepted uses listed in this subdivision, or if those sales are not
 6 separately metered but are predominately used by the purchaser
 7 for the excepted uses listed in this subdivision.

8 (4) The power subsidiary or person sells the services or
 9 commodities listed in subsection (b) and all the following
 10 conditions are satisfied:

11 (A) The services or commodities are sold to a business that:

- 12 (i) relocates all or part of its operations to a facility; or
- 13 (ii) expands all or part of its operations in a facility;

14 located in a military base (as defined in IC 36-7-30-1(c)), a
 15 military base reuse area established under IC 36-7-30, the part
 16 of an economic development area established under
 17 IC 36-7-14.5-12.5 that is or formerly was a military base (as
 18 defined in IC 36-7-30-1(c)), or a qualified military base
 19 enhancement area established under IC 36-7-34.

20 (B) The business uses the services or commodities in the
 21 facility described in clause (A) not later than five (5) years
 22 after the operations that are relocated to the facility or
 23 expanded in the facility commence.

24 (C) The sales of the services or commodities are separately
 25 metered for use by the relocated or expanded operations.

26 (D) In the case of a business that uses the services or
 27 commodities in a qualified military base enhancement area
 28 established under IC 36-7-34-4(1), the business must satisfy at
 29 least one (1) of the following criteria:

30 (i) The business is a participant in the technology transfer
 31 program conducted by the qualified military base (as defined
 32 in IC 36-7-34-3).

33 (ii) The business is a United States Department of Defense
 34 contractor.

35 (iii) The business and the qualified military base have a
 36 mutually beneficial relationship evidenced by a
 37 memorandum of understanding between the business and
 38 the United States Department of Defense.

39 (E) In the case of a business that uses the services or
 40 commodities in a qualified military base enhancement area
 41 established under IC 36-7-34-4(2), the business must satisfy at
 42 least one (1) of the following criteria:



1 (i) The business is a participant in the technology transfer
 2 program conducted by the qualified military base (as defined
 3 in IC 36-7-34-3).

4 (ii) The business and the qualified military base have a
 5 mutually beneficial relationship evidenced by a
 6 memorandum of understanding between the business and
 7 the qualified military base (as defined in IC 36-7-34-3).

8 However, this subdivision does not apply to a business that
 9 substantially reduces or ceases its operations at another location
 10 in Indiana in order to relocate its operations in an area described
 11 in this subdivision, unless the department determines that the
 12 business had existing operations in the area described in this
 13 subdivision and that the operations relocated to the area are an
 14 expansion of the business's operations in the area.

15 SECTION 16. IC 6-2.5-5-0.5 IS ADDED TO THE INDIANA
 16 CODE AS A NEW SECTION TO READ AS FOLLOWS
 17 [EFFECTIVE JULY 1, 2022]: **Sec. 0.5. The following apply for**
 18 **purposes of this chapter:**

19 (1) **"Production" means an operation or an integrated series**
 20 **of operations that causes a substantial change or**
 21 **transformation in tangible personal property by placing it in**
 22 **a form, composition, or character different from that in which**
 23 **it was acquired for purposes of resale of the changed or**
 24 **transformed property in the ordinary course of business.**

25 (2) **"Substantial change or transformation" includes the**
 26 **deliberate and affirmative mixing of components where:**

27 (A) **the resulting combination represents more value than**
 28 **the sum of the separate components;**

29 (B) **the separate components are not easily identifiable and**
 30 **separable back to their original state; and**

31 (C) **the combination is not the result of concurrently**
 32 **dispensing disparate tangible personal property.**

33 (3) **Tangible personal property "directly used or consumed in**
 34 **production" includes only tangible personal property that is**
 35 **used or consumed during those activities and operations that**
 36 **constitute an integral and essential part of the production**
 37 **process, as contrasted with and distinguished from those**
 38 **activities and operations that are incidental or remote to**
 39 **production. Tangible personal property "directly used or**
 40 **consumed in production" includes, but is not limited to,**
 41 **property used to:**

42 (A) **transport raw material or tangible personal property**



- 1 from an onsite location to be consumed during production;
 2 (B) control or monitor production;
 3 (C) comply with federal, state, or local workplace safety
 4 statutes, regulations, or standards during production;
 5 (D) comply with applicable federal, state, or local
 6 workplace statutes, regulations, or standards during the
 7 production of food, food ingredients, or other products
 8 intended for human or animal consumption;
 9 (E) repair, maintain, or clean machinery, tools, and
 10 equipment that are directly used in production;
 11 (F) remove or dispose of waste or scrap created during
 12 production, including any required processing and
 13 packaging of the waste or scrap regardless of whether the
 14 waste or scrap is sold; or
 15 (G) package and label work in process or finishing goods
 16 resulting from production, including both packaging
 17 intended for the taxpayer's customer and the ultimate
 18 consumer, but excluding any activities required for
 19 shipping such as stacking, palletizing, shrink wrapping, or
 20 transportation after packaging.
- 21 (4) Tangible personal property not "directly used or
 22 consumed in production" includes, but is not limited to,
 23 property that is used or consumed to:
- 24 (A) store or maintain at an onsite location raw materials or
 25 tangible personal property to be consumed during
 26 production;
 27 (B) transport work in process between taxpayer locations
 28 or third party processor locations during production;
 29 (C) store and maintain finished goods;
 30 (D) distribute, deliver, or transport finished goods;
 31 (E) heat, cool, or illuminate buildings or facilities, except
 32 for discrete illumination or environmental control
 33 required for the production of specific product;
 34 (F) provide for the comfort or convenience of employees;
 35 (G) clean, maintain, or repair a facility;
 36 (H) track or control inventory, raw materials, or tangible
 37 personal property to be used or consumed in production;
 38 or
 39 (I) perform any other activity or operation that is
 40 incidental or remote to production.
- 41 (5) Tangible personal property that is incorporated into
 42 realty, including any special foundations, shall not be



1 **considered to be directly used or consumed in production.**
 2 **(6) Notwithstanding subdivisions (1) through (4), production**
 3 **shall begin only after raw materials and tangible personal**
 4 **property to be consumed in production are removed from**
 5 **onsite storage for use in production and shall end upon**
 6 **completion of packaging pursuant to subdivision (3)(G).**

7 SECTION 17. IC 6-2.5-5-1, AS AMENDED BY P.L.86-2018,
 8 SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JULY 1, 2022]: Sec. 1. (a) Transactions involving animals, feed, seed,
 10 plants, fertilizer, pesticides, fungicides, and other tangible personal
 11 property are exempt from the state gross retail tax if:

12 (1) the person acquiring the property acquires it for the person's
 13 direct use in the ~~direct~~ production of food and food ingredients or
 14 commodities for sale or for further use in the production of food
 15 and food ingredients or commodities for sale; and

16 (2) the person acquiring the property is occupationally engaged in
 17 the production of food and food ingredients or commodities which
 18 the person sells for human or animal consumption or uses for
 19 further food and food ingredient or commodity production.

20 (b) A transaction involving the sale of a race horse in a claiming
 21 race (as defined by IC 4-31-2-3.5) is exempt from the state gross retail
 22 tax.

23 SECTION 18. IC 6-2.5-5-2, AS AMENDED BY P.L.239-2017,
 24 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 25 JULY 1, 2022]: Sec. 2. (a) Transactions involving agricultural
 26 machinery, tools, and equipment ~~including material handling~~
 27 ~~equipment purchased for the purpose of transporting materials into~~
 28 ~~activities described in this subsection from an onsite location;~~ are
 29 exempt from the state gross retail tax if the person acquiring that
 30 property acquires it for the person's direct use in the ~~direct~~ production,
 31 extraction, harvesting, or processing of agricultural commodities.

32 (b) Transactions involving agricultural machinery or equipment are
 33 exempt from the state gross retail tax if:

34 (1) the person acquiring the property acquires it for use in
 35 conjunction with the production of food and food ingredients or
 36 commodities for sale;

37 (2) the person acquiring the property is occupationally engaged in
 38 the production of food or commodities which the person sells for
 39 human or animal consumption or uses for further food and food
 40 ingredients or commodity production; and

41 (3) the machinery or equipment is designed for use in gathering,
 42 moving, or spreading animal waste.



1 (c) Transactions involving agricultural machinery or equipment
 2 ~~including material handling equipment purchased for the purpose of~~
 3 ~~transporting materials into activities described in this subsection from~~
 4 ~~an onsite location~~, are exempt from the state gross retail tax if the
 5 person acquiring the property:

6 (1) acquires it for the person's direct use in:

7 (A) the ~~direct~~ application of fertilizers, pesticides, fungicides,
 8 seeds, and other tangible personal property; or

9 (B) the ~~direct~~ extraction, harvesting, or processing of
 10 agricultural commodities;

11 for consideration; and

12 (2) is occupationally engaged in providing the services described
 13 in subdivision (1) on property that is:

14 (A) owned or rented by another person occupationally engaged
 15 in agricultural production; and

16 (B) used for agricultural production.

17 SECTION 19. IC 6-2.5-5-3, AS AMENDED BY P.L.239-2017,
 18 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 JULY 1, 2022]: Sec. 3. (a) For purposes of this section:

20 (1) the:

21 (A) retreading of tires; and

22 (B) felling of trees for further use in production or for sale in
 23 the ordinary course of business;

24 shall be treated as the processing of tangible personal property;
 25 and

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

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

36 (c) Except as provided in subsection (d), transactions involving
 37 manufacturing machinery, tools, and equipment ~~including material~~
 38 ~~handling equipment purchased for the purpose of transporting materials~~
 39 ~~into an industrial process from an onsite location~~, are exempt from the
 40 state gross retail tax if the person acquiring that property:

41 (1) acquires it for the person's direct use in an industrial
 42 processing service; and



1 (2) is an industrial processor.

2 (d) The exemptions provided in subsections (b) and (c) do not apply
3 to transactions involving distribution equipment or transmission
4 equipment acquired by a public utility engaged in generating
5 electricity.

6 SECTION 20. IC 6-2.5-5-4, AS AMENDED BY P.L.239-2017,
7 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2022]: Sec. 4. Transactions involving tangible personal
9 property ~~including material handling equipment purchased for the~~
10 ~~purpose of transporting materials into activities described in this~~
11 ~~section from an onsite location~~; are exempt from the state gross retail
12 tax if the person acquiring the property acquires it for the person's
13 direct use in the ~~direct~~ production of the machinery, tools, or
14 equipment described in section 2 or 3 of this chapter.

15 SECTION 21. IC 6-2.5-5-5.1, AS AMENDED BY P.L.239-2017,
16 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 JULY 1, 2022]: Sec. 5.1. (a) As used in this section, "tangible personal
18 property" includes electrical energy, natural or artificial gas, water,
19 steam, and steam heat.

20 (b) Transactions involving tangible personal property are exempt
21 from the state gross retail tax if the person acquiring the property
22 acquires it for direct consumption as a material to be consumed in the
23 ~~direct~~ production of other tangible personal property in the person's
24 business of manufacturing, processing, refining, repairing, mining,
25 agriculture, horticulture, floriculture, or arboriculture. This exemption
26 includes transactions involving acquisitions of tangible personal
27 property used in commercial printing.

28 (c) Transactions involving tangible personal property are exempt
29 from the state gross retail tax if the person acquiring that property:

30 (1) acquires it for the person's direct consumption as a material to
31 be consumed in an industrial processing service; and

32 (2) is an industrial processor.

33 (d) Transactions involving tangible personal property are exempt
34 from the state gross retail tax if the person acquiring the property:

35 (1) acquires it for the person's direct consumption as a material to
36 be consumed in:

37 (A) the ~~direct~~ application of fertilizers, pesticides, fungicides,
38 seeds, and other tangible personal property; or

39 (B) the ~~direct~~ extraction, harvesting, or processing of
40 agricultural commodities;

41 for consideration; and

42 (2) is occupationally engaged in providing the services described



1 in subdivision (1) on property that is:

2 (A) owned or rented by another person occupationally engaged
3 in agricultural production; and

4 (B) used for agricultural production.

5 SECTION 22. IC 6-2.5-5-31 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 31. (a) As used in this
7 section, "free distribution newspaper" means any community
8 newspaper, shopping paper, shoppers' consumer paper, pennysaver,
9 shopping guide, town crier, dollar stretcher, or other similar publication
10 which:

11 (1) is distributed to the public on a community-wide basis, free of
12 charge;

13 (2) is published at stated intervals of at least once a month;

14 (3) has continuity as to title and general nature of content from
15 issue to issue;

16 (4) does not constitute a book, either singly or when successive
17 issues are put together;

18 (5) contains advertisements from numerous unrelated advertisers
19 in each issue;

20 (6) contains news of general or community interest, community
21 notices, or editorial commentary by different authors, in each
22 issue; and

23 (7) is not owned by, or under the control of, the owners or lessees
24 of a shopping center, a merchant's association, or a business that
25 sells property or services (other than advertising) whose
26 advertisements for their sales of property or services constitute the
27 predominant advertising in the publication.

28 (b) The term "free distribution newspaper" does not include mail
29 order catalogs or other catalogs, advertising fliers, travel brochures,
30 house organs, theater programs, telephone directories, restaurant
31 guides, shopping center advertising sheets, and similar publications.

32 (c) Transactions involving manufacturing machinery, tools and
33 equipment, and other tangible personal property are exempt from the
34 state gross retail tax if the person acquiring that property acquires it for
35 **his the person's** direct use, or for **his the person's** direct consumption
36 as a material to be consumed, in the ~~direct~~ production or publication of
37 a free distribution newspaper, or for incorporation as a material part of
38 a free distribution newspaper published by that person.

39 (d) Transactions involving a sale of a free distribution newspaper,
40 or of printing services performed in publishing a free distribution
41 newspaper, are exempt from the state gross retail tax if the purchaser
42 is the publisher of the free distribution newspaper.



1 SECTION 23. IC 6-3-2-1, AS AMENDED BY P.L.212-2018(ss),
 2 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2022]: Sec. 1. (a) Each taxable year, a tax at the following rate
 4 of adjusted gross income is imposed upon the adjusted gross income of
 5 every resident person, and on that part of the adjusted gross income
 6 derived from sources within Indiana of every nonresident person:

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

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

11 (3) For taxable years beginning after December 31, 2016, **and**
 12 **before January 1, 2023**, three and twenty-three hundredths
 13 percent (3.23%).

14 **(4) For taxable years beginning after December 31, 2022, and**
 15 **before January 1, 2024, three and fifteen hundredths percent**
 16 **(3.15%).**

17 **(5) For taxable years beginning after December 31, 2023, and**
 18 **before January 1, 2025, three and one tenth percent (3.1%).**

19 **(6) For taxable years beginning after December 31, 2024, and**
 20 **before January 1, 2026, three and five hundredths percent**
 21 **(3.05%).**

22 **(7) For taxable years beginning after December 31, 2025,**
 23 **three percent (3%).**

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

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

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

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

33 (4) After June 30, 2014, and before July 1, 2015, seven percent
 34 (7.0%).

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

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

39 (7) After June 30, 2017, and before July 1, 2018, six percent
 40 (6.0%).

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



- 1 (9) After June 30, 2019, and before July 1, 2020, five and
 2 five-tenths percent (5.5%).
 3 (10) After June 30, 2020, and before July 1, 2021, five and
 4 twenty-five hundredths percent (5.25%).
 5 (11) After June 30, 2021, four and nine-tenths percent (4.9%).
 6 (c) If for any taxable year a taxpayer is subject to different tax rates
 7 under subsection (b), the taxpayer's tax rate for that taxable year is the
 8 rate determined in the last STEP of the following STEPS:
 9 STEP ONE: Multiply the number of days in the taxpayer's taxable
 10 year that precede the day the rate changed by the rate in effect
 11 before the rate change.
 12 STEP TWO: Multiply the number of days in the taxpayer's
 13 taxable year that follow the day before the rate changed by the
 14 rate in effect after the rate change.
 15 STEP THREE: Divide the sum of the amounts determined under
 16 STEPS ONE and TWO by the number of days in the taxpayer's
 17 tax period.
 18 However, the rate determined under this subsection shall be rounded
 19 to the nearest one-hundredth of one percent (0.01%).
 20 SECTION 24. IC 6-3.1-29-11, AS ADDED BY P.L.191-2005,
 21 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2022]: Sec. 11. As used in this chapter, "state tax liability"
 23 means a taxpayer's total tax liability that is incurred under:
 24 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
 25 (2) IC 6-5.5 (the financial institutions tax);
 26 (3) IC 27-1-18-2 (the insurance premiums tax); and
 27 (4) IC 6-2.3 (the utility receipts tax) **(before its repeal)**;
 28 as computed after the application of the credits that under IC 6-3.1-1-2
 29 are to be applied before the credit provided by this chapter.
 30 SECTION 25. IC 6-3.1-29-14, AS AMENDED BY P.L.122-2006,
 31 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2022]: Sec. 14. (a) A taxpayer that:
 33 (1) is awarded a tax credit under this chapter by the corporation;
 34 and
 35 (2) complies with the conditions set forth in this chapter and the
 36 agreement entered into by the corporation and the taxpayer under
 37 this chapter;
 38 is entitled to a credit against the taxpayer's state tax liability for a
 39 taxable year in which the taxpayer places into service an integrated coal
 40 gasification powerplant or a fluidized bed combustion technology and
 41 for the taxable years provided in section 16 of this chapter.
 42 (b) A tax credit awarded under this chapter must be applied against



1 the taxpayer's state tax liability in the following order:

- 2 (1) Against the taxpayer's liability incurred under IC 6-3-1
3 through IC 6-3-7 (the adjusted gross income tax).
4 (2) Against the taxpayer's liability incurred under IC 6-5.5 (the
5 financial institutions tax).
6 (3) Against the taxpayer's liability incurred under IC 27-1-18-2
7 (the insurance premiums tax).
8 (4) Against the taxpayer's liability incurred under IC 6-2.3 (the
9 utility receipts tax) **(before its repeal)**.

10 SECTION 26. IC 6-3.1-29-16, AS AMENDED BY P.L.122-2006,
11 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JULY 1, 2022]: Sec. 16. (a) A credit awarded under section 15 of this
13 chapter must be taken in ten (10) annual installments, beginning with
14 the year in which the taxpayer places into service an integrated coal
15 gasification powerplant or a fluidized bed combustion technology.

16 (b) Subject to section 20 of this chapter, the amount of an annual
17 installment of the credit awarded under section 15 of this chapter is
18 equal to the amount determined in the last of the following STEPS:

19 STEP ONE: Determine the lesser of:

- 20 (A) the credit amount determined under section 15 of this
21 chapter, divided by ten (10); or
22 (B) the greater of:
23 (i) the taxpayer's total state tax liability for the taxable year,
24 multiplied by twenty-five percent (25%); or
25 (ii) the taxpayer's liability for the utility receipts tax imposed
26 under IC 6-2.3 **(before its repeal)** for the taxable year.

27 STEP TWO: Multiply the STEP ONE amount by the percentage
28 of Indiana coal used in the taxpayer's integrated coal gasification
29 powerplant or fluidized bed combustion technology in the taxable
30 year for which the annual installment of the credit is allowed.

31 (c) If the credit allowed by this chapter is available to a member of
32 an affiliated group of corporations filing a consolidated return under
33 IC 6-2.3-6-5 **(before its repeal)** or IC 6-3-4-14, the credit shall be
34 applied against the state tax liability of the affiliated group.

35 SECTION 27. IC 6-3.1-37 IS ADDED TO THE INDIANA CODE
36 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
37 JANUARY 1, 2023]:

38 **Chapter 37. Credit for Property Taxes Paid on Business**
39 **Personal Property**

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

- 42 (1) is otherwise subject to assessment and taxation under



- 1 **IC 6-1.1; and**
 2 **(2) is used in a trade or business or otherwise held, used, or**
 3 **consumed in connection with the production of income.**
 4 **The term does not include mobile homes assessed under IC 6-1.1-7**
 5 **or personal property held as an investment.**
 6 **Sec. 2. As used in this chapter, "pass through entity" means:**
 7 **(1) a corporation that is exempt from the adjusted gross**
 8 **income tax under IC 6-3-2-2.8(2);**
 9 **(2) a partnership;**
 10 **(3) a trust;**
 11 **(4) an estate;**
 12 **(5) a limited liability company; or**
 13 **(6) a limited liability partnership.**
 14 **Sec. 3. As used in this chapter, "state tax liability" means a**
 15 **taxpayer's total tax liability that is incurred under:**
 16 **(1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);**
 17 **(2) IC 6-5.5 (financial institutions tax); and**
 18 **(3) IC 27-1-18-2 (insurance premiums tax);**
 19 **as computed after the application of the credits that under**
 20 **IC 6-3.1-1-2 are to be applied before the credit provided by this**
 21 **chapter.**
 22 **Sec. 4. As used in this chapter, "taxpayer" means an individual**
 23 **or entity that has state tax liability.**
 24 **Sec. 5. Except as provided in this chapter, for a taxable year**
 25 **beginning after December 31, 2023, a taxpayer is entitled to a**
 26 **credit against the taxpayer's state tax liability for a taxable year if:**
 27 **(1) the taxpayer owns business personal property that was:**
 28 **(A) first placed into service before January 2, 2022; and**
 29 **(B) assessed and subject to property taxation in the year**
 30 **immediately preceding the taxable year, or, for property**
 31 **assessed under IC 6-1.1-8-12(b), that was assessed and**
 32 **subject to taxation in the current taxable year; and**
 33 **(2) for the assessment date immediately preceding the taxable**
 34 **year, or, for property assessed under IC 6-1.1-8-12(b), for the**
 35 **assessment date in the current taxable year, the application of**
 36 **the minimum valuation limitations under IC 6-1.1-3-29 and**
 37 **IC 6-1.1-8-45 resulted in an increase to the taxpayer's**
 38 **property tax liability when compared to the assessed value of**
 39 **the taxpayer's business personal property after depreciation,**
 40 **but before application of the minimum valuation limitations**
 41 **under IC 6-1.1-3-29 and IC 6-1.1-8-45.**
 42 **Sec. 6. (a) Subject to subsection (b), the amount of the tax credit**



1 under this chapter is determined as provided in the following
2 STEPS:

3 **STEP ONE: Determine, for the assessment date immediately**
4 **preceding the taxable year, or, for property assessed under**
5 **IC 6-1.1-8-12(b), for the assessment date in the current**
6 **taxable year, the difference between:**

7 (A) the taxpayer's assessed value for business personal
8 property after depreciation and any other applicable
9 deductions and exemptions under IC 6-1.1, but before
10 application of the minimum valuation limitations under
11 IC 6-1.1-3-29 and IC 6-1.1-8-45; and

12 (B) the taxpayer's assessed value of business personal
13 property after any applicable deductions and exemptions
14 under IC 6-1.1 and application of the minimum valuation
15 limitations under IC 6-1.1-3-29 and IC 6-1.1-8-45.

16 **STEP TWO: Multiply:**

17 (A) the STEP ONE result; by

18 (B) the lesser of:

19 (i) the total property tax rate paid by the taxpayer for
20 the taxpayer's business personal property for the
21 assessment date immediately preceding the taxable year
22 or, for property assessed under IC 6-1.1-8-12(b), the
23 total property tax rate paid for the assessment date in
24 the current taxable year, after adjustment for any local
25 income tax credits, if applicable; or

26 (ii) three percent (3%).

27 (b) A taxpayer that files separate returns for business personal
28 property located in multiple taxing districts may claim a tax credit
29 that is equal to the aggregate amount of tax credits calculated
30 under subsection (a) for each separate business personal property
31 return.

32 **Sec. 7. This section does not apply to a pass-through entity. If**
33 **the amount of the tax credit determined under section 6 of this**
34 **chapter for a taxpayer in a taxable year exceeds the taxpayer's**
35 **state tax liability for that taxable year, the excess shall be refunded**
36 **to the taxpayer.**

37 **Sec. 8. If a pass through entity does not have state income tax**
38 **liability against which the tax credit may be applied, a shareholder**
39 **or partner of the pass through entity is entitled to a tax credit equal**
40 **to:**

41 (1) the tax credit determined for the pass through entity for
42 the taxable year; multiplied by



1 (2) the percentage of the pass through entity's distributive
2 income to which the shareholder or partner is entitled.

3 **Sec. 9. To receive the tax credit provided by this chapter, a**
4 **taxpayer must claim the tax credit on the taxpayer's state tax**
5 **return or returns in the manner prescribed by the department.**
6 **However, in the case of a taxpayer that may elect to be subject to**
7 **the insurance premiums tax or the adjusted gross income tax for**
8 **a taxable year, the credit must be claimed first on the return for**
9 **the tax which the taxpayer has elected to be subject for the taxable**
10 **year. If the taxpayer has elected to be subject to insurance**
11 **premiums tax and the credit under this chapter exceeds the**
12 **insurance premiums tax liability, the portion of the credit in excess**
13 **of the insurance premiums tax shall be claimed on an adjusted**
14 **gross income tax return for that taxable year, and the taxpayer**
15 **must provide a copy of the insurance premiums tax return for the**
16 **taxable year in the manner provided by the department. The**
17 **taxpayer shall submit to the department proof of payment of any**
18 **ad valorem property tax on business personal property and all**
19 **information that the department determines is necessary for the**
20 **calculation of the tax credit provided by this chapter.**

21 **Sec. 10. A taxpayer may not sell, assign, convey, or otherwise**
22 **transfer the tax credit provided by this chapter.**

23 **Sec. 11. (a) Notwithstanding any other law, a taxpayer is not**
24 **entitled to receive a tax credit under this chapter for a taxable year**
25 **beginning after December 31, 2034.**

26 **(b) This chapter expires January 1, 2035.**

27 SECTION 28. IC 6-8.1-1-1, AS AMENDED BY P.L.165-2021,
28 SECTION 120, IS AMENDED TO READ AS FOLLOWS
29 [EFFECTIVE JULY 1, 2022]: Sec. 1. "Listed taxes" or "taxes" includes
30 only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the
31 supplemental wagering tax (IC 4-33-12); the riverboat wagering tax
32 (IC 4-33-13); the slot machine wagering tax (IC 4-35-8); the type II
33 gambling game excise tax (IC 4-36-9); the gross income tax (IC 6-2.1)
34 (repealed); the utility receipts and utility services use taxes (IC 6-2.3)
35 **(repealed)**; the state gross retail and use taxes (IC 6-2.5); the adjusted
36 gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8)
37 (repealed); the county adjusted gross income tax (IC 6-3.5-1.1)
38 (repealed); the county option income tax (IC 6-3.5-6) (repealed); the
39 county economic development income tax (IC 6-3.5-7) (repealed); the
40 local income tax (IC 6-3.6); the auto rental excise tax (IC 6-6-9); the
41 financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the
42 special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a



1 motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3;
 2 the vehicle excise tax (IC 6-6-5); the aviation fuel excise tax
 3 (IC 6-6-13); the commercial vehicle excise tax (IC 6-6-5.5); the excise
 4 tax imposed on recreational vehicles and truck campers (IC 6-6-5.1);
 5 the hazardous waste disposal tax (IC 6-6-6.6) (repealed); the heavy
 6 equipment rental excise tax (IC 6-6-15); the vehicle sharing excise tax
 7 (IC 6-6-16); the cigarette tax (IC 6-7-1); the closed system cartridge tax
 8 (IC 6-7-2-7.5); the electronic cigarette tax (IC 6-7-4); the beer excise
 9 tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax
 10 (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the petroleum
 11 severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the
 12 various food and beverage taxes (IC 6-9); the county admissions tax
 13 (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the
 14 penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-20-18); the
 15 fees and penalties assessed for overweight vehicles (IC 9-20-4 and
 16 IC 9-20-18); and any other tax or fee that the department is required to
 17 collect or administer.

18 SECTION 29. IC 6-8.1-5-2, AS AMENDED BY P.L.159-2021,
 19 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 JULY 1, 2022]: Sec. 2. (a) Except as otherwise provided in this section
 21 and section 2.5 of this chapter, the department may not issue a
 22 proposed assessment under section 1 of this chapter more than three (3)
 23 years after the latest of the date the return is filed, or the following:

24 (1) The due date of the return.

25 (2) In the case of a return filed for the state gross retail or use tax,
 26 the gasoline use tax, the gasoline tax (including the inventory
 27 tax), the special fuel tax (including the inventory tax), the motor
 28 carrier fuel tax (including the inventory tax), the oil inspection
 29 fee, the cigarette tax, the tobacco products tax, any county
 30 innkeeper's taxes imposed under IC 6-9, any food and beverage
 31 taxes imposed under IC 6-9, any county or local admissions taxes
 32 imposed under IC 6-9, or the petroleum severance tax, the end of
 33 the calendar year which contains the taxable period for which the
 34 return is filed.

35 (3) In the case of the use tax, three (3) years from the end of the
 36 calendar year in which the first taxable use, other than an
 37 incidental nonexempt use, of the property occurred.

38 (b) If a person files a return for the utility receipts tax (IC 6-2.3)
 39 **(repealed)**, adjusted gross income tax (IC 6-3), supplemental net
 40 income tax (IC 6-3-8) (repealed), county adjusted gross income tax
 41 (IC 6-3.5-1.1) (repealed), county option income tax (IC 6-3.5-6)
 42 (repealed), local income tax (IC 6-3.6), or financial institutions tax



1 (IC 6-5.5) that understates the person's income, as that term is defined
 2 in the particular income tax law, by at least twenty-five percent (25%),
 3 the proposed assessment limitation is six (6) years instead of the three
 4 (3) years provided in subsection (a).

5 (c) In the case of the vehicle excise tax (IC 6-6-5), the tax shall be
 6 assessed as provided in IC 6-6-5 and shall include the penalties and
 7 interest due on all listed taxes not paid by the due date. A person that
 8 fails to properly register a vehicle as required by IC 9-18 (before its
 9 expiration) or IC 9-18.1 and pay the tax due under IC 6-6-5 is
 10 considered to have failed to file a return for purposes of this article.

11 (d) In the case of the commercial vehicle excise tax imposed under
 12 IC 6-6-5.5, the tax shall be assessed as provided in IC 6-6-5.5 and shall
 13 include the penalties and interest due on all listed taxes not paid by the
 14 due date. A person that fails to properly register a commercial vehicle
 15 as required by IC 9-18 (before its expiration) or IC 9-18.1 and pay the
 16 tax due under IC 6-6-5.5 is considered to have failed to file a return for
 17 purposes of this article.

18 (e) In the case of the excise tax imposed on recreational vehicles
 19 and truck campers under IC 6-6-5.1, the tax shall be assessed as
 20 provided in IC 6-6-5.1 and must include the penalties and interest due
 21 on all listed taxes not paid by the due date. A person that fails to
 22 properly register a recreational vehicle as required by IC 9-18 (before
 23 its expiration) or IC 9-18.1 and pay the tax due under IC 6-6-5.1 is
 24 considered to have failed to file a return for purposes of this article. A
 25 person that fails to pay the tax due under IC 6-6-5.1 on a truck camper
 26 is considered to have failed to file a return for purposes of this article.

27 (f) In the case of a credit against a listed tax based on payments of
 28 taxes to a state or local jurisdiction outside Indiana or payments of
 29 amounts that are subsequently refunded or returned, a proposed
 30 assessment for the refunded or returned credit must be issued by the
 31 later of:

- 32 (1) the date by which a proposed assessment must be issued under
 33 this section; or
- 34 (2) one hundred eighty (180) days from the date the taxpayer
 35 notifies the department of the refund or return of payment.

36 For purposes of this subsection, if a taxpayer receives a refund of an
 37 amount paid by or on behalf of the taxpayer for a listed tax, that refund
 38 shall not be considered the payment of an amount that is subsequently
 39 refunded or returned.

40 (g) If a person files a fraudulent, unsigned, or substantially blank
 41 return, or if a person does not file a return, there is no time limit within
 42 which the department must issue its proposed assessment.



1 (h) If any part of a listed tax has been erroneously refunded by the
 2 department, the erroneous refund may be recovered through the
 3 assessment procedures established in this chapter. An assessment
 4 issued for an erroneous refund must be issued within the later of:

5 (1) the period for which an assessment could otherwise be issued
 6 under this section; or

7 (2) whichever is applicable:

8 (A) within two (2) years after making the refund; or

9 (B) within five (5) years after making the refund if the refund
 10 was induced by fraud or misrepresentation.

11 (i) If, before the end of the time within which the department may
 12 make an assessment, the department and the person agree to extend
 13 that assessment period, the period may be extended according to the
 14 terms of a written agreement signed by both the department and the
 15 person. The agreement must contain:

16 (1) the date to which the extension is made; and

17 (2) a statement that the person agrees to preserve the person's
 18 records until the extension terminates.

19 The department and a person may agree to more than one (1) extension
 20 under this subsection.

21 (j) Except as otherwise provided in subsection (k), if a taxpayer's
 22 federal taxable income, federal adjusted gross income, or federal
 23 income tax liability for a taxable year is modified due to a modification
 24 as provided under IC 6-3-4-6(c) and IC 6-3-4-6(d) (for the adjusted
 25 gross income tax), or a modification or alteration as provided under
 26 IC 6-5.5-6-6(c) and IC 6-5.5-6-6(e) (for the financial institutions tax),
 27 then the date by which the department must issue a proposed
 28 assessment under section 1 of this chapter for tax imposed under IC 6-3
 29 is extended to six (6) months after the date on which the notice of
 30 modification is filed with the department by the taxpayer.

31 (k) The following apply:

32 (1) This subsection applies to partnerships whose taxable year:

33 (A) begins after December 31, 2017;

34 (B) ends after August 12, 2018; or

35 (C) begins after November 2, 2015, and before January 1,
 36 2018, and for which a valid election under United States
 37 Treasury Regulation 301.9100-22 is in effect;

38 and to the partners of such partnerships, including any partners,
 39 shareholders, or beneficiaries of a pass through entity that is a
 40 partner in such partnership.

41 (2) Notwithstanding any other provision of this article, if a
 42 partnership is subject to federal income tax liability or a federal



1 tax adjustment at the partnership level as the result of a
 2 modification under Sections 6221 through 6241 of the Internal
 3 Revenue Code, the date on which the department must issue a
 4 proposed assessment to either the partners or the partnership shall
 5 be the later of:

6 (A) the date on which a proposed assessment must otherwise
 7 be issued to the partner or the partnership under this section or
 8 IC 6-3-4.5 with regard to the taxable year of the partnership to
 9 which the modification is taxed at the partnership level; or

10 (B) December 31, 2021.

11 (3) For purposes of this section and IC 6-8.1-9-1, a modification
 12 under this subsection shall be considered a modification to the
 13 federal taxable income, federal adjusted gross income, or federal
 14 income tax liability of both the partners and the partnership within
 15 the meaning of IC 6-3-4-6 and IC 6-5.5-6-6, and shall be
 16 considered to be included in the federal taxable income or federal
 17 adjusted gross income of both the partners and partnerships for
 18 purposes of this article and IC 6-5.5.

19 (4) If a modification made to a partnership for federal income tax
 20 purposes is reported to the partners to determine the partners'
 21 respective federal taxable income, federal adjusted gross income,
 22 or federal income tax liability, including reporting to partners as
 23 the result of an election made under Section 6226 of the Internal
 24 Revenue Code, subdivision (2) shall not apply, and those
 25 modifications shall be treated as modifications to the partners'
 26 federal taxable income, federal adjusted gross income, or federal
 27 income tax liability for purposes of the following:

28 (A) This section.

29 (B) IC 6-3-4-6.

30 (C) IC 6-5.5-6-6.

31 (D) IC 6-8.1-9-1.

32 SECTION 30. IC 6-8.1-17-1, AS ADDED BY P.L.212-2018(ss),
 33 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JULY 1, 2022]: Sec. 1. As used in this chapter, "income tax return"
 35 means any of the following:

36 (1) An individual income tax return under IC 6-3.

37 (2) A corporate income tax return under IC 6-3.

38 (3) A financial institutions tax return under IC 6-5.5.

39 (4) A utility receipts tax return under IC 6-2.3 **(before its repeal)**.

40 (5) A claim for refund of any tax described in subdivisions (1)
 41 through (4).

42 SECTION 31. IC 8-1-2-4.2 IS ADDED TO THE INDIANA CODE



1 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
2 UPON PASSAGE]: Sec. 4.2. (a) This section applies to a utility that
3 is subject to the:

- 4 (1) utility receipts tax under IC 6-2.3; and
5 (2) jurisdiction of the commission for the approval of rates
6 and charges;

7 on January 1, 2022.

8 (b) Not later than May 1, 2022, a utility shall file with the
9 commission a rate adjustment that adjusts the utility's rates and
10 charges to reflect the repeal of the utility receipts tax (IC 6-2.3,
11 before its repeal) in HEA 1002-2022 by the general assembly,
12 independent of any other matters related to the utility's revenue
13 requirement. A rate adjustment approved under this section shall
14 operate on a prospective basis.

15 (c) A rate adjustment under this section:

- 16 (1) applies to each rate or charge in effect at the time of the
17 filing that includes recovery of the utility receipts tax; and
18 (2) shall be calculated to remove the amount of the utility
19 receipts tax that each existing rate or charge was designed to
20 recover based on the utility receipts tax rate in effect at the
21 time the rate or charge was approved.

22 (d) The commission shall approve a rate adjustment under this
23 section if the commission finds that the rate adjustment has been
24 calculated correctly under subsection (c)(2). If the rate adjustment
25 under this section has not been calculated correctly under
26 subsection (c)(2), the commission shall notify the utility of the
27 defect and require the utility to correct the calculation.

28 (e) A rate adjustment under this section takes effect upon the
29 effective date of the repeal of the utility receipts tax (IC 6-2.3,
30 before its repeal) in HEA 1002-2022, pending approval of a utility's
31 filing under this section.

32 (f) Upon a rate adjustment taking effect under subsection (e),
33 the utility shall provide notice to all affected customers in each of
34 the next two (2) regular billing cycles that the adjustment in rates
35 or charges reflects the repeal of the utility receipts tax (IC 6-2.3,
36 before its repeal) in HEA 1002-2022 by the general assembly.
37 Notice provided under this subsection must include the amount of
38 the adjustment reflected in the bill.

39 (g) This section shall not be construed to limit the commission's
40 authority to:

- 41 (1) initiate proceedings; or
42 (2) take actions;



1 to ensure just and reasonable rates in connection with the repeal
 2 of the utility receipts tax (IC 6-2.3, before its repeal) in HEA
 3 1002-2022 by the general assembly.

4 SECTION 32. IC 8-1-2-4.3 IS ADDED TO THE INDIANA CODE
 5 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 6 UPON PASSAGE]: Sec. 4.3. (a) This section applies to a utility that
 7 is:

- 8 (1) subject to the utility receipts tax under IC 6-2.3; and
- 9 (2) not under the jurisdiction of the commission for the
 10 approval of rates and charges;

11 on January 1, 2022.

12 (b) A utility shall adjust the utility's rates and charges to reflect
 13 the repeal of the utility receipts tax (IC 6-2.3, before its repeal) in
 14 HEA 1002-2022 by the general assembly. A rate or charge
 15 adjustment under this section shall operate on a prospective basis.

16 (c) A rate or charge adjustment under this section:

- 17 (1) applies to each rate or charge in effect at the time of the
 18 adjustment that includes recovery of the utility receipts tax;
 19 and
- 20 (2) shall be calculated to remove the amount of the utility
 21 receipts tax that each existing rate or charge was designed to
 22 recover based on the utility receipts tax rate in effect at the
 23 time the rate or charge was established.

24 (d) The utility shall provide notice to all affected customers in
 25 each of the next two (2) regular billing cycles that the adjustment
 26 in rates or charges reflects the repeal of the utility receipts tax
 27 (IC 6-2.3, before its repeal) in HEA 1002-2022 by the general
 28 assembly. Notice provided under this subsection must include the
 29 amount of the adjustment reflected in the bill.

30 SECTION 33. IC 8-1-34-23, AS AMENDED BY P.L.149-2016,
 31 SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2022]: Sec. 23. (a) Except as provided in subsection (b), the
 33 holder of a certificate under this chapter shall, at the end of each
 34 calendar quarter, determine under subsections (c) and (d) the gross
 35 revenue received during that quarter from the holder's provision of
 36 video service in each unit included in the holder's service area under
 37 the certificate.

38 (b) This subsection applies to a holder or other provider providing
 39 video service in a unit in which a provider of video service is required
 40 on June 30, 2006, to pay a franchise fee based on a percentage of gross
 41 revenues. The holder's or provider's gross revenue shall be determined
 42 as follows:



- 1 (1) If only one (1) local franchise is in effect on June 30, 2006, the
- 2 holder or provider shall determine gross revenue as the term is
- 3 defined in the local franchise in effect on June 30, 2006.
- 4 (2) If:
- 5 (A) more than one (1) local franchise is in effect on June 30,
- 6 2006; and
- 7 (B) the holder or provider is subject to a local franchise in the
- 8 unit on June 30, 2006;
- 9 the holder or provider shall determine gross revenue as the term
- 10 is defined in the local franchise to which the holder or provider is
- 11 subject on June 30, 2006.
- 12 (3) If:
- 13 (A) more than one (1) local franchise is in effect on June 30,
- 14 2006; and
- 15 (B) the holder is not subject to a local franchise in the unit on
- 16 June 30, 2006;
- 17 the holder shall determine gross revenue as the term is defined in
- 18 the local franchise in effect on June 30, 2006, that is most
- 19 favorable to the unit.
- 20 (c) This subsection does not apply to a holder that is required to
- 21 determine gross revenue under subsection (b). The holder shall include
- 22 the following in determining the gross revenue received during the
- 23 quarter with respect to a particular unit:
- 24 (1) Fees and charges charged to subscribers for video service
- 25 provided by the holder. Fees and charges under this subdivision
- 26 include the following:
- 27 (A) Recurring monthly charges for video service.
- 28 (B) Event based charges for video service, including pay per
- 29 view and video on demand charges.
- 30 (C) Charges for the rental of set top boxes and other
- 31 equipment.
- 32 (D) Service charges related to the provision of video service,
- 33 including activation, installation, repair, and maintenance
- 34 charges.
- 35 (E) Administrative charges related to the provision of video
- 36 service, including service order and service termination
- 37 charges.
- 38 (2) Revenue received by an affiliate of the holder from the
- 39 affiliate's provision of video service, to the extent that treating the
- 40 revenue as revenue of the affiliate, instead of revenue of the
- 41 holder, would have the effect of evading the payment of fees that
- 42 would otherwise be paid to the unit. However, revenue of an



- 1 affiliate may not be considered revenue of the holder if the
 2 revenue is otherwise subject to fees to be paid to the unit.
- 3 (d) This subsection does not apply to a holder that is required to
 4 determine gross revenue under subsection (b). The holder shall not
 5 include the following in determining the gross revenue received during
 6 the quarter with respect to a particular unit:
- 7 (1) Revenue not actually received, regardless of whether it is
 8 billed. Revenue described in this subdivision includes bad debt.
- 9 (2) Revenue received by an affiliate or any other person in
 10 exchange for supplying goods and services used by the holder to
 11 provide video service under the holder's certificate.
- 12 (3) Refunds, rebates, or discounts made to subscribers,
 13 advertisers, the unit, or other providers leasing access to the
 14 holder's facilities.
- 15 (4) Revenue from providing service other than video service,
 16 including revenue from providing:
- 17 (A) telecommunications service (as defined in 47 U.S.C. 153);
 18 (B) information service (as defined in 47 U.S.C. 153), other
 19 than video service; or
 20 (C) any other service not classified as cable service or video
 21 programming by the Federal Communications Commission.
- 22 (5) Any fee imposed on the holder under this chapter that is
 23 passed through to and paid by subscribers, including the franchise
 24 fee:
- 25 (A) imposed under section 24 of this chapter for the quarter
 26 immediately preceding the quarter for which gross revenue is
 27 being computed; and
 28 (B) passed through to and paid by subscribers during the
 29 quarter for which gross revenue is being computed.
- 30 (6) Revenue from the sale of video service for resale in which the
 31 purchaser collects a franchise fee under:
- 32 (A) this chapter; or
 33 (B) a local franchise agreement in effect on July 1, 2006;
 34 from the purchaser's customers. This subdivision does not limit
 35 the authority of a unit, or the commission on behalf of a unit, to
 36 impose a tax, fee, or other assessment upon the purchaser under
 37 47 U.S.C. 542(h).
- 38 (7) Any tax of general applicability:
- 39 (A) imposed on the holder or on subscribers by a federal, state,
 40 or local governmental entity; and
 41 (B) required to be collected by the holder and remitted to the
 42 taxing entity;



1 including the state gross retail and use taxes (IC 6-2.5) and the
2 utility receipts tax (IC 6-2.3) **(before its repeal)**.

3 (8) Any forgone revenue from providing free or reduced cost
4 cable video service to any person, including:

5 (A) employees of the holder;

6 (B) the unit; or

7 (C) public institutions, public schools, or other governmental
8 entities, as required or permitted by this chapter or by federal
9 law.

10 However, any revenue that the holder chooses to forgo in
11 exchange for goods or services through a trade or barter
12 arrangement shall be included in gross revenue.

13 (9) Revenue from the sale of:

14 (A) capital assets; or

15 (B) surplus equipment that is not used by the purchaser to
16 receive video service from the holder.

17 (10) Reimbursements that:

18 (A) are made by programmers to the holder for marketing
19 costs incurred by the holder for the introduction of new
20 programming; and

21 (B) exceed the actual costs incurred by the holder.

22 (11) Late payment fees collected from customers.

23 (12) Charges, other than those described in subsection (c)(1), that
24 are aggregated or bundled with charges described in subsection
25 (c)(1) on a customer's bill, if the holder can reasonably identify
26 the charges on the books and records by the holder in the regular
27 course of business.

28 (e) If, under the terms of the holder's certificate, the holder provides
29 video service to any unincorporated area in Indiana, the holder shall
30 calculate the holder's gross income received from each unincorporated
31 area served in accordance with:

32 (1) subsection (b); or

33 (2) subsections (c) and (d);

34 whichever is applicable.

35 (f) If a unit served by the holder under a certificate annexes any
36 territory after the certificate is issued or renewed under this chapter, the
37 holder shall:

38 (1) include in the calculation of gross revenue for the annexing
39 unit any revenue generated by the holder from providing video
40 service to the annexed territory; and

41 (2) subtract from the calculation of gross revenue for any unit or
42 unincorporated area:



- 1 (A) of which the annexed territory was formerly a part; and
 2 (B) served by the holder before the effective date of the
 3 annexation;
 4 the amount of gross revenue determined under subdivision (1);
 5 beginning with the calculation of gross revenue for the calendar quarter
 6 in which the annexation becomes effective. The holder shall notify the
 7 commission of the new boundaries of the affected service areas as
 8 required under section 20(a)(7) of this chapter.
 9 (g) This subsection applies to a unit that:
 10 (1) annexes territory after December 31, 2015; and
 11 (2) is served on the date of the annexation by the holder of a
 12 certificate that is issued or renewed under this chapter before the
 13 date of the annexation.

14 The unit shall provide the holder a list of all addresses located within
 15 the annexed territory not more than thirty (30) days after the date of the
 16 annexation. If the holder is required to pay the franchise fee imposed
 17 and calculated under this section, the holder is not required to pay the
 18 franchise fee with respect to addresses provided under this subsection
 19 until ninety (90) days after the unit provides the holder with the
 20 addresses under this subsection.

21 SECTION 34. IC 35-52-6-8 IS REPEALED [EFFECTIVE JULY 1,
 22 2022]. ~~Sec. 8: IC 6-2.3-5-5-12 defines a crime concerning utility taxes.~~

23 SECTION 35. IC 35-52-6-9 IS REPEALED [EFFECTIVE JULY 1,
 24 2022]. ~~Sec. 9: IC 6-2.3-7-1 defines a crime concerning taxes.~~

25 SECTION 36. IC 35-52-6-10 IS REPEALED [EFFECTIVE JULY
 26 1, 2022]. ~~Sec. 10: IC 6-2.3-7-2 defines a crime concerning taxes.~~

27 SECTION 37. IC 35-52-6-11 IS REPEALED [EFFECTIVE JULY
 28 1, 2022]. ~~Sec. 11: IC 6-2.3-7-3 defines a crime concerning taxes.~~

29 SECTION 38. IC 35-52-6-12 IS REPEALED [EFFECTIVE JULY
 30 1, 2022]. ~~Sec. 12: IC 6-2.3-7-4 defines a crime concerning taxes.~~

31 SECTION 39. [EFFECTIVE UPON PASSAGE] **(a) This**
 32 **SECTION applies for purposes of computation of the utility**
 33 **receipts and utility services use taxes (IC 6-2.3, before its repeal by**
 34 **this act). For taxable years that include June 30, 2022, the tax**
 35 **imposed under IC 6-2.3 must be computed based on the taxable**
 36 **receipts of the taxpayer received before July 1, 2022. For purposes**
 37 **of calculating the deduction under IC 6-2.3-5-1 for the taxable year**
 38 **that includes June 30, 2022, the deduction allowed must be**
 39 **prorated based on:**

- 40 (1) the number of days in the taxpayer's taxable year before
 41 July 1, 2022; divided by
 42 (2) the total number of days in the taxpayer's taxable year.



1 **(b) This SECTION expires July 1, 2025.**
2 SECTION 40. [EFFECTIVE JULY 1, 2022] **(a) IC 6-3.1-37, as**
3 **added by this act, applies to taxable years beginning after**
4 **December 31, 2023.**
5 **(b) This SECTION expires July 1, 2025.**
6 SECTION 41. **An emergency is declared for this act.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1002, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 8, between lines 33 and 34, begin a new paragraph and insert:

"SECTION 6. IC 6-1.1-3-23.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: **Sec. 23.5. (a) For purposes of this section:**

- (1) "adjusted cost" has the meaning set forth in section 23(b)(1) of this chapter;
- (2) "depreciable personal property" has the meaning set forth in section 23(b)(2) of this chapter;
- (3) "mini-mill" means a person, including a subsidiary of a corporation, that produces steel using an electric arc furnace in Indiana;
- (4) "permanently retired depreciable personal property" has the meaning set forth in section 23(b)(5) of this chapter;
- (5) "pool" has the meaning set forth in section 23(b)(6) of this chapter;
- (6) "mini-mill equipment" means depreciable personal property, other than special tools and permanently retired depreciable personal property, that is owned, leased, or used by a mini-mill or an entity that is at least fifty percent (50%) owned by an affiliate of a mini-mill in the production of steel;
- (7) "special tools" has the meaning set forth in section 23(b)(8) of this chapter; and
- (8) "year of acquisition" has the meaning set forth in section 23(b)(9) of this chapter.

(b) Notwithstanding 50 IAC 4.2-4-4, 50 IAC 4.2-4-6, and 50 IAC 4.2-4-7, beginning with the January 1, 2023, assessment date, a taxpayer may elect to calculate the true tax value of the taxpayer's mini-mill equipment by multiplying the adjusted cost of that equipment by the percentage set forth in the table designated as "Pool No. 5" under sections 23(c) and 23(d) of this chapter.

(c) The percentage factors in the table under section 23(c) of this chapter automatically reflect all adjustments for depreciation and obsolescence, including abnormal obsolescence, for mini-mill equipment. The equipment is entitled to all exemptions, credits, and deductions for which it qualifies.

(d) The minimum valuation limitations under section 29 of this



chapter do not apply to mini-mill equipment valued under this section. The value of the equipment is not included in the calculation of that minimum valuation limitation for the taxpayer's other assessable depreciable personal property in the taxing district.

- (e) An election to value mini-mill equipment under this section:
- (1) must be made by reporting the equipment under this section on a business personal property tax return;
 - (2) applies to all of the taxpayer's mini-mill equipment located in the state (whether owned or leased, or used as an integrated part of the equipment); and
 - (3) is binding on the taxpayer for the assessment date for which the election is made.

The department of local government finance shall prescribe the forms to make the election beginning with the January 1, 2023, assessment date. Any mini-mill equipment acquired by a taxpayer that has made an election under this section is valued under this section.

(f) If fifty percent (50%) or more of the adjusted cost of a taxpayer's property that would, notwithstanding this section, be reported in a pool other than "Pool No. 5" (as designated under section 23 of this chapter) is attributable to mini-mill equipment, the taxpayer may elect to calculate the true tax value of all of that property as mini-mill equipment. The true tax value of property for which an election is made under this subsection is calculated under subsections (b) through (e)."

Page 27, between lines 32 and 33, begin a new line block indented and insert:

"(4) an estate;"

Page 27, line 33, delete "(4)" and insert "(5)".

Page 27, line 34, delete "(5)" and insert "(6)".

Page 27, delete line 37.

Page 27, line 38, delete "(2)" and insert "(1)".

Page 27, line 39, delete "(3)" and insert "(2)".

Page 27, line 40, delete "(4)" and insert "(3)".

Page 29, line 12, after "7." insert "This section does not apply to a pass-through entity."

Page 29, line 26, after "department." insert "However, in the case of a taxpayer that may elect to be subject to the insurance premiums tax or the adjusted gross income tax for a taxable year, the credit must be claimed first on the return for the tax which the taxpayer has elected to be subject for the taxable year. If the



taxpayer has elected to be subject to insurance premiums tax and the credit under this chapter exceeds the insurance premiums tax liability, the portion of the credit in excess of the insurance premiums tax shall be claimed on an adjusted gross income tax return for that taxable year, and the taxpayer must provide a copy of the insurance premiums tax return for the taxable year in the manner provided by the department."

Page 34, between lines 9 and 10, begin a new paragraph and insert:
 "SECTION 31. IC 8-1-2-4.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.2. (a) This section applies to a utility that is subject to the:

- (1) utility receipts tax under IC 6-2.3; and
- (2) jurisdiction of the commission for the approval of rates and charges;

on January 1, 2022.

(b) Not later than May 1, 2022, a utility shall file with the commission a rate adjustment that adjusts the utility's rates and charges to reflect the repeal of the utility receipts tax (IC 6-2.3, before its repeal) in HEA 1002-2022 by the general assembly, independent of any other matters related to the utility's revenue requirement. A rate adjustment approved under this section shall operate on a prospective basis.

(c) A rate adjustment under this section:

- (1) applies to each rate or charge in effect at the time of the filing that includes recovery of the utility receipts tax; and
- (2) shall be calculated to remove the amount of the utility receipts tax that each existing rate or charge was designed to recover based on the utility receipts tax rate in effect at the time the rate or charge was approved.

(d) The commission shall approve a rate adjustment under this section if the commission finds that the rate adjustment has been calculated correctly under subsection (c)(2). If the rate adjustment under this section has not been calculated correctly under subsection (c)(2), the commission shall notify the utility of the defect and require the utility to correct the calculation.

(e) A rate adjustment under this section takes effect upon the effective date of the repeal of the utility receipts tax (IC 6-2.3, before its repeal) in HEA 1002-2022, pending approval of a utility's filing under this section.

(f) Upon a rate adjustment taking effect under subsection (e), the utility shall provide notice to all affected customers in each of



the next two (2) regular billing cycles that the adjustment in rates or charges reflects the repeal of the utility receipts tax (IC 6-2.3, before its repeal) in HEA 1002-2022 by the general assembly. Notice provided under this subsection must include the amount of the adjustment reflected in the bill.

(g) This section shall not be construed to limit the commission's authority to:

- (1) initiate proceedings; or
- (2) take actions;

to ensure just and reasonable rates in connection with the repeal of the utility receipts tax (IC 6-2.3, before its repeal) in HEA 1002-2022 by the general assembly.

SECTION 32. IC 8-1-2-4.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.3. (a) This section applies to a utility that is:

- (1) subject to the utility receipts tax under IC 6-2.3; and
- (2) not under the jurisdiction of the commission for the approval of rates and charges;

on January 1, 2022.

(b) A utility shall adjust the utility's rates and charges to reflect the repeal of the utility receipts tax (IC 6-2.3, before its repeal) in HEA 1002-2022 by the general assembly. A rate or charge adjustment under this section shall operate on a prospective basis.

(c) A rate or charge adjustment under this section:

- (1) applies to each rate or charge in effect at the time of the adjustment that includes recovery of the utility receipts tax; and
- (2) shall be calculated to remove the amount of the utility receipts tax that each existing rate or charge was designed to recover based on the utility receipts tax rate in effect at the time the rate or charge was established.

(d) The utility shall provide notice to all affected customers in each of the next two (2) regular billing cycles that the adjustment in rates or charges reflects the repeal of the utility receipts tax (IC 6-2.3, before its repeal) in HEA 1002-2022 by the general assembly. Notice provided under this subsection must include the amount of the adjustment reflected in the bill."

Page 38, between lines 10 and 11, begin a new paragraph and insert:

"SECTION 39. [EFFECTIVE UPON PASSAGE] (a) This SECTION applies for purposes of computation of the utility receipts and utility services use taxes (IC 6-2.3, before its repeal by



this act). For taxable years that include June 30, 2022, the tax imposed under IC 6-2.3 must be computed based on the taxable receipts of the taxpayer received before July 1, 2022. For purposes of calculating the deduction under IC 6-2.3-5-1 for the taxable year that includes June 30, 2022, the deduction allowed must be prorated based on:

(1) the number of days in the taxpayer's taxable year before July 1, 2022; divided by

(2) the total number of days in the taxpayer's taxable year.

(b) This SECTION expires July 1, 2025."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1002 as introduced.)

BROWN T

Committee Vote: yeas 15, nays 7.

