

# HOUSE BILL No. 1071

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3-2-3.7.

**Synopsis:** Taxation of civil service annuities. Provides that the maximum state income tax deduction for federal civil service annuity income is equal to the lesser of: (1) the amount of federal civil service annuity income received during the taxable year; or (2) the average annual federal Social Security retirement benefit paid to Indiana retired workers during the calendar year preceding the taxpayer's taxable year. Retains the provision that reduces the deduction by the amount of any federal Social Security and railroad retirement benefits received by the taxpayer during the taxable year. Provides that the deduction is also available to a surviving spouse.

**Effective:** January 1, 2014 (retroactive).

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## Clere, Cherry, Koch, Stemler

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January 9, 2014, read first time and referred to Committee on Ways and Means.

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Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

# HOUSE BILL No. 1071



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

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

1 SECTION 1. IC 6-3-2-3.7 IS AMENDED TO READ AS  
 2 FOLLOWS [EFFECTIVE JANUARY 1, 2014 (RETROACTIVE)]:  
 3 Sec. 3.7. **(a)** Each taxable year, an individual **or the individual's**  
 4 **surviving spouse** is entitled to an adjusted gross income tax deduction  
 5 equal to the remainder of:  
 6 (1) the ~~first two thousand dollars (\$2,000)~~ **lesser of:**  
 7 **(A) the amount** which is received by the individual **or the**  
 8 **individual's surviving spouse** during the taxable year from a  
 9 federal civil service annuity, and which is included in adjusted  
 10 gross income under Section 62 of the Internal Revenue Code;  
 11 **or**  
 12 **(B) the average annual federal Social Security retirement**  
 13 **benefit paid to Indiana retired workers during the**  
 14 **calendar year preceding the taxpayer's taxable year, as**  
 15 **determined by the department based on information**  
 16 **published by the Office of Retirement and Disability Policy**



- 1                   **of the United States Social Security Administration (or its**  
2                   **successor office);** minus  
3                   (2) the total amount of Social Security benefits and railroad  
4                   retirement benefits received by the individual **or the individual's**  
5                   **surviving spouse** during the taxable year.  
6                   **(b) However,** The individual is only entitled to the deduction  
7                   provided by this section if the individual is at least sixty-two (62) years  
8                   of age before the end of the taxable year. **This subsection does not**  
9                   **apply to the individual's surviving spouse.**  
10                  **(c) The department shall publish in the Indiana Register a notice**  
11                  **setting forth the applicable amount determined under subsection**  
12                  **(a)(1)(B) for each taxable year.**  
13                  SECTION 2. [EFFECTIVE JANUARY 1, 2014 (RETROACTIVE)]  
14                  **(a) IC 6-3-2-3.7, as amended by this act, applies to taxable years**  
15                  **beginning after December 31, 2013.**  
16                  **(b) This SECTION expires January 1, 2017.**  
17                  SECTION 3. **An emergency is declared for this act.**

