

# HOUSE BILL No. 1349

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3-2-1; IC 6-3.6-2-2.

**Synopsis:** Income tax replacement. Eliminates the state adjusted gross income tax by reducing the rate to zero. Provides that the reduction in revenue resulting from the elimination of the state income tax must be offset by adjustments to the state gross retail tax. Provides that in calculating the local income tax (LIT), which is imposed based on a local taxpayer's state adjusted gross income, the calculation of a taxpayer's state adjusted gross income for LIT purposes shall be calculated under the adjusted gross income tax provisions as if those provisions, and the most recent adjusted gross income tax rate before its elimination, were still in effect.

**Effective:** July 1, 2022.

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## Borders

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January 11, 2022, read first time and referred to Committee on Ways and Means.

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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. 1349

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 6-3-2-1, 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, zero**  
15 **percent (0%).**  
16 (b) Except as provided in section 1.5 of this chapter (before its  
17 expiration), each taxable year, a tax at the following rate of adjusted



1 gross income is imposed on that part of the adjusted gross income  
2 derived from sources within Indiana of every corporation:

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

4 (2) After June 30, 2012, and before July 1, 2013, eight percent  
5 (8.0%).

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

8 (4) After June 30, 2014, and before July 1, 2015, seven percent  
9 (7.0%).

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

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

14 (7) After June 30, 2017, and before July 1, 2018, six percent  
15 (6.0%).

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

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

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

22 (11) After June 30, 2021, **and before July 1, 2023**, four and  
23 nine-tenths percent (4.9%).

24 **(12) After June 30, 2023, zero percent (0%).**

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

28 STEP ONE: Multiply the number of days in the taxpayer's taxable  
29 year that precede the day the rate changed by the rate in effect  
30 before the rate change.

31 STEP TWO: Multiply the number of days in the taxpayer's  
32 taxable year that follow the day before the rate changed by the  
33 rate in effect after the rate change.

34 STEP THREE: Divide the sum of the amounts determined under  
35 STEPS ONE and TWO by the number of days in the taxpayer's  
36 tax period.

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

39 **(d) The reduction in revenue resulting from the elimination of**  
40 **the state income tax under subsection (a)(4) and subsection (b)(12)**  
41 **must be offset by adjustments to the state gross retail tax under**  
42 **IC 6-2.5-2.**



1 SECTION 2. IC 6-3.6-2-2, AS AMENDED BY P.L.239-2017,  
2 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2022]: Sec. 2. "Adjusted gross income" has the meaning set  
4 forth in IC 6-3-1-3.5 **and shall be calculated under IC 6-3 as if the**  
5 **rate under IC 6-3-2-1(a)(3) were still in effect.** However:

6 (1) except as provided in subdivision (3), in the case of a local  
7 taxpayer who is not treated as a resident local taxpayer of a  
8 county, the term includes only adjusted gross income derived  
9 from the taxpayer's principal place of business or employment;

10 (2) in the case of a resident local taxpayer of Perry County, the  
11 term does not include adjusted gross income described in  
12 IC 6-3.6-8-7; and

13 (3) in the case of a local taxpayer described in section 13(3) of  
14 this chapter, the term includes only that part of the individual's  
15 total income that:

16 (A) is apportioned to Indiana under IC 6-3-2-2.7 or  
17 IC 6-3-2-3.2; and

18 (B) is paid to the individual as compensation for services  
19 rendered in the county as a team member or race team  
20 member.

