



February 27, 2018

ENGROSSED SENATE BILL No. 242

DIGEST OF SB 242 (Updated February 27, 2018 8:36 am - DI 58)

Citations Affected: IC 4-30; IC 4-31; IC 4-33; IC 4-35; IC 5-10; IC 5-10.2; IC 6-1.1; IC 6-2.5; IC 6-3; IC 6-3.1; IC 6-3.6; IC 6-5.5; IC 6-8.1; IC 10-13; IC 16-22; IC 36-1; IC 36-7; IC 36-10; noncode.

Synopsis: State and local administration. Provides that the lottery commission must obtain a tax clearance statement from the department of state revenue (DOR) for a retailer before the lottery commission may enter into a contract with that retailer. Repeals the riverboat admissions tax provisions scheduled to expire July 1, 2018. Reorganizes the supplemental wagering tax law. Specifies that gaming activity information shall be reported to the gaming commission daily. Provides that taxes withheld from riverboat and racino winnings are due on a monthly basis rather than the day after the winnings are paid. Provides that money in the Indiana horse racing commission operating fund is continuously appropriated for the purposes of the fund. Changes reporting and remitting requirements of the slot machine wagering tax. Changes the allocation for adjusted gross receipts of slot machine wagering. Repeals the establishment of an investment product for the public employee deferred compensation plan and an alternative investment program for the annuity savings account of public employee
(Continued next page)

Effective: Upon passage; January 1, 2018 (retroactive); July 1, 2018; January 1, 2019.

Holdman, Randolph Lonnie M

(HOUSE SPONSORS — BROWN T, HUSTON)

January 3, 2018, read first time and referred to Committee on Tax and Fiscal Policy.
February 1, 2018, amended, reported favorably — Do Pass.
February 5, 2018, read second time, amended, ordered engrossed.
February 6, 2018, engrossed. Read third time, passed. Yeas 48, nays 0.

HOUSE ACTION

February 12, 2018, read first time and referred to Committee on Ways and Means.
February 27, 2018, amended, reported — Do Pass.

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Digest Continued

retirement plans. Eliminates the maritime opportunity district property tax deduction for new manufacturing equipment installed in a district after June 30, 2018. Provides a sales tax exemption for certain property purchased and used by a person that manufactures hot mix asphalt at an asphalt plant. Provides that the DOR may require that certain information be provided or updated before the issuance or renewal of a registered retail merchant's certificate. Makes various changes to the state income tax laws, including conformance with the latest version of the Internal Revenue Code, the net operating loss carryover period, the earned income tax credit, the calculation of income tax rates when two different rates are in effect during the taxpayer's taxable year, tax due dates, refund claims, and income tax preparer requirements. Provides that the reduced tax rate for a corporation in a qualified military enhancement area applies only to a corporation that locates all or part of its operations in an area before January 1, 2019. Provides that the Jasper County local income tax adopting body may adopt an ordinance to provide that property taxes imposed due to a referendum, adopted before July 1, 2015, are eligible for the property tax relief rate credit. Requires state and local employees, contractors, and subcontractors whose duties include access to confidential tax information to submit to and update background checks. Revises a statute concerning the investment of proceeds from the sale of the Montgomery County hospital. Allows a petition to be filed with the department of local government finance by the North Spencer school corporation requesting a modified maximum operations fund levy for 2019. Requires a member of a redevelopment commission to annually present certain information to the governing body of every school corporation with territory within an allocation area. Requires, for a territory that was annexed by a municipality after June 1, 1976, and before March 4, 1988, one-half of the property taxes attributable to property taxes imposed by the park and recreation district on property that is within the annexed territory to be transferred to the annexing municipality's parks and recreation department. Changes the date that the trustees of Ivy Tech Community College may issue and sell bonds for the Kokomo campus renovation and addition and the Muncie campus renovation and addition. Makes technical corrections.

ES 242—LS 6683/DI 73



February 27, 2018

Second Regular Session 120th General Assembly (2018)

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 2017 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 242

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 4-30-9-7 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JANUARY 1, 2019]: Sec. 7. Before the commission may
3 enter into a contract with a retailer, the ~~retailer must provide~~
4 **commission must obtain** a tax clearance statement from the
5 department of state revenue that certifies that the retailer does not owe
6 delinquent state taxes.

7 SECTION 2. IC 4-31-10-2 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 2. **(a)** The Indiana
9 horse racing commission operating fund is established.

10 **(b)** The fund shall be administered by the commission.

11 **(c)** The fund does not revert to the state general fund at the end of
12 a state fiscal year.

13 **(d) Money in the fund is continuously appropriated for the**
14 **purposes of this chapter.**

15 SECTION 3. IC 4-33-2-10.5 IS ADDED TO THE INDIANA CODE
16 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE

ES 242—LS 6683/DI 73



1 UPON PASSAGE]: **Sec. 10.5. "Gaming activity information" means**
 2 **information related to table game and slot machine activity used to**
 3 **determine and confirm revenue and the computation of tax.**

4 SECTION 4. IC 4-33-12-0.1, AS ADDED BY P.L.220-2011,
 5 SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2018]: Sec. 0.1. The following amendments to this chapter
 7 apply as follows:

8 (1) The amendments made to section 6 of this chapter by
 9 P.L.178-2002 apply to riverboat admissions taxes collected after
 10 June 30, 2002.

11 (2) The amendments made to section 1 of this chapter (**repealed**)
 12 by P.L.192-2002(ss) apply to admissions occurring and receipts
 13 received after June 30, 2002.

14 (3) The amendments made to section 6 of this chapter by
 15 P.L.234-2007 apply to riverboat admissions taxes remitted by an
 16 operating agent after June 30, 2007.

17 SECTION 5. IC 4-33-12-1 IS REPEALED [EFFECTIVE JULY 1,
 18 2018]. Sec. 1. (a) Except as provided in subsection (c), a tax is imposed
 19 on admissions authorized under this article at a rate of three dollars
 20 (\$3) for each person admitted. This admission tax is imposed upon the
 21 licensed owner. This subsection does not apply to an inland casino.
 22 This subsection expires July 1, 2018.

23 (b) A supplemental wagering tax under this section is imposed upon
 24 the licensed owner operating a riverboat:

25 (c) This subsection applies to a gaming operation that has relocated
 26 from a docked riverboat to an inland casino by December 31, 2017, as
 27 described in IC 4-33-6-24. A supplemental wagering tax is:

28 (1) imposed and authorized under this article at a rate of three
 29 percent (3%) of adjusted gross receipts; and

30 (2) imposed starting the day operations begin at an inland casino.

31 This subsection expires July 1, 2018.

32 (d) Subject to subsection (c), beginning July 1, 2018, a supplemental
 33 wagering tax is authorized under this article and shall be calculated as
 34 the riverboat's adjusted gross receipts multiplied by a percentage rate
 35 of:

36 (1) the total riverboat admissions tax that the riverboat paid
 37 beginning July 1, 2016; and ending June 30, 2017; divided by

38 (2) the riverboat's adjusted gross receipts beginning July 1, 2016;
 39 and ending June 30, 2017.

40 (e) The supplemental wagering tax described in subsection (d):

41 (1) beginning July 1, 2018, and ending June 30, 2019, may not
 42 exceed four percent (4%); and



1 (2) beginning July 1, 2019, may not exceed three and five-tenths
2 percent (3.5%).

3 SECTION 6. IC 4-33-12-1.5 IS ADDED TO THE INDIANA CODE
4 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
5 1, 2018]: **Sec. 1.5. (a) A supplemental wagering tax on the wagering
6 occurring each day at a riverboat is imposed upon the licensed
7 owner operating the riverboat.**

8 (b) Subject to subsection (c), the amount of supplemental
9 wagering tax imposed for a particular day is determined by
10 multiplying the riverboat's adjusted gross receipts for that day by
11 the quotient of:

12 (1) the total riverboat admissions tax that the riverboat's
13 licensed owner paid beginning July 1, 2016, and ending June
14 30, 2017; divided by

15 (2) the riverboat's adjusted gross receipts beginning July 1,
16 2016, and ending June 30, 2017.

17 (c) The quotient used under subsection (b) to determine the
18 supplemental wagering tax liability of a licensed owner subject to
19 subsection (b) may not exceed the following when expressed as a
20 percentage:

21 (1) Four percent (4%) before July 1, 2019.

22 (2) Three and five-tenths percent (3.5%) after June 30, 2019.

23 SECTION 7. IC 4-33-12-4, AS AMENDED BY P.L.268-2017,
24 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 UPON PASSAGE]: **Sec. 4. (a) A licensed owner must report:**

26 (1) the admissions and daily amount of supplemental wagering
27 taxes collected to the department. ~~The licensed owner must report~~
28 ~~the taxes collected each day for the preceding day's admissions.~~
29 **imposed under section 1.5 of this chapter to the department**
30 **at the time the taxes are paid under subsection (b); and**

31 (2) gaming activity information to the commission daily on
32 forms prescribed by the commission.

33 (b) A licensed owner shall pay the admissions and supplemental
34 wagering taxes collected ~~imposed under section 1.5 of this chapter~~
35 ~~to the department one (1) day before the last business on the~~
36 **twenty-fourth calendar** day of each month for the admissions and
37 supplemental wagering taxes collected ~~that month.~~ **imposed under**
38 **section 1.5 of this chapter.** Any taxes collected ~~tax liability incurred~~
39 during the month but after the day on which the taxes are required to
40 be paid to the department shall be paid to the department at the same
41 time the following month's taxes are due.

42 (c) The payment of the tax under this section must be on a form



1 prescribed by the department.

2 (d) The payment of the tax under this section must be ~~an electronic~~
3 ~~funds transfer by automated clearinghouse.~~ **in a manner prescribed**
4 **by the department.**

5 SECTION 8. IC 4-33-13-1.5, AS AMENDED BY P.L.268-2017,
6 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 UPON PASSAGE]: Sec. 1.5. (a) This subsection applies only to a
8 riverboat that received at least seventy-five million dollars
9 (\$75,000,000) of adjusted gross receipts during the preceding state
10 fiscal year. A graduated tax is imposed on the adjusted gross receipts
11 received from gambling games authorized under this article as follows:

12 (1) Fifteen percent (15%) of the first twenty-five million dollars
13 (\$25,000,000) of adjusted gross receipts received during the
14 period beginning July 1 of each year and ending June 30 of the
15 following year.

16 (2) Twenty percent (20%) of the adjusted gross receipts in excess
17 of twenty-five million dollars (\$25,000,000) but not exceeding
18 fifty million dollars (\$50,000,000) received during the period
19 beginning July 1 of each year and ending June 30 of the following
20 year.

21 (3) Twenty-five percent (25%) of the adjusted gross receipts in
22 excess of fifty million dollars (\$50,000,000) but not exceeding
23 seventy-five million dollars (\$75,000,000) received during the
24 period beginning July 1 of each year and ending June 30 of the
25 following year.

26 (4) Thirty percent (30%) of the adjusted gross receipts in excess
27 of seventy-five million dollars (\$75,000,000) but not exceeding
28 one hundred fifty million dollars (\$150,000,000) received during
29 the period beginning July 1 of each year and ending June 30 of
30 the following year.

31 (5) Thirty-five percent (35%) of all adjusted gross receipts in
32 excess of one hundred fifty million dollars (\$150,000,000) but not
33 exceeding six hundred million dollars (\$600,000,000) received
34 during the period beginning July 1 of each year and ending June
35 30 of the following year.

36 (6) Forty percent (40%) of all adjusted gross receipts exceeding
37 six hundred million dollars (\$600,000,000) received during the
38 period beginning July 1 of each year and ending June 30 of the
39 following year.

40 (b) This subsection applies only to a riverboat that received less than
41 seventy-five million dollars (\$75,000,000) of adjusted gross receipts
42 during the preceding state fiscal year. A graduated tax is imposed on



1 the adjusted gross receipts received from gambling games authorized
2 under this article as follows:

3 (1) Five percent (5%) of the first twenty-five million dollars
4 (\$25,000,000) of adjusted gross receipts received during the
5 period beginning July 1 of each year and ending June 30 of the
6 following year.

7 (2) Twenty percent (20%) of the adjusted gross receipts in excess
8 of twenty-five million dollars (\$25,000,000) but not exceeding
9 fifty million dollars (\$50,000,000) received during the period
10 beginning July 1 of each year and ending June 30 of the following
11 year.

12 (3) Twenty-five percent (25%) of the adjusted gross receipts in
13 excess of fifty million dollars (\$50,000,000) but not exceeding
14 seventy-five million dollars (\$75,000,000) received during the
15 period beginning July 1 of each year and ending June 30 of the
16 following year.

17 (4) Thirty percent (30%) of the adjusted gross receipts in excess
18 of seventy-five million dollars (\$75,000,000) but not exceeding
19 one hundred fifty million dollars (\$150,000,000) received during
20 the period beginning July 1 of each year and ending June 30 of
21 the following year.

22 (5) Thirty-five percent (35%) of all adjusted gross receipts in
23 excess of one hundred fifty million dollars (\$150,000,000) but not
24 exceeding six hundred million dollars (\$600,000,000) received
25 during the period beginning July 1 of each year and ending June
26 30 of the following year.

27 (6) Forty percent (40%) of all adjusted gross receipts exceeding
28 six hundred million dollars (\$600,000,000) received during the
29 period beginning July 1 of each year and ending June 30 of the
30 following year.

31 (c) The licensed owner or operating agent of a riverboat taxed under
32 subsection (b) shall pay an additional tax of two million five hundred
33 thousand dollars (\$2,500,000) in any state fiscal year in which the
34 riverboat's adjusted gross receipts exceed seventy-five million dollars
35 (\$75,000,000). The additional tax imposed under this subsection is due
36 before July 1 of the following state fiscal year.

37 (d) The licensed owner or operating agent shall:

38 (1) remit the **daily amount** of tax imposed by this chapter to the
39 department ~~before the close of the business day one (1) day before~~
40 ~~the last business on the twenty-fourth calendar~~ day of each
41 month for the wagering taxes collected that month; **and**

42 (2) **report gaming activity information to the commission**



1 **daily on forms prescribed by the commission.**

2 Any taxes collected during the month but after the day on which the
3 taxes are required to be paid to the department shall be paid to the
4 department at the same time the following month's taxes are due.

5 (e) The payment of the tax under this section must be ~~an electronic~~
6 ~~funds transfer by automated clearinghouse.~~ **in a manner prescribed**
7 **by the department.**

8 (f) If the department requires taxes to be remitted under this chapter
9 through electronic funds transfer, the department may allow the
10 licensed owner or operating agent to file a monthly report to reconcile
11 the amounts remitted to the department.

12 (g) The department may allow taxes remitted under this section to
13 be reported on the same form used for taxes paid under IC 4-33-12.

14 SECTION 9. IC 4-33-13-5, AS AMENDED BY THE TECHNICAL
15 CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS
16 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]:
17 Sec. 5. (a) This subsection does not apply to tax revenue remitted by an
18 operating agent operating a riverboat in a historic hotel district. After
19 funds are appropriated under section 4 of this chapter, each month the
20 treasurer of state shall distribute the tax revenue deposited in the state
21 gaming fund under this chapter to the following:

22 (1) An amount equal to the following shall be set aside for
23 revenue sharing under subsection (e):

24 (A) Before July 1, 2021, the first thirty-three million dollars
25 (\$33,000,000) of tax revenues collected under this chapter
26 shall be set aside for revenue sharing under subsection (e).

27 (B) After June 30, 2021, if the total adjusted gross receipts
28 received by licensees from gambling games authorized under
29 this article during the preceding state fiscal year is equal to or
30 greater than the total adjusted gross receipts received by
31 licensees from gambling games authorized under this article
32 during the state fiscal year ending June 30, 2020, the first
33 thirty-three million dollars (\$33,000,000) of tax revenues
34 collected under this chapter shall be set aside for revenue
35 sharing under subsection (e).

36 (C) After June 30, 2021, if the total adjusted gross receipts
37 received by ~~licenses~~ **licensees** from gambling games
38 authorized under this article during the preceding state fiscal
39 year is less than the total adjusted gross receipts received by
40 licensees from gambling games authorized under this article
41 during the state year ending June 30, 2020, an amount equal
42 to the first thirty-three million dollars (\$33,000,000) of tax



- 1 revenues collected under this chapter multiplied by the result
 2 of:
- 3 (i) the total adjusted gross receipts received by licensees
 4 from gambling games authorized under this article during
 5 the preceding state fiscal year; divided by
 6 (ii) the total adjusted gross receipts received by licensees
 7 from gambling games authorized under this article during
 8 the state fiscal year ending June 30, 2020;
 9 shall be set aside for revenue sharing under subsection (e).
- 10 (2) Subject to subsection (c), twenty-five percent (25%) of the
 11 remaining tax revenue remitted by each licensed owner shall be
 12 paid:
- 13 (A) to the city that is designated as the home dock of the
 14 riverboat from which the tax revenue was collected, in the case
 15 of:
- 16 (i) a city described in IC 4-33-12-6(b)(1)(A); or
 17 (ii) a city located in a county having a population of more
 18 than four hundred thousand (400,000) but less than seven
 19 hundred thousand (700,000); or
 20 (B) to the county that is designated as the home dock of the
 21 riverboat from which the tax revenue was collected, in the case
 22 of a riverboat whose home dock is not in a city described in
 23 clause (A).
- 24 (3) Subject to subsection (d), the remainder of the tax revenue
 25 remitted by each licensed owner shall be paid to the state general
 26 fund. In each state fiscal year, the treasurer of state shall make the
 27 transfer required by this subdivision not later than the last
 28 business day of the month in which the tax revenue is remitted to
 29 the state for deposit in the state gaming fund. However, if tax
 30 revenue is received by the state on the last business day in a
 31 month, the treasurer of state may transfer the tax revenue to the
 32 state general fund in the immediately following month.
- 33 (b) This subsection applies only to tax revenue remitted by an
 34 operating agent operating a riverboat in a historic hotel district after
 35 June 30, 2015. After funds are appropriated under section 4 of this
 36 chapter, each month the treasurer of state shall distribute the tax
 37 revenue remitted by the operating agent under this chapter as follows:
- 38 (1) Fifty-six and five-tenths percent (56.5%) shall be paid to the
 39 state general fund.
- 40 (2) Forty-three and five-tenths percent (43.5%) shall be paid as
 41 follows:
- 42 (A) Twenty-two and four-tenths percent (22.4%) shall be paid



- 1 as follows:
- 2 (i) Fifty percent (50%) to the fiscal officer of the town of
- 3 French Lick.
- 4 (ii) Fifty percent (50%) to the fiscal officer of the town of
- 5 West Baden Springs.
- 6 (B) Fourteen and eight-tenths percent (14.8%) shall be paid to
- 7 the county treasurer of Orange County for distribution among
- 8 the school corporations in the county. The governing bodies
- 9 for the school corporations in the county shall provide a
- 10 formula for the distribution of the money received under this
- 11 clause among the school corporations by joint resolution
- 12 adopted by the governing body of each of the school
- 13 corporations in the county. Money received by a school
- 14 corporation under this clause must be used to improve the
- 15 educational attainment of students enrolled in the school
- 16 corporation receiving the money. Not later than the first
- 17 regular meeting in the school year of a governing body of a
- 18 school corporation receiving a distribution under this clause,
- 19 the superintendent of the school corporation shall submit to
- 20 the governing body a report describing the purposes for which
- 21 the receipts under this clause were used and the improvements
- 22 in educational attainment realized through the use of the
- 23 money. The report is a public record.
- 24 (C) Thirteen and one-tenth percent (13.1%) shall be paid to the
- 25 county treasurer of Orange County.
- 26 (D) Five and three-tenths percent (5.3%) shall be distributed
- 27 quarterly to the county treasurer of Dubois County for
- 28 appropriation by the county fiscal body after receiving a
- 29 recommendation from the county executive. The county fiscal
- 30 body for the receiving county shall provide for the distribution
- 31 of the money received under this clause to one (1) or more
- 32 taxing units (as defined in IC 6-1.1-1-21) in the county under
- 33 a formula established by the county fiscal body after receiving
- 34 a recommendation from the county executive.
- 35 (E) Five and three-tenths percent (5.3%) shall be distributed
- 36 quarterly to the county treasurer of Crawford County for
- 37 appropriation by the county fiscal body after receiving a
- 38 recommendation from the county executive. The county fiscal
- 39 body for the receiving county shall provide for the distribution
- 40 of the money received under this clause to one (1) or more
- 41 taxing units (as defined in IC 6-1.1-1-21) in the county under
- 42 a formula established by the county fiscal body after receiving



- 1 a recommendation from the county executive.
- 2 (F) Six and thirty-five hundredths percent (6.35%) shall be
- 3 paid to the fiscal officer of the town of Paoli.
- 4 (G) Six and thirty-five hundredths percent (6.35%) shall be
- 5 paid to the fiscal officer of the town of Orleans.
- 6 (H) Twenty-six and four-tenths percent (26.4%) shall be paid
- 7 to the Indiana economic development corporation established
- 8 by IC 5-28-3-1 for transfer as follows:
- 9 (i) Beginning after December 31, 2017, ten percent (10%)
- 10 of the amount transferred under this clause in each calendar
- 11 year shall be transferred to the South Central Indiana
- 12 Regional Economic Development Corporation or a
- 13 successor entity or partnership for economic development
- 14 for the purpose of recruiting new business to Orange County
- 15 as well as promoting the retention and expansion of existing
- 16 businesses in Orange County.
- 17 (ii) The remainder of the amount transferred under this
- 18 clause in each calendar year shall be transferred to Radius
- 19 Indiana or a successor regional entity or partnership for the
- 20 development and implementation of a regional economic
- 21 development strategy to assist the residents of Orange
- 22 County and the counties contiguous to Orange County in
- 23 improving their quality of life and to help promote
- 24 successful and sustainable communities.
- 25 To the extent possible, the Indiana economic development
- 26 corporation shall provide for the transfer under item (i) to be
- 27 made in four (4) equal installments. However, an amount
- 28 sufficient to meet current obligations to retire or refinance
- 29 indebtedness or leases for which tax revenues under this
- 30 section were pledged before January 1, 2015, by the Orange
- 31 County development commission shall be paid to the Orange
- 32 County development commission before making distributions
- 33 to the South Central Indiana Regional Economic Development
- 34 Corporation and Radius Indiana or their successor entities or
- 35 partnerships. The amount paid to the Orange County
- 36 development commission shall proportionally reduce the
- 37 amount payable to the South Central Indiana Regional
- 38 Economic Development Corporation and Radius Indiana or
- 39 their successor entities or partnerships.
- 40 (c) For each city and county receiving money under subsection
- 41 (a)(2), the treasurer of state shall determine the total amount of money
- 42 paid by the treasurer of state to the city or county during the state fiscal



1 year 2002. The amount determined is the base year revenue for the city
 2 or county. The treasurer of state shall certify the base year revenue
 3 determined under this subsection to the city or county. The total
 4 amount of money distributed to a city or county under this section
 5 during a state fiscal year may not exceed the entity's base year revenue.
 6 For each state fiscal year, the treasurer of state shall pay that part of the
 7 riverboat wagering taxes that:

- 8 (1) exceeds a particular city's or county's base year revenue; and
- 9 (2) would otherwise be due to the city or county under this
 10 section;

11 to the state general fund instead of to the city or county.

12 (d) Each state fiscal year the treasurer of state shall transfer from the
 13 tax revenue remitted to the state general fund under subsection (a)(3)
 14 to the build Indiana fund an amount that when added to the following
 15 may not exceed two hundred fifty million dollars (\$250,000,000):

- 16 (1) Surplus lottery revenues under IC 4-30-17-3.
- 17 (2) Surplus revenue from the charity gaming enforcement fund
 18 under IC 4-32.2-7-7.
- 19 (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

20 The treasurer of state shall make transfers on a monthly basis as needed
 21 to meet the obligations of the build Indiana fund. If in any state fiscal
 22 year insufficient money is transferred to the state general fund under
 23 subsection (a)(3) to comply with this subsection, the treasurer of state
 24 shall reduce the amount transferred to the build Indiana fund to the
 25 amount available in the state general fund from the transfers under
 26 subsection (a)(3) for the state fiscal year.

27 (e) Except as provided in subsections (l) and (m), before August 15
 28 of each year, the treasurer of state shall distribute the wagering taxes
 29 set aside for revenue sharing under subsection (a)(1) to the county
 30 treasurer of each county that does not have a riverboat according to the
 31 ratio that the county's population bears to the total population of the
 32 counties that do not have a riverboat. Except as provided in subsection
 33 (h), the county auditor shall distribute the money received by the
 34 county under this subsection as follows:

- 35 (1) To each city located in the county according to the ratio the
 36 city's population bears to the total population of the county.
- 37 (2) To each town located in the county according to the ratio the
 38 town's population bears to the total population of the county.
- 39 (3) After the distributions required in subdivisions (1) and (2) are
 40 made, the remainder shall be retained by the county.

41 (f) Money received by a city, town, or county under subsection (e)
 42 or (h) may be used for any of the following purposes:



- 1 (1) To reduce the property tax levy of the city, town, or county for
- 2 a particular year (a property tax reduction under this subdivision
- 3 does not reduce the maximum levy of the city, town, or county
- 4 under IC 6-1.1-18.5).
- 5 (2) For deposit in a special fund or allocation fund created under
- 6 IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and
- 7 IC 36-7-30 to provide funding for debt repayment.
- 8 (3) To fund sewer and water projects, including storm water
- 9 management projects.
- 10 (4) For police and fire pensions.
- 11 (5) To carry out any governmental purpose for which the money
- 12 is appropriated by the fiscal body of the city, town, or county.
- 13 Money used under this subdivision does not reduce the property
- 14 tax levy of the city, town, or county for a particular year or reduce
- 15 the maximum levy of the city, town, or county under
- 16 IC 6-1.1-18.5.
- 17 (g) Before July 15 of each year, the treasurer of state shall determine
- 18 the total amount of money distributed to an entity under IC 4-33-12-6
- 19 or IC 4-33-12-8 during the preceding state fiscal year. If the treasurer
- 20 of state determines that the total amount of money distributed to an
- 21 entity under IC 4-33-12-6 or IC 4-33-12-8 during the preceding state
- 22 fiscal year was less than the entity's base year revenue (as determined
- 23 under IC 4-33-12-9), the treasurer of state shall make a supplemental
- 24 distribution to the entity from taxes collected under this chapter and
- 25 deposited into the state general fund. Except as provided in subsection
- 26 (i), the amount of an entity's supplemental distribution is equal to:
- 27 (1) the entity's base year revenue (as determined under
- 28 IC 4-33-12-9); minus
- 29 (2) the sum of:
- 30 (A) the total amount of money distributed to the entity and
- 31 constructively received by the entity during the preceding state
- 32 fiscal year under IC 4-33-12-6 or IC 4-33-12-8; plus
- 33 (B) the amount of any admissions taxes deducted under
- 34 IC 6-3.1-20-7.
- 35 (h) This subsection applies only to a county containing a
- 36 consolidated city. The county auditor shall distribute the money
- 37 received by the county under subsection (e) as follows:
- 38 (1) To each city, other than a consolidated city, located in the
- 39 county according to the ratio that the city's population bears to the
- 40 total population of the county.
- 41 (2) To each town located in the county according to the ratio that
- 42 the town's population bears to the total population of the county.



1 (3) After the distributions required in subdivisions (1) and (2) are
 2 made, the remainder shall be paid in equal amounts to the
 3 consolidated city and the county.

4 (i) This subsection applies to a supplemental distribution made after
 5 June 30, 2017. The maximum amount of money that may be distributed
 6 under subsection (g) in a state fiscal year is equal to the following:

7 (1) Before July 1, 2021, forty-eight million dollars (\$48,000,000).

8 (2) After June 30, 2021, if the total adjusted gross receipts
 9 received by licensees from gambling games authorized under this
 10 article during the preceding state fiscal year is equal to or greater
 11 than the total adjusted gross receipts received by licensees from
 12 gambling games authorized under this article during the state
 13 fiscal year ending June 30, 2020, the maximum amount is
 14 forty-eight million dollars (\$48,000,000).

15 (3) After June 30, 2021, if the total adjusted gross receipts
 16 received by licensees from gambling games authorized under this
 17 article during the preceding state fiscal year is less than the total
 18 adjusted gross receipts received by licensees from gambling
 19 games authorized under this article during the state fiscal year
 20 ending June 30, 2020, the maximum amount is equal to the result
 21 of:

22 (A) forty-eight million dollars (\$48,000,000); multiplied by

23 (B) the result of:

24 (i) the total adjusted gross receipts received by licensees
 25 from gambling games authorized under this article during
 26 the preceding state fiscal year; divided by

27 (ii) the total adjusted gross receipts received by licensees
 28 from gambling games authorized under this article during
 29 the state fiscal year ending June 30, 2020.

30 If the total amount determined under subsection (g) exceeds the
 31 maximum amount determined under this subsection, the amount
 32 distributed to an entity under subsection (g) must be reduced according
 33 to the ratio that the amount distributed to the entity under IC 4-33-12-6
 34 or IC 4-33-12-8 bears to the total amount distributed under
 35 IC 4-33-12-6 and IC 4-33-12-8 to all entities receiving a supplemental
 36 distribution.

37 (j) This subsection applies to a supplemental distribution, if any,
 38 payable to Lake County, Hammond, Gary, or East Chicago under
 39 subsections (g) and (i). Beginning in July 2016, the treasurer of state
 40 shall, after making any deductions from the supplemental distribution
 41 required by IC 6-3.1-20-7, deduct from the remainder of the
 42 supplemental distribution otherwise payable to the unit under this



1 section the lesser of:
 2 (1) the remaining amount of the supplemental distribution; or
 3 (2) the difference, if any, between:
 4 (A) three million five hundred thousand dollars (\$3,500,000);
 5 minus
 6 (B) the amount of admissions taxes constructively received by
 7 the unit in the previous state fiscal year.
 8 The treasurer of state shall distribute the amounts deducted under this
 9 subsection to the northwest Indiana redevelopment authority
 10 established under IC 36-7.5-2-1 for deposit in the development
 11 authority fund established under IC 36-7.5-4-1.
 12 (k) Money distributed to a political subdivision under subsection
 13 (b):
 14 (1) must be paid to the fiscal officer of the political subdivision
 15 and may be deposited in the political subdivision's general fund
 16 or riverboat fund established under IC 36-1-8-9, or both;
 17 (2) may not be used to reduce the maximum levy under
 18 IC 6-1.1-18.5 of a county, city, or town or the maximum tax rate
 19 of a school corporation, but, except as provided in subsection
 20 (b)(2)(B), may be used at the discretion of the political
 21 subdivision to reduce the property tax levy of the county, city, or
 22 town for a particular year;
 23 (3) except as provided in subsection (b)(2)(B), may be used for
 24 any legal or corporate purpose of the political subdivision,
 25 including the pledge of money to bonds, leases, or other
 26 obligations under IC 5-1-14-4; and
 27 (4) is considered miscellaneous revenue.
 28 Money distributed under subsection (b)(2)(B) must be used for the
 29 purposes specified in subsection (b)(2)(B).
 30 (l) After June 30, 2020, the amount of wagering taxes that would
 31 otherwise be distributed to South Bend under subsection (e) shall be
 32 deposited as being received from all riverboats whose supplemental
 33 wagering tax, as calculated under ~~IC 4-33-12-1(c)~~; ~~IC 4-33-12-1(d)~~;
 34 **IC 4-33-12-1.5(b)**, is over three and five-tenths percent (3.5%). The
 35 amount deposited under this subsection, in each riverboat's account, is
 36 proportionate to the supplemental wagering tax received from that
 37 riverboat under ~~IC 4-33-12-1(c)~~ ~~IC 4-33-12-1(d)~~ **IC 4-33-12-1.5** in the
 38 month of July. The amount deposited under this subsection must be
 39 distributed in the same manner as the supplemental wagering tax
 40 collected under ~~IC 4-33-12-1(c)~~; ~~IC 4-33-12-1(d)~~; **IC 4-33-12-1.5**. This
 41 subsection expires June 30, 2021.
 42 (m) After June 30, 2021, the amount of wagering taxes that would



1 otherwise be distributed to South Bend under subsection (e) shall be
2 withheld and deposited in the state general fund.

3 SECTION 10. IC 4-35-2-5.5 IS ADDED TO THE INDIANA CODE
4 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
5 1, 2018]: **Sec. 5.5. "Gaming activity information" means**
6 **information related to table game and slot machine activity used to**
7 **determine and confirm revenue and the computation of tax.**

8 SECTION 11. IC 4-35-7-12, AS AMENDED BY HEA 1100-2018,
9 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JULY 1, 2018]: Sec. 12. (a) The Indiana horse racing commission shall
11 enforce the requirements of this section.

12 (b) A licensee shall before the fifteenth day of each month distribute
13 the following amounts for the support of the Indiana horse racing
14 industry:

15 (1) An amount equal to ~~fifteen~~ **five-tenths** percent (~~15%~~) **(0.5%)**
16 of the adjusted gross receipts of the slot machine wagering from
17 the previous month at each casino operated by the licensee with
18 respect to adjusted gross receipts received after June 30, ~~2013,~~
19 ~~and before January 1, 2014.~~ **2018, which shall be distributed to**
20 **the Indiana horse racing commission.**

21 (2) ~~The percentage of the adjusted gross receipts of the slot~~
22 ~~machine wagering from the previous month at each casino~~
23 ~~operated by the licensee that is determined under section 16 or 17~~
24 ~~of this chapter with respect to adjusted gross receipts received~~
25 ~~after December 31, 2013, and before July 1, 2015.~~

26 (3) ~~(2)~~ Subject to section 12.5 of this chapter, the percentage of
27 the adjusted gross receipts of the gambling game wagering from
28 the previous month at each casino operated by the licensee that is
29 determined under section 16 or 17 of this chapter with respect to
30 adjusted gross receipts received after June 30, 2015.

31 **(c) The Indiana horse racing commission shall deposit amounts**
32 **received under subsection (b)(1) into the Indiana horse racing**
33 **commission operating fund established under IC 4-31-10-2.**

34 ~~(e)~~ **(d)** Except for amounts received by the Indiana horse racing
35 **commission under subsection (b)(1),** the Indiana horse racing
36 commission may not use any of the money distributed under this
37 section for any administrative purpose or other purpose of the Indiana
38 horse racing commission.

39 ~~(d)~~ **(e)** A licensee shall distribute the money devoted to horse racing
40 purses and to horsemen's associations under this subsection as follows:

41 (1) Five-tenths percent (0.5%) shall be transferred to horsemen's
42 associations for equine promotion or welfare according to the



1 ratios specified in subsection ~~(g)~~: **(h)**.

2 (2) Two and five-tenths percent (2.5%) shall be transferred to
3 horsemen's associations for backside benevolence according to
4 the ratios specified in subsection ~~(g)~~: **(h)**.

5 (3) Ninety-seven percent (97%) shall be distributed to promote
6 horses and horse racing as provided in subsection ~~(f)~~: **(g)**.

7 ~~(e)~~ **(f)** A horsemen's association shall expend the amounts
8 distributed to the horsemen's association under subsection ~~(d)~~~~(1)~~ **(e)****(1)**
9 through ~~(d)~~~~(2)~~ **(e)****(2)** for a purpose promoting the equine industry or
10 equine welfare or for a benevolent purpose that the horsemen's
11 association determines is in the best interests of horse racing in Indiana
12 for the breed represented by the horsemen's association. Expenditures
13 under this subsection are subject to the regulatory requirements of
14 subsection ~~(h)~~: **(i)**.

15 ~~(f)~~ **(g)** A licensee shall distribute the amounts described in
16 subsection ~~(d)~~~~(3)~~ **(e)****(3)** as follows:

17 (1) Forty-six percent (46%) for thoroughbred purposes as follows:

18 (A) Fifty-five percent (55%) for the following purposes:

19 (i) Ninety-seven percent (97%) for thoroughbred purses.

20 (ii) Two and four-tenths percent (2.4%) to the horsemen's
21 association representing thoroughbred owners and trainers.

22 (iii) Six-tenths percent (0.6%) to the horsemen's association
23 representing thoroughbred owners and breeders.

24 (B) Forty-five percent (45%) to the breed development fund
25 established for thoroughbreds under IC 4-31-11-10.

26 (2) Forty-six percent (46%) for standardbred purposes as follows:

27 (A) Three hundred seventy-five thousand dollars (\$375,000)
28 to the state fair commission to be used by the state fair
29 commission to support standardbred racing and facilities at the
30 state fairgrounds.

31 (B) One hundred twenty-five thousand dollars (\$125,000) to
32 the state fair commission to be used by the state fair
33 commission to make grants to county fairs and the department
34 of parks and recreation in Johnson County to support
35 standardbred racing and facilities at county fair and county
36 park tracks. The state fair commission shall establish a review
37 committee to include the standardbred association board, the
38 Indiana horse racing commission, the Indiana county fair
39 association, and a member of the board of directors of a county
40 park established under IC 36-10 that provides or intends to
41 provide facilities to support standardbred racing, to make
42 recommendations to the state fair commission on grants under



1 this clause. A grant may be provided to the Johnson County
 2 fair or department of parks and recreation under this clause
 3 only if the county fair or department provides matching funds
 4 equal to one dollar (\$1) for every three dollars (\$3) of grant
 5 funds provided.

6 **(C) Fifty percent (50%) of the amount remaining after the**
 7 **distributions under clauses (A) and (B) for the following**
 8 **purposes:**

9 **(i) Ninety-six and five-tenths percent (96.5%) for**
 10 **standardbred purses.**

11 **(ii) Three and five-tenths percent (3.5%) to the**
 12 **horsemen's association representing standardbred**
 13 **owners and trainers.**

14 **(D) Fifty percent (50%) of the amount remaining after the**
 15 **distributions under clauses (A) and (B) to the breed**
 16 **development fund established for standardbreds under**
 17 **IC 4-31-11-10.**

18 (3) Eight percent (8%) for quarter horse purposes as follows:

19 (A) Seventy percent (70%) for the following purposes:

20 (i) Ninety-five percent (95%) for quarter horse purses.

21 (ii) Five percent (5%) to the horsemen's association
 22 representing quarter horse owners and trainers.

23 (B) Thirty percent (30%) to the breed development fund
 24 established for quarter horses under IC 4-31-11-10.

25 Expenditures under this subsection are subject to the regulatory
 26 requirements of subsection ~~(h)~~: **(i)**.

27 ~~(g)~~ **(h)** Money distributed under subsection ~~(d)(1)~~ **(e)(1)** and ~~(d)(2)~~
 28 **(e)(2)** shall be allocated as follows:

29 (1) Forty-six percent (46%) to the horsemen's association
 30 representing thoroughbred owners and trainers.

31 (2) Forty-six percent (46%) to the horsemen's association
 32 representing standardbred owners and trainers.

33 (3) Eight percent (8%) to the horsemen's association representing
 34 quarter horse owners and trainers.

35 ~~(h)~~ **(i)** Money distributed under this section may not be expended
 36 unless the expenditure is for a purpose authorized in this section and is
 37 either for a purpose promoting the equine industry or equine welfare or
 38 is for a benevolent purpose that is in the best interests of horse racing
 39 in Indiana or the necessary expenditures for the operations of the
 40 horsemen's association required to implement and fulfill the purposes
 41 of this section. The Indiana horse racing commission may review any
 42 expenditure of money distributed under this section to ensure that the



1 requirements of this section are satisfied. The Indiana horse racing
 2 commission shall adopt rules concerning the review and oversight of
 3 money distributed under this section and shall adopt rules concerning
 4 the enforcement of this section. The following apply to a horsemen's
 5 association receiving a distribution of money under this section:

6 (1) The horsemen's association must annually file a report with
 7 the Indiana horse racing commission concerning the use of the
 8 money by the horsemen's association. The report must include
 9 information as required by the commission.

10 (2) The horsemen's association must register with the Indiana
 11 horse racing commission.

12 The state board of accounts shall audit the accounts, books, and records
 13 of the Indiana horse racing commission, each horsemen's association,
 14 a licensee, and any association for backside benevolence containing
 15 any information relating to the distribution of money under this section.

16 ~~(j)~~ (j) The commission shall provide the Indiana horse racing
 17 commission with the information necessary to enforce this section.

18 ~~(k)~~ (k) The Indiana horse racing commission shall investigate any
 19 complaint that a licensee has failed to comply with the horse racing
 20 purse requirements set forth in this section. If, after notice and a
 21 hearing, the Indiana horse racing commission finds that a licensee has
 22 failed to comply with the purse requirements set forth in this section,
 23 the Indiana horse racing commission may:

24 (1) issue a warning to the licensee;

25 (2) impose a civil penalty that may not exceed one million dollars
 26 (\$1,000,000); or

27 (3) suspend a meeting permit issued under IC 4-31-5 to conduct
 28 a pari-mutuel wagering horse racing meeting in Indiana.

29 ~~(l)~~ (l) A civil penalty collected under this section must be deposited
 30 in the state general fund.

31 SECTION 12. IC 4-35-7-12.5, AS ADDED BY P.L.213-2015,
 32 SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JULY 1, 2018]: Sec. 12.5. (a) This section applies to adjusted gross
 34 receipts received after June 30, 2015.

35 (b) A licensee shall annually withhold the product of:

36 (1) seventy-five thousand dollars (\$75,000); multiplied by

37 (2) the number of racetracks operated by the licensee;

38 from the amount that must be distributed under section ~~12(b)(3)~~
 39 **12(b)(2)** of this chapter.

40 (c) A licensee shall transfer the amount withheld under subsection
 41 (b) to the Indiana horse racing commission for deposit in the gaming
 42 integrity fund established by IC 4-35-8.7-3. Money transferred under



1 this subsection must be used for the purposes described in
2 IC 4-35-8.7-3(f)(1).

3 SECTION 13. IC 4-35-7-16, AS AMENDED BY P.L.255-2015,
4 SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2018]: Sec. 16. (a) The amount of gambling game revenue
6 that must be distributed under section ~~12(b)(3)~~ **(12)(b)(2)** of this
7 chapter must be determined in a distribution agreement entered into by
8 negotiation committees representing all licensees and the horsemen's
9 associations having contracts with licensees that have been approved
10 by the Indiana horse racing commission.

11 (b) Each horsemen's association shall appoint a representative to a
12 negotiation committee to negotiate the distribution agreement required
13 by subsection (a). If there is an even number of horsemen's associations
14 appointing representatives to the committee, the members appointed by
15 each horsemen's association shall jointly appoint an at-large member
16 of the negotiation committee to represent the interests of all of the
17 horsemen's associations. The at-large member is entitled to the same
18 rights and privileges of the members appointed by the horsemen's
19 associations.

20 (c) Each licensee shall appoint a representative to a negotiation
21 committee to negotiate the distribution agreement required by
22 subsection (a). If there is an even number of licensees, the members
23 appointed by each licensee shall jointly appoint an at-large member of
24 the negotiation committee to represent the interests of all of the
25 licensees. The at-large member is entitled to the same rights and
26 privileges of the members appointed by the licensees.

27 (d) If a majority of the members of each negotiation committee is
28 present, the negotiation committees may negotiate and enter into a
29 distribution agreement binding all horsemen's associations and all
30 licensees as required by subsection (a).

31 (e) The initial distribution agreement entered into by the negotiation
32 committees:

- 33 (1) must be in writing;
- 34 (2) must be submitted to the Indiana horse racing commission
35 before October 1, 2013;
- 36 (3) must be approved by the Indiana horse racing commission
37 before January 1, 2014; and
- 38 (4) may contain any terms determined to be necessary and
39 appropriate by the negotiation committees, subject to subsection
40 (f) and section 12 of this chapter.

41 (f) A distribution agreement must provide that at least ten percent
42 (10%) and not more than twelve percent (12%) of a licensee's adjusted



1 gross receipts must be distributed under section ~~12(b)(3)~~ **(12)(b)(2)** of
 2 this chapter. A distribution agreement applies to adjusted gross receipts
 3 received by the licensee after December 31 of the calendar year in
 4 which the distribution agreement is approved by the Indiana horse
 5 racing commission.

6 (g) A distribution agreement may expire on December 31 of a
 7 particular calendar year if a subsequent distribution agreement will take
 8 effect on January 1 of the following calendar year. A subsequent
 9 distribution agreement:

10 (1) is subject to the approval of the Indiana horse racing
 11 commission; and

12 (2) must be submitted to the Indiana horse racing commission
 13 before October 1 of the calendar year preceding the calendar year
 14 in which the distribution agreement will take effect.

15 (h) The Indiana horse racing commission shall annually report to the
 16 budget committee on the effect of each distribution agreement on the
 17 Indiana horse racing industry before January 1 of the following
 18 calendar year.

19 SECTION 14. IC 4-35-8-1, AS AMENDED BY P.L.255-2015,
 20 SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2018]: Sec. 1. (a) A graduated slot machine wagering tax is
 22 imposed as follows on ninety-nine percent (99%) of the adjusted gross
 23 receipts received after June 30, 2012, and before July 1, 2013, on
 24 ninety-one and five-tenths percent (91.5%) of the adjusted gross
 25 receipts received after June 30, 2013, and before July 1, 2015, and on
 26 eighty-eight percent (88%) of the adjusted gross receipts received after
 27 June 30, 2015, from wagering on gambling games authorized by this
 28 article:

29 (1) Twenty-five percent (25%) of the first one hundred million
 30 dollars (\$100,000,000) of adjusted gross receipts received during
 31 the period beginning July 1 of each year and ending June 30 of
 32 the following year.

33 (2) Thirty percent (30%) of the adjusted gross receipts in excess
 34 of one hundred million dollars (\$100,000,000) but not exceeding
 35 two hundred million dollars (\$200,000,000) received during the
 36 period beginning July 1 of each year and ending June 30 of the
 37 following year.

38 (3) Thirty-five percent (35%) of the adjusted gross receipts in
 39 excess of two hundred million dollars (\$200,000,000) received
 40 during the period beginning July 1 of each year and ending June
 41 30 of the following year.

42 (b) A licensee shall **do the following:**

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1 (1) Remit the **daily amount of** tax imposed by this section to the
 2 department ~~before the close of the business day following the day~~
 3 ~~the wagers are made:~~ **on the twenty-fourth calendar day of each**
 4 **month. Any taxes collected during the month after the day on**
 5 **which the taxes are required to be paid shall be paid to the**
 6 **department at the same time the following month's taxes are**
 7 **due.**

8 (2) **Report gaming activity information to the commission**
 9 **daily on forms prescribed by the commission.**

10 (c) The department may require payment under this section to be
 11 made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)). **The**
 12 **payment of the tax under this section must be in a manner**
 13 **prescribed by the department.**

14 (d) If the department requires taxes to be remitted under this chapter
 15 through electronic funds transfer, the department may allow the
 16 licensee to file a monthly report to reconcile the amounts remitted to
 17 the department.

18 (e) The payment of the tax under this section must be on a form
 19 prescribed by the department.

20 SECTION 15. IC 4-35-8.7-3, AS AMENDED BY THE
 21 TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL
 22 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 UPON PASSAGE]: Sec. 3. (a) The gaming integrity fund is
 24 established.

25 (b) The fund shall be administered by the Indiana horse racing
 26 commission.

27 (c) The fund consists of gaming integrity fees deposited in the fund
 28 under this chapter and money distributed to the fund under
 29 IC 4-35-7-12.5 and IC 4-35-7-15. *Fifteen percent (15%) of the money*
 30 *deposited in the fund shall be transferred* For each licensee, the
 31 *Indiana horse racing commission shall annually transfer:*

32 (1) *seventy-five thousand dollars (\$75,000); multiplied by*

33 (2) *the number of racetracks operated by the licensee;*

34 *from the fund* to the Indiana state board of animal health to be used by
 35 the state board to pay the costs associated with equine health and
 36 equine care programs under IC 15-17.

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

40 (e) Money in the fund at the end of a state fiscal year does not revert
 41 to the state general fund.

42 (f) Money in the fund may be used by the Indiana horse racing



1 commission only for the following purposes:

2 (1) To pay the cost of taking and analyzing equine specimens
3 under IC 4-31-12-6(b) or another law or rule and the cost of any
4 supplies related to the taking or analysis of specimens.

5 (2) To pay dues to the Drug Testing Standards and Practices
6 (DTSP) Committee of the Association of Racing Commissioners
7 International.

8 (3) To provide grants for research for the advancement of equine
9 drug testing. Grants under this subdivision must be approved by
10 the Drug Testing Standards and Practices (DTSP) Committee of
11 the Association of Racing Commissioners International or by the
12 Racing Mediation and Testing Consortium.

13 (4) To pay the costs of post-mortem examinations under
14 IC 4-31-12-10.

15 (5) To pay other costs incurred by the commission to maintain the
16 integrity of pari-mutuel racing.

17 (g) *Money in the fund is continuously appropriated to the Indiana*
18 *horse racing commission to carry out the purposes described in*
19 *subsection (f).*

20 SECTION 16. IC 5-10-1.1-4.5, AS AMENDED BY THE
21 TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL
22 ASSEMBLY, IS REPEALED [EFFECTIVE JULY 1, 2018]. *Sec. 4.5.*
23 (a) *As used in this section, "next level Indiana fund" refers to the next*
24 *level Indiana innovation and entrepreneurial fund established by*
25 *subsection (b):*

26 (b) *After December 31, 2017, the deferred compensation committee*
27 *shall establish and maintain:*

28 (1) *an investment product for the state employees' deferred*
29 *compensation plan; and*

30 (2) *a funding offering for the defined contribution plan*
31 *established under section 1.5 of this chapter;*

32 *named the next level Indiana innovation and entrepreneurial fund. The*
33 *deferred compensation committee shall consult with the board of*
34 *trustees of the next level Indiana trust fund established under*
35 *IC 8-14-15.1 and the board of trustees of the Indiana public retirement*
36 *system established under IC 5-10.5-3-1 in establishing the investment*
37 *objectives and policies for the next level Indiana fund. Not more than*
38 *twenty-five million dollars (\$25,000,000) of the assets of the next level*
39 *Indiana fund may be invested in any one (1) particular investment fund*
40 *or investment firm.*

41 (c) *The following apply to a state employee who selects the next*
42 *level Indiana fund:*

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- 1 (1) The state employee's initial transfer into the next level Indiana
 2 fund may not exceed twenty percent (20%) of the balance in the
 3 state employee's account in the state employees' deferred
 4 compensation plan, as of the day before the effective date of the
 5 state employee's selection of the next level Indiana fund.
- 6 (2) After the state employee's initial transfer into the next level
 7 Indiana fund, contributions made by the state employee, or on the
 8 state employee's behalf, into the next level Indiana fund each year
 9 may not exceed twenty percent (20%) of the total contributions to
 10 the state employee's account in the state employees' deferred
 11 compensation plan for that year.
- 12 (3) If a state employee:
- 13 (A) contributes not less than the amount the state employee
 14 initially designated to the next level Indiana fund in the state
 15 employees' deferred compensation plan for at least thirty-six
 16 (36) consecutive months; and
- 17 (B) maintains in the next level Indiana fund in the state
 18 employees' deferred compensation plan the amounts
 19 transferred and contributed during that period;
- 20 the state shall contribute on the state employee's behalf to the next
 21 level Indiana fund offering in the defined contribution plan
 22 established under section 1-5 of this chapter as a match ten
 23 percent (10%) of the total amount contributed by the state
 24 employee or on the state employee's behalf to the next level
 25 Indiana fund in the state employees' deferred compensation plan
 26 during that thirty-six (36) month period.
- 27 (4) After the period described in subdivision (3), for each
 28 additional twelve (12) consecutive months that a state employee:
- 29 (A) contributes not less than the amount the state employee
 30 initially designated to the next level Indiana fund in the state
 31 employees' deferred compensation plan; and
- 32 (B) maintains in the next level Indiana fund in the state
 33 employees' deferred compensation plan the amounts
 34 transferred and contributed during that period;
- 35 the state shall contribute on the state employees' behalf to the next
 36 level Indiana fund offering in the defined contribution plan
 37 established under section 1-5 of this chapter as a match ten
 38 percent (10%) of the total amount contributed by the state
 39 employee or on the state employee's behalf to the next level
 40 Indiana fund in the state employees' deferred compensation plan
 41 during that twelve (12) month period. In determining the state's
 42 match under this subdivision, the total amount contributed by the



- 1 state employee or on the state employee's behalf excludes the
 2 amount of any state match under this subdivision or subdivision
 3 (3).
 4 (d) The state match under this section shall be paid from the
 5 personal services/fringe benefit contingency fund.
 6 (e) The deferred compensation committee shall report to the budget
 7 committee every six (6) months concerning the following:
 8 (1) The number of state employees that have funds invested in the
 9 next level Indiana fund under this section.
 10 (2) The total amounts invested in the next level Indiana fund
 11 under this section, including the amount of any state match under
 12 this section.
- 13 SECTION 17. IC 5-10.2-2-3, AS AMENDED BY THE
 14 TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL
 15 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JULY 1, 2018]: Sec. 3. (a) The annuity savings account consists of:
 17 (1) the members' contributions; and
 18 (2) the interest credits on these contributions in the guaranteed
 19 fund (before January 1, 2017), the gain or loss in the balance of
 20 the member's account in the stable value fund (after December 31,
 21 2016), or the gain or loss in market value on these contributions
 22 in the alternative investment program, as specified in section 4 of
 23 this chapter **(before its expiration)**.
 24 Each member shall be credited individually with the amount of the
 25 member's contributions and interest credits.
 26 (b) The board shall maintain the investment program in effect on
 27 December 31, 1995, (referred to in this chapter as the guaranteed
 28 program) within the annuity savings account until January 1, 2017. In
 29 addition, the board shall establish and maintain a guaranteed program
 30 within the 1996 account until January 1, 2017. After December 31,
 31 2016, the board shall establish an investment fund (referred to in this
 32 chapter as the stable value fund) that has preservation of capital as the
 33 primary investment objective. The board may establish investment
 34 guidelines and limits on all types of investments (including, but not
 35 limited to, stocks and bonds) and take other actions necessary to fulfill
 36 its duty as a fiduciary of the annuity savings account, subject to the
 37 limitations and restrictions set forth in IC 5-10.3-5-3, IC 5-10.4-3-10,
 38 and IC 5-10.5-5.
 39 (c) The board shall establish alternative investment programs within
 40 the annuity savings account of the public employees' retirement fund,
 41 the pre-1996 account, and the 1996 account, based on the following
 42 requirements:



- 1 (1) The board shall maintain at least one (1) alternative
 2 investment program that is an indexed stock fund and one (1)
 3 alternative investment program that is a bond fund. The board
 4 may maintain one (1) or more alternative investment programs
 5 that:
- 6 (A) invest in one (1) or more commingled or pooled funds that
 7 consist in part or entirely of mortgages that qualify as five star
 8 mortgages under the program established by IC 24-5-23.6; or
 9 (B) otherwise invest in mortgages that qualify as five star
 10 mortgages under the program established by IC 24-5-23.6.
- 11 (2) The programs should represent a variety of investment
 12 objectives under IC 5-10.3-5-3.
- 13 (3) No program may permit a member to withdraw money from
 14 the member's account except as provided in IC 5-10.2-3 and
 15 IC 5-10.2-4.
- 16 (4) All administrative costs of each alternative program shall be
 17 paid from the earnings on that program or as may be determined
 18 by the rules of the board.
- 19 (5) Except as provided in section 4(e) of this chapter (**before its**
 20 **expiration**), a valuation of each member's account must be
 21 completed as of:
- 22 (A) the last day of each quarter; or
 23 (B) another time as the board may specify by rule.
- 24 ~~(6) The board shall maintain as an alternative investment program~~
 25 ~~the fund described in section 3.5 of this chapter.~~
- 26 (d) The board must prepare, at least annually, an analysis of the
 27 guaranteed program (before January 1, 2017), the stable value fund
 28 (after December 31, 2016), and each alternative investment program.
 29 This analysis must:
- 30 (1) include a description of the procedure for selecting an
 31 alternative investment program;
 32 (2) be understandable by the majority of members; and
 33 (3) include a description of prior investment performance.
- 34 (e) A member may direct the allocation of the amount credited to
 35 the member among the guaranteed fund (before January 1, 2017), the
 36 stable value fund (after December 31, 2016), and any available
 37 alternative investment funds, subject to the following conditions:
- 38 (1) A member may make a selection or change an existing
 39 selection under rules established by the board. The board shall
 40 allow a member to make a selection or change any existing
 41 selection at least once each quarter.
 42 (2) The board shall implement the member's selection beginning



- 1 on the first day of the next calendar quarter that begins at least
 2 thirty (30) days after the selection is received by the board or on
 3 an alternate date established by the rules of the board. This date
 4 is the effective date of the member's selection.
- 5 (3) A member may select any combination of the guaranteed fund
 6 (before January 1, 2017), the stable value fund (after December
 7 31, 2016), or any available alternative investment funds, in ten
 8 percent (10%) increments or smaller increments that may be
 9 established by the rules of the board.
- 10 (4) A member's selection remains in effect until a new selection
 11 is made.
- 12 (5) On the effective date of a member's selection, the board shall
 13 reallocate the member's existing balance or balances in
 14 accordance with the member's direction, based on:
- 15 (A) for an alternative investment program balance, the market
 16 value on the effective date;
- 17 (B) for any guaranteed program balance, the account balance
 18 on the effective date; and
- 19 (C) for any stable value fund program balance, the balance of
 20 the member's account on the effective date.
- 21 All contributions to the member's account shall be allocated as of
 22 the last day of that quarter or at an alternate time established by
 23 the rules of the board in accordance with the member's most
 24 recent effective direction. The board shall not reallocate the
 25 member's account at any other time.
- 26 (6) The provisions concerning the transition from the guaranteed
 27 program to the stable value fund program are met, as set forth in
 28 section 24 of this chapter.
- 29 (f) When a member who participates in an alternative investment
 30 program transfers the amount credited to the member from one (1)
 31 alternative investment program to another alternative investment
 32 program, to the guaranteed program (before January 1, 2017), or to the
 33 stable value fund program (after December 31, 2016), the amount
 34 credited to the member shall be valued at the market value of the
 35 member's investment, as of the day before the effective date of the
 36 member's selection or at an alternate time established by the rules of
 37 the board. When a member who participates in an alternative
 38 investment program retires, becomes disabled, dies, or suspends
 39 membership and withdraws from the fund, the amount credited to the
 40 member shall be the market value of the member's investment as of the
 41 last day of the quarter preceding the member's distribution or
 42 annuitization at retirement, disability, death, or suspension and



1 withdrawal, plus contributions received after that date or at an alternate
2 time established by the rules of the board.

3 (g) This subsection applies before January 1, 2017. When a member
4 who participates in the guaranteed program transfers the amount
5 credited to the member to an alternative investment program, the
6 amount credited to the member in the guaranteed program is computed
7 without regard to market value and is based on the balance of the
8 member's account in the guaranteed program as of the last day of the
9 quarter preceding the effective date of the transfer. However, the board
10 may by rule provide for an alternate valuation date. When a member
11 who participates in the guaranteed program retires, becomes disabled,
12 dies, or suspends membership and withdraws from the fund, the
13 amount credited to the member shall be computed without regard to
14 market value and is based on the balance of the member's account in
15 the guaranteed program as of the last day of the quarter preceding the
16 member's distribution or annuitization at retirement, disability, death,
17 or suspension and withdrawal, plus any contributions received since
18 that date plus interest since that date. However, the board may by rule
19 provide for an alternate valuation date.

20 (h) This subsection applies after December 31, 2016. When a
21 member who participates in the stable value fund program transfers the
22 amount credited to the member from the stable value fund program to
23 an alternative investment program, the amount credited to the member
24 shall be the balance of the member's account, as of the day before the
25 effective date of the member's selection or at an alternate time
26 established by the rules of the board. When a member who participates
27 in the stable value fund program retires, becomes disabled, dies, or
28 suspends membership and withdraws from the fund, the amount
29 credited to the member shall be the balance of the member's account as
30 of the last day of the quarter preceding the member's distribution or
31 annuitization at retirement, disability, death, or suspension and
32 withdrawal, plus contributions received after that date or at an alternate
33 time established by the rules of the board.

34 SECTION 18. IC 5-10.2-2-3.5, AS AMENDED BY THE
35 TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL
36 ASSEMBLY, IS REPEALED [EFFECTIVE JULY 1, 2018]. ~~Sec. 3-5.~~
37 (a) ~~As used in this section, "next level Indiana fund" refers to the next~~
38 ~~level Indiana innovation and entrepreneurial fund established by~~
39 ~~subsection (b).~~

40 (b) ~~After December 31, 2017, the board shall establish and maintain~~
41 ~~an alternative investment program within the annuity savings account~~
42 ~~of the public employees' retirement fund, the pre-1996 account, and the~~



1 1996 account named the next level Indiana innovation and
 2 entrepreneurial fund. The board shall consult with the board of trustees
 3 of the next level Indiana trust fund established under IC 8-14-15.1 and
 4 the deferred compensation committee established under IC 5-10-1.1-4
 5 in establishing the investment objectives and policies for the next level
 6 Indiana fund.

7 (c) The following apply to a member who selects the next level
 8 Indiana fund:

9 (1) The member's initial transfer into the next level Indiana fund
 10 may not exceed twenty percent (20%) of the balance in the
 11 member's account, as of the day before the effective date of the
 12 member's selection of the next level Indiana fund:

13 (2) After the member's initial transfer into the next level Indiana
 14 fund, contributions made by the member, or on the member's
 15 behalf, into the next level Indiana fund each year may not exceed
 16 twenty percent (20%) of the total contributions to the member's
 17 account for that year.

18 (3) If a member:

19 (A) contributes not less than the amount the member initially
 20 designated to the next level Indiana fund for at least thirty-six
 21 (36) consecutive months; and

22 (B) maintains in the next level Indiana fund the amounts
 23 transferred and contributed during that period;

24 the state shall contribute on the member's behalf to the next level
 25 Indiana fund as a match ten percent (10%) of the total amount
 26 contributed by or on the member's behalf to the next level Indiana
 27 fund during that thirty-six (36) month period.

28 (4) After the period described in subdivision (3); for each
 29 additional twelve (12) consecutive months that a member:

30 (A) contributes not less than the amount the member initially
 31 designated to the next level Indiana fund; and

32 (B) maintains in the next level Indiana fund the amounts
 33 transferred and contributed during that period;

34 the state shall contribute on the member's behalf to the next level
 35 Indiana fund as a match ten percent (10%) of the total amount
 36 contributed by or on the member's behalf to the next level Indiana
 37 fund during that twelve (12) month period. In determining the
 38 state's match under this subdivision, the total amount contributed
 39 by or on the member's behalf excludes the amount of any state
 40 match under this subdivision or subdivision (3).

41 (d) The state match under this section shall be paid from the
 42 personal services/fringe benefit contingency fund.



1 SECTION 19. IC 6-1.1-19-14 IS ADDED TO THE INDIANA
 2 CODE AS A NEW SECTION TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2018]: **Sec. 14. (a) This section applies only**
 4 **to the North Spencer County School Corporation (school**
 5 **corporation).**

6 (b) The school corporation governing body may adopt a
 7 resolution authorizing the submission of a petition to the
 8 department requesting approval to use a modified capital projects
 9 fund levy for the purpose of determining the school corporation's
 10 2019 maximum permissible ad valorem property tax levy for its
 11 operations fund for purposes of IC 20-46-8. The petition must be
 12 submitted before October 1, 2018.

13 (c) If a petition is submitted with the department, the
 14 department shall determine the school corporation's 2019
 15 maximum permissible ad valorem property tax levy for its
 16 operations fund for 2019 by using a replacement amount for the
 17 capital projects fund component for purposes of IC 20-46-8-1(b),
 18 STEP ONE (C), instead of the amount specified in IC 20-46-8-1(b),
 19 STEP ONE (C). The department shall determine the replacement
 20 amount as follows:

21 (1) Determine the school corporation's maximum capital
 22 projects fund rate that the school corporation was authorized
 23 to use for 2017, regardless of whether the maximum rate was
 24 actually used.

25 (2) Determine the school corporation's net assessed value for
 26 the January 1, 2018, assessment date.

27 (3) Multiply the subdivision (1) amount by the subdivision (2)
 28 amount.

29 The department shall use the amount determined in subdivision (3)
 30 instead of the amount specified in IC 20-46-8-1(b), STEP ONE (C).

31 SECTION 20. IC 6-1.1-40-4, AS AMENDED BY P.L.154-2006,
 32 SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JULY 1, 2018]: Sec. 4. As used in this chapter, "new manufacturing
 34 equipment" means any tangible personal property that an applicant for
 35 the deduction under section 11 of this chapter:

36 (1) installs in a district **before July 1, 2018;**

37 (2) uses in the direct production, manufacture, fabrication,
 38 assembly, extraction, mining, processing, refining, or finishing of
 39 other tangible personal property;

40 (3) acquires in an arms length transaction from an entity that is
 41 not an affiliate of the applicant for use as described in subdivision
 42 (2); and



1 (4) never used for any purpose in Indiana before the installation
2 described in subdivision (1).

3 SECTION 21. IC 6-1.1-40-9, AS AMENDED BY P.L.146-2008,
4 SECTION 299, IS AMENDED TO READ AS FOLLOWS
5 [EFFECTIVE JULY 1, 2018]: Sec. 9. (a) Before a person acquires new
6 manufacturing equipment for which the person wishes to claim a
7 deduction under this chapter, the person must submit to the
8 commission a statement of benefits, in a form prescribed by the
9 department of local government finance. The statement of benefits
10 must include the following information:

11 (1) A description of the new manufacturing equipment that the
12 person proposes to acquire.

13 (2) An estimate of the number of individuals who will be
14 employed or whose employment will be retained by the person as
15 a result of the installation of the new manufacturing equipment
16 and an estimate of the annual salaries of these individuals.

17 (3) An estimate of the cost of the new manufacturing equipment.

18 (b) The statement of benefits may contain any other information
19 required by the commission. If the person is requesting or will be
20 requesting the designation of a district, the statement of benefits must
21 be submitted at the same time as the request for designation is
22 submitted.

23 (c) The commission shall review the statement of benefits if
24 required under subsection (b) **and subject to subsection (d)**. The
25 commission shall make findings determining whether the estimate of:

26 (1) the number of individuals who will be employed or whose
27 employment will be retained;

28 (2) the annual salaries of those individuals;

29 (3) the value of the new manufacturing equipment; and

30 (4) any other benefits about which the commission requires
31 information;

32 are benefits that can be reasonably expected to result from the
33 installation of the new manufacturing equipment.

34 **(d) The commission shall not review a statement of benefits for**
35 **new manufacturing equipment installed in a district after June 30,**
36 **2018.**

37 SECTION 22. IC 6-1.1-40-10, AS AMENDED BY P.L.146-2008,
38 SECTION 300, IS AMENDED TO READ AS FOLLOWS
39 [EFFECTIVE JULY 1, 2018]: Sec. 10. **(a) The deduction under this**
40 **section applies only to new manufacturing equipment installed**
41 **before July 1, 2018.**

42 **(a) (b) Subject to subsection (d); (e), an owner of new**



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

11 (1) the assessed value of the new manufacturing equipment;
 12 multiplied by

13 (2) the percentage prescribed in the following table:

14 YEAR OF DEDUCTION	PERCENTAGE
15 6th	100%
16 7th	95%
17 8th	80%
18 9th	65%
19 10th	50%
20 11th and thereafter	0%

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

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

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

36 (1) the assessed value of the equipment **(excluding equipment**
 37 **installed after June 30, 2018)** determined without regard to the
 38 valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9;
 39 multiplied by

40 (2) the quotient of:

41 (A) the amount of the valuation limitation determined under 50
 42 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's depreciable



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

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

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

11 SECTION 23. IC 6-1.1-40-15 IS ADDED TO THE INDIANA
 12 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 13 [EFFECTIVE JULY 1, 2018]: **Sec. 15. This chapter expires January**
 14 **1, 2032.**

15 SECTION 24. IC 6-2.5-5-52 IS ADDED TO THE INDIANA CODE
 16 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 17 1, 2018]: **Sec. 52. Transactions involving the following tangible**
 18 **personal property that is purchased and used by a person that**
 19 **operates a hot mix asphalt plant are exempt from the state gross**
 20 **retail tax:**

21 **(1) Trucks that are used to transport hot mix asphalt from**
 22 **that person's asphalt plant to a job site.**

23 **(2) Pavers that are used to spread that person's hot mix**
 24 **asphalt.**

25 **(3) Plant equipment directly used to directly produce that**
 26 **person's hot mix asphalt.**

27 **(4) Fuel used to operate trucks, pavers, or equipment**
 28 **described in subdivisions (1) through (3).**

29 **(5) Repair parts installed on trucks, pavers, or equipment**
 30 **described in subdivisions (1) through (3).**

31 SECTION 25. IC 6-2.5-8-1, AS AMENDED BY P.L.245-2015,
 32 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JANUARY 1, 2019]: Sec. 1. (a) A retail merchant may not make a
 34 retail transaction in Indiana, unless the retail merchant has applied for
 35 a registered retail merchant's certificate.

36 (b) A retail merchant may obtain a registered retail merchant's
 37 certificate by filing an application with the department and paying a
 38 registration fee of twenty-five dollars (\$25) for each place of business
 39 listed on the application. The retail merchant shall also provide such
 40 security for payment of the tax as the department may require under
 41 IC 6-2.5-6-12.

42 (c) The retail merchant shall list on the application the location



1 (including the township) of each place of business where the retail
 2 merchant makes retail transactions. However, if the retail merchant
 3 does not have a fixed place of business, the retail merchant shall list the
 4 retail merchant's residence as the retail merchant's place of business. In
 5 addition, a public utility may list only its principal Indiana office as its
 6 place of business for sales of public utility commodities or service, but
 7 the utility must also list on the application the places of business where
 8 it makes retail transactions other than sales of public utility
 9 commodities or service.

10 (d) Upon receiving a proper application, the correct fee, and the
 11 security for payment, if required, the department shall issue to the retail
 12 merchant a separate registered retail merchant's certificate for each
 13 place of business listed on the application. Each certificate shall bear
 14 a serial number and the location of the place of business for which it is
 15 issued.

16 (e) If a retail merchant intends to make retail transactions during a
 17 calendar year at a new Indiana place of business, the retail merchant
 18 must file a supplemental application and pay the fee for that place of
 19 business.

20 (f) Except as provided in subsection (h), a registered retail
 21 merchant's certificate is valid for two (2) years after the date the
 22 registered retail merchant's certificate is originally issued or renewed.
 23 If the retail merchant has filed all returns and remitted all taxes the
 24 retail merchant is currently obligated to file or remit, the department
 25 shall renew the registered retail merchant's certificate within thirty (30)
 26 days after the expiration date, at no cost to the retail merchant. **Before**
 27 **issuing or renewing the registered retail merchant certification, the**
 28 **department may require the following to be provided:**

29 **(1) The names and addresses of the retail merchant's**
 30 **principal employees, agents, or representatives who engage in**
 31 **Indiana in the solicitation or negotiation of the retail**
 32 **transaction.**

33 **(2) The location of all of the retail merchant's places of**
 34 **business in Indiana, including offices and distribution houses.**

35 **(3) Any other information that the department requests.**

36 (g) The department may not renew a registered retail merchant
 37 certificate of a retail merchant who is delinquent in remitting
 38 withholding taxes required to be remitted under IC 6-3-4 or sales or use
 39 tax. The department, at least sixty (60) days before the date on which
 40 a retail merchant's registered retail merchant's certificate expires, shall
 41 notify a retail merchant who is delinquent in remitting withholding
 42 taxes required to be remitted under IC 6-3-4 or sales or use tax that the



1 department will not renew the retail merchant's registered retail
2 merchant's certificate.

3 (h) If:

4 (1) a retail merchant has been notified by the department that the
5 retail merchant is delinquent in remitting withholding taxes or
6 sales or use tax in accordance with subsection (g); and

7 (2) the retail merchant pays the outstanding liability before the
8 expiration of the retail merchant's registered retail merchant's
9 certificate;

10 the department shall renew the retail merchant's registered retail
11 merchant's certificate for one (1) year.

12 (i) A retail merchant engaged in business in Indiana as defined in
13 IC 6-2.5-3-1(c) who makes retail transactions that are only subject to
14 the use tax must obtain a registered retail merchant's certificate before
15 making those transactions. The retail merchant may obtain the
16 certificate by following the same procedure as a retail merchant under
17 subsections (b) and (c), except that the retail merchant must also
18 include on the application:

19 (1) the names and addresses of the retail merchant's principal
20 employees, agents, or representatives who engage in Indiana in
21 the solicitation or negotiation of the retail transactions;

22 (2) the location of all of the retail merchant's places of business in
23 Indiana, including offices and distribution houses; and

24 (3) any other information that the department requests.

25 **The department may also require that this information be updated**
26 **before renewal of a registered retail merchant's certificate.**

27 (j) The department may permit an out-of-state retail merchant to
28 collect the use tax. However, before the out-of-state retail merchant
29 may collect the tax, the out-of-state retail merchant must obtain a
30 registered retail merchant's certificate in the manner provided by this
31 section. Upon receiving the certificate, the out-of-state retail merchant
32 becomes subject to the same conditions and duties as an Indiana retail
33 merchant and must then collect the use tax due on all sales of tangible
34 personal property that the out-of-state retail merchant knows is
35 intended for use in Indiana.

36 (k) Except as provided in subsection (l), the department shall submit
37 to the township assessor, or the county assessor if there is no township
38 assessor for the township, before March 15 of each year:

39 (1) the name of each retail merchant that has newly obtained a
40 registered retail merchant's certificate during the preceding year
41 for a place of business located in the township or county; and

42 (2) the address of each place of business of the taxpayer in the



- 1 township or county.
- 2 (l) If the duties of the township assessor have been transferred to the
- 3 county assessor as described in IC 6-1.1-1-24, the department shall
- 4 submit the information listed in subsection (k) to the county assessor.
- 5 SECTION 26. IC 6-3-1-3.5, AS AMENDED BY THE TECHNICAL
- 6 CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS
- 7 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,
- 8 2018 (RETROACTIVE)]; Sec. 3.5. When used in this article, the term
- 9 "adjusted gross income" shall mean the following:
- 10 (a) In the case of all individuals, "adjusted gross income" (as
- 11 defined in Section 62 of the Internal Revenue Code), modified as
- 12 follows:
- 13 (1) Subtract income that is exempt from taxation under this article
- 14 by the Constitution and statutes of the United States.
- 15 (2) *Except as provided in subsection (c)*, add an amount equal to
- 16 any deduction or deductions allowed or allowable pursuant to
- 17 Section 62 of the Internal Revenue Code for taxes based on or
- 18 measured by income and levied at the state level by any state of
- 19 the United States.
- 20 (3) Subtract one thousand dollars (\$1,000), or in the case of a
- 21 joint return filed by a husband and wife, subtract for each spouse
- 22 one thousand dollars (\$1,000).
- 23 (4) Subtract one thousand dollars (\$1,000) for:
- 24 (A) each of the exemptions provided by Section 151(c) of the
- 25 Internal Revenue Code **(as effective January 1, 2017)**;
- 26 (B) each additional amount allowable under Section 63(f) of the
- 27 Internal Revenue Code; and
- 28 (C) the spouse of the taxpayer if a separate return is made by
- 29 the taxpayer and if the spouse, for the calendar year in which
- 30 the taxable year of the taxpayer begins, has no gross income
- 31 and is not the dependent of another taxpayer.
- 32 (5) Subtract:
- 33 (A) one thousand five hundred dollars (\$1,500) for each of the
- 34 exemptions allowed under Section 151(c)(1)(B) of the Internal
- 35 Revenue Code (as effective January 1, 2004);
- 36 (B) ~~for taxable years beginning after December 31, 2017,~~ one
- 37 thousand five hundred dollars (\$1,500) for each exemption
- 38 allowed under Section 151(c) of the Internal Revenue Code **(as**
- 39 **effective January 1, 2017)** for an individual:
- 40 (i) who is less than nineteen (19) years of age or is a full-time
- 41 student who is less than twenty-four (24) years of age;
- 42 (ii) for whom the taxpayer is the legal guardian; and



- 1 (iii) for whom the taxpayer does not claim an exemption
 2 under clause (A); and
 3 (C) five hundred dollars (\$500) for each additional amount
 4 allowable under Section 63(f)(1) of the Internal Revenue Code
 5 if the adjusted gross income of the taxpayer, or the taxpayer and
 6 the taxpayer's spouse in the case of a joint return, is less than
 7 forty thousand dollars (\$40,000).
 8 This amount is in addition to the amount subtracted under
 9 subdivision (4).
 10 (6) Subtract any amounts included in federal adjusted gross
 11 income under Section 111 of the Internal Revenue Code as a
 12 recovery of items previously deducted as an itemized deduction
 13 from adjusted gross income.
 14 (7) Subtract any amounts included in federal adjusted gross
 15 income under the Internal Revenue Code which amounts were
 16 received by the individual as supplemental railroad retirement
 17 annuities under 45 U.S.C. 231 and which are not deductible under
 18 subdivision (1).
 19 (8) Subtract an amount equal to the amount of federal Social
 20 Security and Railroad Retirement benefits included in a taxpayer's
 21 federal gross income by Section 86 of the Internal Revenue Code.
 22 (9) In the case of a nonresident taxpayer or a resident taxpayer
 23 residing in Indiana for a period of less than the taxpayer's entire
 24 taxable year, the total amount of the deductions allowed pursuant
 25 to subdivisions (3), (4), and (5) shall be reduced to an amount
 26 which bears the same ratio to the total as the taxpayer's income
 27 taxable in Indiana bears to the taxpayer's total income.
 28 (10) In the case of an individual who is a recipient of assistance
 29 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
 30 subtract an amount equal to that portion of the individual's
 31 adjusted gross income with respect to which the individual is not
 32 allowed under federal law to retain an amount to pay state and
 33 local income taxes.
 34 (11) In the case of an eligible individual, subtract the amount of
 35 a Holocaust victim's settlement payment included in the
 36 individual's federal adjusted gross income.
 37 (12) Subtract an amount equal to the portion of any premiums
 38 paid during the taxable year by the taxpayer for a qualified long
 39 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer
 40 or the taxpayer's spouse, or both.
 41 (13) Subtract an amount equal to the lesser of:
 42 (A) two thousand five hundred dollars (\$2,500); or



- 1 (B) the amount of property taxes that are paid during the
 2 taxable year in Indiana by the individual on the individual's
 3 principal place of residence.
- 4 (14) Subtract an amount equal to the amount of a September 11
 5 terrorist attack settlement payment included in the individual's
 6 federal adjusted gross income.
- 7 (15) Add or subtract the amount necessary to make the adjusted
 8 gross income of any taxpayer that owns property for which bonus
 9 depreciation was allowed in the current taxable year or in an
 10 earlier taxable year equal to the amount of adjusted gross income
 11 that would have been computed had an election not been made
 12 under Section 168(k) of the Internal Revenue Code to apply bonus
 13 depreciation to the property in the year that it was placed in
 14 service.
- 15 (16) Add an amount equal to any deduction allowed under
 16 Section 172 of the Internal Revenue Code (**concerning net**
 17 **operating losses**).
- 18 (17) Add or subtract the amount necessary to make the adjusted
 19 gross income of any taxpayer that placed Section 179 property (as
 20 defined in Section 179 of the Internal Revenue Code) in service
 21 in the current taxable year or in an earlier taxable year equal to
 22 the amount of adjusted gross income that would have been
 23 computed had an election for federal income tax purposes not
 24 been made for the year in which the property was placed in
 25 service to take deductions under Section 179 of the Internal
 26 Revenue Code in a total amount exceeding twenty-five thousand
 27 dollars (\$25,000).
- 28 ~~(18) Add an amount equal to the amount that a taxpayer claimed~~
 29 ~~as a deduction for domestic production activities for the taxable~~
 30 ~~year under Section 199 of the Internal Revenue Code for federal~~
 31 ~~income tax purposes.~~
- 32 ~~(19)~~ (18) Subtract an amount equal to the amount of the taxpayer's
 33 qualified military income that was not excluded from the
 34 taxpayer's gross income for federal income tax purposes under
 35 Section 112 of the Internal Revenue Code.
- 36 ~~(20)~~ (19) Subtract income that is:
 37 (A) exempt from taxation under IC 6-3-2-21.7 (**certain income**
 38 **derived from patents**); and
 39 (B) included in the individual's federal adjusted gross income
 40 under the Internal Revenue Code.
- 41 ~~(21)~~ (20) Add an amount equal to any income not included in
 42 gross income as a result of the deferral of income arising from



1 business indebtedness discharged in connection with the
 2 reacquisition after December 31, 2008, and before January 1,
 3 2011, of an applicable debt instrument, as provided in Section
 4 108(i) of the Internal Revenue Code. Subtract the amount
 5 necessary from the adjusted gross income of any taxpayer that
 6 added an amount to adjusted gross income in a previous year to
 7 offset the amount included in federal gross income as a result of
 8 the deferral of income arising from business indebtedness
 9 discharged in connection with the reacquisition after December
 10 31, 2008, and before January 1, 2011, of an applicable debt
 11 instrument, as provided in Section 108(i) of the Internal Revenue
 12 Code.

13 ~~(22)~~ **(21)** Add the amount excluded from federal gross income
 14 under Section 103 of the Internal Revenue Code for interest
 15 received on an obligation of a state other than Indiana, or a
 16 political subdivision of such a state, that is acquired by the
 17 taxpayer after December 31, 2011.

18 ~~(23)~~ **(22)** *Subtract an amount as described in Section 1341(a)(2)*
 19 *of the Internal Revenue Code to the extent, if any, that the amount*
 20 *was previously included in the taxpayer's adjusted gross income*
 21 *for a prior taxable year.*

22 **(23) Add an amount equal to the deduction for deferred**
 23 **foreign income that was claimed by the taxpayer for the**
 24 **taxable year under Section 965 of the Internal Revenue Code.**
 25 **This subdivision does not apply to a deduction under Section**
 26 **965 of the Internal Revenue Code as it existed before its**
 27 **amendment by the federal Tax Cuts and Jobs Act of 2017.**

28 *(24) Subtract any other amounts the taxpayer is entitled to deduct*
 29 *under IC 6-3-2.*

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

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

35 (2) Add an amount equal to any deduction or deductions allowed
 36 or allowable pursuant to Section 170 of the Internal Revenue
 37 Code **(concerning charitable contributions).**

38 (3) *Except as provided in subsection (c),* add an amount equal to
 39 any deduction or deductions allowed or allowable pursuant to
 40 Section 63 of the Internal Revenue Code for taxes based on or
 41 measured by income and levied at the state level by any state of
 42 the United States.



- 1 (4) Subtract an amount equal to the amount included in the
 2 corporation's taxable income under Section 78 of the Internal
 3 Revenue Code **(concerning foreign tax credits)**.
- 4 (5) Add or subtract the amount necessary to make the adjusted
 5 gross income of any taxpayer that owns property for which bonus
 6 depreciation was allowed in the current taxable year or in an
 7 earlier taxable year equal to the amount of adjusted gross income
 8 that would have been computed had an election not been made
 9 under Section 168(k) of the Internal Revenue Code to apply bonus
 10 depreciation to the property in the year that it was placed in
 11 service.
- 12 (6) Add an amount equal to any deduction allowed under Section
 13 172 of the Internal Revenue Code **(concerning net operating**
 14 **losses)**.
- 15 (7) Add or subtract the amount necessary to make the adjusted
 16 gross income of any taxpayer that placed Section 179 property (as
 17 defined in Section 179 of the Internal Revenue Code) in service
 18 in the current taxable year or in an earlier taxable year equal to
 19 the amount of adjusted gross income that would have been
 20 computed had an election for federal income tax purposes not
 21 been made for the year in which the property was placed in
 22 service to take deductions under Section 179 of the Internal
 23 Revenue Code in a total amount exceeding twenty-five thousand
 24 dollars (\$25,000).
- 25 ~~(8) Add an amount equal to the amount that a taxpayer claimed as~~
 26 ~~a deduction for domestic production activities for the taxable year~~
 27 ~~under Section 199 of the Internal Revenue Code for federal~~
 28 ~~income tax purposes.~~
- 29 ~~(9)~~ (8) Add to the extent required by IC 6-3-2-20 the amount of
 30 intangible expenses (as defined in IC 6-3-2-20) and any directly
 31 related interest expenses (as defined in IC 6-3-2-20) for the
 32 taxable year that reduced the corporation's taxable income (as
 33 defined in Section 63 of the Internal Revenue Code) for federal
 34 income tax purposes.
- 35 ~~(10)~~ (9) Add an amount equal to any deduction for dividends paid
 36 (as defined in Section 561 of the Internal Revenue Code) to
 37 shareholders of a captive real estate investment trust (as defined
 38 in section 34.5 of this chapter).
- 39 ~~(11)~~ (10) Subtract income that is:
 40 (A) exempt from taxation under IC 6-3-2-21.7 **(certain income**
 41 **derived from patents)**; and
 42 (B) included in the corporation's taxable income under the



- 1 Internal Revenue Code.
- 2 ~~(+2)~~ **(11)** Add an amount equal to any income not included in
- 3 gross income as a result of the deferral of income arising from
- 4 business indebtedness discharged in connection with the
- 5 reacquisition after December 31, 2008, and before January 1,
- 6 2011, of an applicable debt instrument, as provided in Section
- 7 108(i) of the Internal Revenue Code. Subtract from the adjusted
- 8 gross income of any taxpayer that added an amount to adjusted
- 9 gross income in a previous year the amount necessary to offset the
- 10 amount included in federal gross income as a result of the deferral
- 11 of income arising from business indebtedness discharged in
- 12 connection with the reacquisition after December 31, 2008, and
- 13 before January 1, 2011, of an applicable debt instrument, as
- 14 provided in Section 108(i) of the Internal Revenue Code.
- 15 ~~(+3)~~ **(12)** Add the amount excluded from federal gross income
- 16 under Section 103 of the Internal Revenue Code for interest
- 17 received on an obligation of a state other than Indiana, or a
- 18 political subdivision of such a state, that is acquired by the
- 19 taxpayer after December 31, 2011.
- 20 **(13)** Add an amount equal to the deduction for deferred
- 21 foreign income that was claimed by the taxpayer for the
- 22 taxable year under Section 965 of the Internal Revenue Code.
- 23 This subdivision does not apply to a deduction under Section
- 24 965 of the Internal Revenue Code before its amendment by
- 25 the federal Tax Cuts and Jobs Act of 2017.
- 26 **(14)** Add an amount equal to the deduction that was claimed
- 27 by the taxpayer for the taxable year under Section
- 28 250(a)(1)(B)(ii) of the Internal Revenue Code (attributable to
- 29 global intangible low-taxed income).
- 30 ~~(+4)~~ **(15)** Add or subtract any other amounts the taxpayer is:
- 31 (A) required to add or subtract; or
- 32 (B) entitled to deduct;
- 33 under IC 6-3-2.
- 34 (c) The following apply to taxable years beginning after December
- 35 31, 2018, for purposes of the add back of any deduction allowed on the
- 36 taxpayer's federal income tax return for wagering taxes, as provided
- 37 in subsection (a)(2) if the taxpayer is an individual or subsection (b)(3)
- 38 if the taxpayer is a corporation:
- 39 (1) For taxable years beginning after December 31, 2018, and
- 40 before January 1, 2020, a taxpayer is required to add back under
- 41 this section eighty-seven and five-tenths percent (87.5%) of any
- 42 deduction allowed on the taxpayer's federal income tax return for



- 1 wagering taxes.
- 2 (2) For taxable years beginning after December 31, 2019, and
- 3 before January 1, 2021, a taxpayer is required to add back under
- 4 this section seventy-five percent (75%) of any deduction allowed
- 5 on the taxpayer's federal income tax return for wagering taxes.
- 6 (3) For taxable years beginning after December 31, 2020, and
- 7 before January 1, 2022, a taxpayer is required to add back under
- 8 this section sixty-two and five-tenths percent (62.5%) of any
- 9 deduction allowed on the taxpayer's federal income tax return for
- 10 wagering taxes.
- 11 (4) For taxable years beginning after December 31, 2021, and
- 12 before January 1, 2023, a taxpayer is required to add back under
- 13 this section fifty percent (50%) of any deduction allowed on the
- 14 taxpayer's federal income tax return for wagering taxes.
- 15 (5) For taxable years beginning after December 31, 2022, and
- 16 before January 1, 2024, a taxpayer is required to add back under
- 17 this section thirty-seven and five-tenths percent (37.5%) of any
- 18 deduction allowed on the taxpayer's federal income tax return for
- 19 wagering taxes.
- 20 (6) For taxable years beginning after December 31, 2023, and
- 21 before January 1, 2025, a taxpayer is required to add back under
- 22 this section twenty-five percent (25%) of any deduction allowed
- 23 on the taxpayer's federal income tax return for wagering taxes.
- 24 (7) For taxable years beginning after December 31, 2024, and
- 25 before January 1, 2026, a taxpayer is required to add back under
- 26 this section twelve and five-tenths percent (12.5%) of any
- 27 deduction allowed on the taxpayer's federal income tax return for
- 28 wagering taxes.
- 29 (8) For taxable years beginning after December 31, 2025, a
- 30 taxpayer is not required to add back under this section any
- 31 amount of a deduction allowed on the taxpayer's federal income
- 32 tax return for wagering taxes.
- 33 ~~(e)~~ (d) In the case of life insurance companies (as defined in Section
- 34 816(a) of the Internal Revenue Code) that are organized under Indiana
- 35 law, the same as "life insurance company taxable income" (as defined
- 36 in Section 801 of the Internal Revenue Code), adjusted as follows:
- 37 (1) Subtract income that is exempt from taxation under this article
- 38 by the Constitution and statutes of the United States.
- 39 (2) Add an amount equal to any deduction allowed or allowable
- 40 under Section 170 of the Internal Revenue Code (**concerning**
- 41 **charitable contributions**).
- 42 (3) Add an amount equal to a deduction allowed or allowable



- 1 under Section 805 or Section 832(c) of the Internal Revenue Code
 2 for taxes based on or measured by income and levied at the state
 3 level by any state.
- 4 (4) Subtract an amount equal to the amount included in the
 5 company's taxable income under Section 78 of the Internal
 6 Revenue Code (**concerning foreign tax credits**).
- 7 (5) Add or subtract the amount necessary to make the adjusted
 8 gross income of any taxpayer that owns property for which bonus
 9 depreciation was allowed in the current taxable year or in an
 10 earlier taxable year equal to the amount of adjusted gross income
 11 that would have been computed had an election not been made
 12 under Section 168(k) of the Internal Revenue Code to apply bonus
 13 depreciation to the property in the year that it was placed in
 14 service.
- 15 (6) Add an amount equal to any deduction allowed under Section
 16 172 ~~or Section 810~~ of the Internal Revenue Code (**concerning net**
 17 **operating losses**).
- 18 (7) Add or subtract the amount necessary to make the adjusted
 19 gross income of any taxpayer that placed Section 179 property (as
 20 defined in Section 179 of the Internal Revenue Code) in service
 21 in the current taxable year or in an earlier taxable year equal to
 22 the amount of adjusted gross income that would have been
 23 computed had an election for federal income tax purposes not
 24 been made for the year in which the property was placed in
 25 service to take deductions under Section 179 of the Internal
 26 Revenue Code in a total amount exceeding twenty-five thousand
 27 dollars (\$25,000).
- 28 ~~(8) Add an amount equal to the amount that a taxpayer claimed as~~
 29 ~~a deduction for domestic production activities for the taxable year~~
 30 ~~under Section 199 of the Internal Revenue Code for federal~~
 31 ~~income tax purposes.~~
- 32 ~~(9)~~ (8) Subtract income that is:
- 33 (A) exempt from taxation under IC 6-3-2-21.7 (**certain income**
 34 **derived from patents**); and
- 35 (B) included in the insurance company's taxable income under
 36 the Internal Revenue Code.
- 37 ~~(10)~~ (9) Add an amount equal to any income not included in gross
 38 income as a result of the deferral of income arising from business
 39 indebtedness discharged in connection with the reacquisition after
 40 December 31, 2008, and before January 1, 2011, of an applicable
 41 debt instrument, as provided in Section 108(i) of the Internal
 42 Revenue Code. Subtract from the adjusted gross income of any



1 taxpayer that added an amount to adjusted gross income in a
 2 previous year the amount necessary to offset the amount included
 3 in federal gross income as a result of the deferral of income
 4 arising from business indebtedness discharged in connection with
 5 the reacquisition after December 31, 2008, and before January 1,
 6 2011, of an applicable debt instrument, as provided in Section
 7 108(i) of the Internal Revenue Code.

8 ~~(H)~~ **(10)** Add an amount equal to any exempt insurance income
 9 under Section 953(e) of the Internal Revenue Code that is active
 10 financing income under Subpart F of Subtitle A, Chapter 1,
 11 Subchapter N of the Internal Revenue Code.

12 ~~(I)~~ **(11)** Add the amount excluded from federal gross income
 13 under Section 103 of the Internal Revenue Code for interest
 14 received on an obligation of a state other than Indiana, or a
 15 political subdivision of such a state, that is acquired by the
 16 taxpayer after December 31, 2011.

17 **(12) Add an amount equal to the deduction for deferred**
 18 **foreign income that was claimed by the taxpayer for the**
 19 **taxable year under Section 965 of the Internal Revenue Code.**
 20 **This subdivision does not apply to a deduction under Section**
 21 **965 of the Internal Revenue Code before its amendment by**
 22 **the federal Tax Cuts and Jobs Act of 2017.**

23 **(13) Add an amount equal to the deduction that was claimed**
 24 **by the taxpayer for the taxable year under Section**
 25 **250(a)(1)(B)(ii) of the Internal Revenue Code (attributable to**
 26 **global intangible low-taxed income).**

27 ~~(J)~~ **(14)** *Add or subtract any other amounts the taxpayer is:*

28 *(A) required to add or subtract; or*

29 *(B) entitled to deduct;*

30 *under IC 6-3-2.*

31 ~~(K)~~ *(e)* In the case of insurance companies subject to tax under
 32 Section 831 of the Internal Revenue Code and organized under Indiana
 33 law, the same as "taxable income" (as defined in Section 832 of the
 34 Internal Revenue Code), adjusted as follows:

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

37 (2) Add an amount equal to any deduction allowed or allowable
 38 under Section 170 of the Internal Revenue Code (**concerning**
 39 **charitable contributions**).

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



- 1 level by any state.
- 2 (4) Subtract an amount equal to the amount included in the
- 3 company's taxable income under Section 78 of the Internal
- 4 Revenue Code (**concerning foreign tax credits**).
- 5 (5) Add or subtract the amount necessary to make the adjusted
- 6 gross income of any taxpayer that owns property for which bonus
- 7 depreciation was allowed in the current taxable year or in an
- 8 earlier taxable year equal to the amount of adjusted gross income
- 9 that would have been computed had an election not been made
- 10 under Section 168(k) of the Internal Revenue Code to apply bonus
- 11 depreciation to the property in the year that it was placed in
- 12 service.
- 13 (6) Add an amount equal to any deduction allowed under Section
- 14 172 of the Internal Revenue Code (**concerning net operating**
- 15 **losses**).
- 16 (7) Add or subtract the amount necessary to make the adjusted
- 17 gross income of any taxpayer that placed Section 179 property (as
- 18 defined in Section 179 of the Internal Revenue Code) in service
- 19 in the current taxable year or in an earlier taxable year equal to
- 20 the amount of adjusted gross income that would have been
- 21 computed had an election for federal income tax purposes not
- 22 been made for the year in which the property was placed in
- 23 service to take deductions under Section 179 of the Internal
- 24 Revenue Code in a total amount exceeding twenty-five thousand
- 25 dollars (\$25,000).
- 26 ~~(8) Add an amount equal to the amount that a taxpayer claimed as~~
- 27 ~~a deduction for domestic production activities for the taxable year~~
- 28 ~~under Section 199 of the Internal Revenue Code for federal~~
- 29 ~~income tax purposes.~~
- 30 ~~(8)~~ (8) Subtract income that is:
- 31 (A) exempt from taxation under IC 6-3-2-21.7 (**certain income**
- 32 **derived from patents**); and
- 33 (B) included in the insurance company's taxable income under
- 34 the Internal Revenue Code.
- 35 ~~(9)~~ (9) Add an amount equal to any income not included in gross
- 36 income as a result of the deferral of income arising from business
- 37 indebtedness discharged in connection with the reacquisition after
- 38 December 31, 2008, and before January 1, 2011, of an applicable
- 39 debt instrument, as provided in Section 108(i) of the Internal
- 40 Revenue Code. Subtract from the adjusted gross income of any
- 41 taxpayer that added an amount to adjusted gross income in a
- 42 previous year the amount necessary to offset the amount included



- 1 in federal gross income as a result of the deferral of income
 2 arising from business indebtedness discharged in connection with
 3 the reacquisition after December 31, 2008, and before January 1,
 4 2011, of an applicable debt instrument, as provided in Section
 5 108(i) of the Internal Revenue Code.
- 6 ~~(H)~~ **(10)** Add an amount equal to any exempt insurance income
 7 under Section 953(e) of the Internal Revenue Code that is active
 8 financing income under Subpart F of Subtitle A, Chapter 1,
 9 Subchapter N of the Internal Revenue Code.
- 10 ~~(I)~~ **(11)** Add the amount excluded from federal gross income
 11 under Section 103 of the Internal Revenue Code for interest
 12 received on an obligation of a state other than Indiana, or a
 13 political subdivision of such a state, that is acquired by the
 14 taxpayer after December 31, 2011.
- 15 **(12)** Add an amount equal to the deduction for deferred
 16 foreign income that was claimed by the taxpayer for the
 17 taxable year under Section 965 of the Internal Revenue Code.
 18 **This subdivision does not apply to a deduction under Section**
 19 **965 of the Internal Revenue Code before its amendment by**
 20 **the federal Tax Cuts and Jobs Act of 2017.**
- 21 **(13)** Add an amount equal to the deduction that was claimed
 22 by the taxpayer for the taxable year under Section
 23 **250(a)(1)(B)(ii) of the Internal Revenue Code (attributable to**
 24 **global intangible low-taxed income).**
- 25 ~~(J)~~ **(14)** Add or subtract any other amounts the taxpayer is:
 26 (A) required to add or subtract; or
 27 (B) entitled to deduct;
 28 under IC 6-3-2.
- 29 ~~(e)~~ (f) In the case of trusts and estates, "taxable income" (as defined
 30 for trusts and estates in Section 641(b) of the Internal Revenue Code)
 31 adjusted as follows:
 32 (1) Subtract income that is exempt from taxation under this article
 33 by the Constitution and statutes of the United States.
 34 (2) Subtract an amount equal to the amount of a September 11
 35 terrorist attack settlement payment included in the federal
 36 adjusted gross income of the estate of a victim of the September
 37 11 terrorist attack or a trust to the extent the trust benefits a victim
 38 of the September 11 terrorist attack.
 39 (3) Add or subtract the amount necessary to make the adjusted
 40 gross income of any taxpayer that owns property for which bonus
 41 depreciation was allowed in the current taxable year or in an
 42 earlier taxable year equal to the amount of adjusted gross income



- 1 that would have been computed had an election not been made
 2 under Section 168(k) of the Internal Revenue Code to apply bonus
 3 depreciation to the property in the year that it was placed in
 4 service.
- 5 (4) Add an amount equal to any deduction allowed under Section
 6 172 of the Internal Revenue Code (**concerning net operating**
 7 **losses**).
- 8 (5) Add or subtract the amount necessary to make the adjusted
 9 gross income of any taxpayer that placed Section 179 property (as
 10 defined in Section 179 of the Internal Revenue Code) in service
 11 in the current taxable year or in an earlier taxable year equal to
 12 the amount of adjusted gross income that would have been
 13 computed had an election for federal income tax purposes not
 14 been made for the year in which the property was placed in
 15 service to take deductions under Section 179 of the Internal
 16 Revenue Code in a total amount exceeding twenty-five thousand
 17 dollars (\$25,000).
- 18 ~~(6) Add an amount equal to the amount that a taxpayer claimed as~~
 19 ~~a deduction for domestic production activities for the taxable year~~
 20 ~~under Section 199 of the Internal Revenue Code for federal~~
 21 ~~income tax purposes.~~
- 22 ~~(7) (6) Subtract income that is:~~
- 23 ~~(A) exempt from taxation under IC 6-3-2-21.7 (**certain income**~~
 24 ~~**derived from patents**); and~~
- 25 ~~(B) included in the taxpayer's taxable income under the Internal~~
 26 ~~Revenue Code.~~
- 27 ~~(8) (7) Add an amount equal to any income not included in gross~~
 28 ~~income as a result of the deferral of income arising from business~~
 29 ~~indebtedness discharged in connection with the reacquisition after~~
 30 ~~December 31, 2008, and before January 1, 2011, of an applicable~~
 31 ~~debt instrument, as provided in Section 108(i) of the Internal~~
 32 ~~Revenue Code. Subtract from the adjusted gross income of any~~
 33 ~~taxpayer that added an amount to adjusted gross income in a~~
 34 ~~previous year the amount necessary to offset the amount included~~
 35 ~~in federal gross income as a result of the deferral of income~~
 36 ~~arising from business indebtedness discharged in connection with~~
 37 ~~the reacquisition after December 31, 2008, and before January 1,~~
 38 ~~2011, of an applicable debt instrument, as provided in Section~~
 39 ~~108(i) of the Internal Revenue Code.~~
- 40 ~~(9) (8) Add the amount excluded from federal gross income under~~
 41 ~~Section 103 of the Internal Revenue Code for interest received on~~
 42 ~~an obligation of a state other than Indiana, or a political~~



1 subdivision of such a state, that is acquired by the taxpayer after
2 December 31, 2011.

3 **(9) Add an amount equal to the deduction for deferred foreign**
4 **income that was claimed by the taxpayer for the taxable year**
5 **under Section 965 of the Internal Revenue Code. This**
6 **subdivision does not apply to a deduction under Section 965**
7 **of the Internal Revenue Code before its amendment by the**
8 **federal Tax Cuts and Jobs Act of 2017.**

9 **(10) Add an amount equal to the deduction for qualified**
10 **business income that was claimed by the taxpayer for the**
11 **taxable year under Section 199A of the Internal Revenue**
12 **Code.**

13 ~~(10)~~ **(11) Add or subtract any other amounts the taxpayer is:**

14 *(A) required to add or subtract; or*

15 *(B) entitled to deduct;*

16 *under IC 6-3-2.*

17 **(g) Subsections (a)(24), (b)(15), (d)(14), (e)(14), or (f)(11) may**
18 **not be construed to require an add back or allow a deduction or**
19 **exemption more than once for a particular add back, deduction, or**
20 **exemption.**

21 **(h) For purposes of determining the interest deductible under**
22 **Section 163(j) of the Internal Revenue Code, the allowance or**
23 **disallowance of interest, and the carryforward of any interest**
24 **deduction, the department may adopt rules or issue guidelines on**
25 **the computation of the allowable deduction for Indiana adjusted**
26 **gross income tax purposes.**

27 SECTION 27. IC 6-3-1-11, AS AMENDED BY P.L.204-2016,
28 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 11. (a) The term "Internal
30 Revenue Code" means the Internal Revenue Code of 1986 of the
31 United States as amended and in effect on ~~January 1, 2016.~~ **February**
32 **11, 2018.**

33 (b) Whenever the Internal Revenue Code is mentioned in this
34 article, the particular provisions that are referred to, together with all
35 the other provisions of the Internal Revenue Code in effect on ~~January~~
36 ~~1, 2016,~~ **February 11, 2018**, that pertain to the provisions specifically
37 mentioned, shall be regarded as incorporated in this article by reference
38 and have the same force and effect as though fully set forth in this
39 article. To the extent the provisions apply to this article, regulations
40 adopted under Section 7805(a) of the Internal Revenue Code and in
41 effect on ~~January 1, 2016,~~ **February 11, 2018**, shall be regarded as
42 rules adopted by the department under this article, unless the



1 department adopts specific rules that supersede the regulation.

2 (c) An amendment to the Internal Revenue Code made by an act
3 passed by Congress before ~~January 1, 2016~~, **February 11, 2018**, that
4 is effective for any taxable year that began before ~~January 1, 2016~~,
5 **February 11, 2018**, and that affects:

6 (1) individual adjusted gross income (as defined in Section 62 of
7 the Internal Revenue Code);

8 (2) corporate taxable income (as defined in Section 63 of the
9 Internal Revenue Code);

10 (3) trust and estate taxable income (as defined in Section 641(b)
11 of the Internal Revenue Code);

12 (4) life insurance company taxable income (as defined in Section
13 801(b) of the Internal Revenue Code);

14 (5) mutual insurance company taxable income (as defined in
15 Section 821(b) of the Internal Revenue Code); or

16 (6) taxable income (as defined in Section 832 of the Internal
17 Revenue Code);

18 is also effective for that same taxable year for purposes of determining
19 adjusted gross income under section 3.5 of this chapter.

20 (d) This subsection applies to a taxable year ending before January
21 1, 2013. The following provisions of the Internal Revenue Code that
22 were amended by the Tax Relief Act, Unemployment Insurance
23 Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) are
24 treated as though they were not amended by the Tax Relief Act,
25 Unemployment Insurance Reauthorization, and Job Creation Act of
26 2010 (P.L. 111-312):

27 (1) Section 1367(a)(2) of the Internal Revenue Code pertaining to
28 an adjustment of basis of the stock of shareholders.

29 (2) Section 871(k)(1)(C) and 871(k)(2)(C) of the Internal
30 Revenue Code pertaining to the treatment of certain dividends of
31 regulated investment companies.

32 (3) Section 897(h)(4)(A)(ii) of the Internal Revenue Code
33 pertaining to regulated investment companies qualified entity
34 treatment.

35 (4) Section 512(b)(13)(E)(iv) of the Internal Revenue Code
36 pertaining to the modification of tax treatment of certain
37 payments to controlling exempt organizations.

38 (5) Section 613A(c)(6)(H)(ii) of the Internal Revenue Code
39 pertaining to the limitations on percentage depletion in the case
40 of oil and gas wells.

41 (6) Section 451(i)(3) of the Internal Revenue Code pertaining to
42 special rule for sales or dispositions to implement Federal Energy



- 1 Regulatory Commission or state electric restructuring policy for
 2 qualified electric utilities.
- 3 (7) Section 954(c)(6) of the Internal Revenue Code pertaining to
 4 the look-through treatment of payments between related
 5 controlled foreign corporation under foreign personal holding
 6 company rules.
- 7 The department shall develop forms and adopt any necessary rules
 8 under IC 4-22-2 to implement this subsection.
- 9 SECTION 28. IC 6-3-2-1, AS AMENDED BY P.L.80-2014,
 10 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 1. (a) Each taxable year,
 12 a tax at the following rate of adjusted gross income is imposed upon the
 13 adjusted gross income of every resident person, and on that part of the
 14 adjusted gross income derived from sources within Indiana of every
 15 nonresident person:
- 16 (1) For taxable years beginning before January 1, 2015, three and
 17 four-tenths percent (3.4%).
- 18 (2) For taxable years beginning after December 31, 2014, and
 19 before January 1, 2017, three and three-tenths percent (3.3%).
- 20 (3) For taxable years beginning after December 31, 2016, three
 21 and twenty-three hundredths percent (3.23%).
- 22 (b) Except as provided in section 1.5 of this chapter (**before its**
 23 **expiration**), each taxable year, a tax at the following rate of adjusted
 24 gross income is imposed on that part of the adjusted gross income
 25 derived from sources within Indiana of every corporation:
- 26 (1) Before July 1, 2012, eight and five-tenths percent (8.5%).
- 27 (2) After June 30, 2012, and before July 1, 2013, eight percent
 28 (8.0%).
- 29 (3) After June 30, 2013, and before July 1, 2014, seven and
 30 five-tenths percent (7.5%).
- 31 (4) After June 30, 2014, and before July 1, 2015, seven percent
 32 (7.0%).
- 33 (5) After June 30, 2015, and before July 1, 2016, six and
 34 five-tenths percent (6.5%).
- 35 (6) After June 30, 2016, and before July 1, 2017, six and
 36 twenty-five hundredths percent (6.25%).
- 37 (7) After June 30, 2017, and before July 1, 2018, six percent
 38 (6.0%).
- 39 (8) After June 30, 2018, and before July 1, 2019, five and
 40 seventy-five hundredths percent (5.75%).
- 41 (9) After June 30, 2019, and before July 1, 2020, five and
 42 five-tenths percent (5.5%).



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

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

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

7 STEP ONE: Multiply the number of ~~months~~ **days** in the taxpayer's
8 taxable year that precede the ~~month~~ **day** the rate changed by the
9 rate in effect before the rate change.

10 STEP TWO: Multiply the number of ~~months~~ **days** in the
11 taxpayer's taxable year that follow the ~~month~~ **day** before the rate
12 changed by the rate in effect after the rate change.

13 STEP THREE: Divide the sum of the amounts determined under
14 STEPS ONE and TWO by ~~twelve (12);~~ **the number of days in**
15 **the taxpayer's tax period.**

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

18 SECTION 29. IC 6-3-2-1.5, AS AMENDED BY P.L.288-2013,
19 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
20 JULY 1, 2018]: Sec. 1.5. (a) As used in this section, "qualified area"
21 means:

22 (1) a military base (as defined in IC 36-7-30-1(c));

23 (2) a military base reuse area established under IC 36-7-30;

24 (3) the part of an economic development area established under
25 IC 36-7-14.5-12.5 that is or formerly was a military base (as
26 defined in IC 36-7-30-1(c)); or

27 (4) a qualified military base enhancement area established under
28 IC 36-7-34.

29 (b) Except as provided in ~~subsection (c);~~ **subsections (e) and (h),**
30 a tax at the rate of five percent (5%) of adjusted gross income is
31 imposed on that part of the adjusted gross income of a corporation that
32 is derived from sources within a qualified area if the corporation
33 locates all or part of its operations in a qualified area during the taxable
34 year, as determined under subsection (g). The tax rate under this
35 section applies to the taxable year in which the corporation locates its
36 operations in the qualified area and to the next succeeding four (4)
37 taxable years.

38 (c) In the case of a corporation that locates all or part of its
39 operations in a qualified military base enhancement area established
40 under IC 36-7-34-4(1), the tax rate imposed under this section applies
41 to the corporation only if the corporation meets at least one (1) of the
42 following criteria:

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- 1 (1) The corporation is a participant in the technology transfer
 2 program conducted by the qualified military base (as defined in
 3 IC 36-7-34-3).
- 4 (2) The corporation is a United States Department of Defense
 5 contractor.
- 6 (3) The corporation and the qualified military base have a
 7 mutually beneficial relationship evidenced by a memorandum of
 8 understanding between the corporation and the United States
 9 Department of Defense.
- 10 (d) In the case of a business that uses the services or commodities
 11 in a qualified military base enhancement area established under
 12 IC 36-7-34-4(2), the business must satisfy at least one (1) of the
 13 following criteria:
- 14 (1) The business is a participant in the technology transfer
 15 program conducted by the qualified military base (as defined in
 16 IC 36-7-34-3).
- 17 (2) The business and the qualified military base have a mutually
 18 beneficial relationship evidenced by a memorandum of
 19 understanding between the business and the qualified military
 20 base (as defined in IC 36-7-34-3).
- 21 (e) A taxpayer is not entitled to the tax rate described in subsection
 22 (b) to the extent that the taxpayer substantially reduces or ceases its
 23 operations at another location in Indiana in order to relocate its
 24 operations within the qualified area, unless:
- 25 (1) the taxpayer had existing operations in the qualified area; and
 26 (2) the operations relocated to the qualified area are an expansion
 27 of the taxpayer's operations in the qualified area.
- 28 (f) A determination under subsection (e) that a taxpayer is not
 29 entitled to the tax rate provided by this section as a result of a
 30 substantial reduction or cessation of operations applies to the taxable
 31 year in which the substantial reduction or cessation occurs and in all
 32 subsequent years. Determinations under this section shall be made by
 33 the department of state revenue.
- 34 (g) The department of state revenue:
- 35 (1) shall adopt rules under IC 4-22-2 to establish a procedure for
 36 determining the part of a corporation's adjusted gross income that
 37 was derived from sources within a qualified area; and
 38 (2) may adopt other rules that the department considers necessary
 39 for the implementation of this chapter.
- 40 **(h) The tax rate under this section applies only to a corporation**
 41 **that locates all or part of its operations in a qualified area before**
 42 **January 1, 2019. However, this subsection may not be construed to**



1 **prevent the tax rate from applying to succeeding taxable years of**
 2 **a corporation after December 31, 2018, if the corporation locates**
 3 **all or part of its operations in a qualified area before January 1,**
 4 **2019.**

5 **(i) This section expires January 1, 2025.**

6 SECTION 30. IC 6-3-2-2, AS AMENDED BY P.L.73-2017,
 7 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 2. (a) With regard to
 9 corporations and nonresident persons, "adjusted gross income derived
 10 from sources within Indiana", for the purposes of this article, shall
 11 mean and include:

- 12 (1) income from real or tangible personal property located in this
 13 state;
 14 (2) income from doing business in this state;
 15 (3) income from a trade or profession conducted in this state;
 16 (4) compensation for labor or services rendered within this state;
 17 and
 18 (5) income from stocks, bonds, notes, bank deposits, patents,
 19 copyrights, secret processes and formulas, good will, trademarks,
 20 trade brands, franchises, and other intangible personal property to
 21 the extent that the income is apportioned to Indiana under this
 22 section or if the income is allocated to Indiana or considered to be
 23 derived from sources within Indiana under this section.

24 Income from a pass through entity shall be characterized in a manner
 25 consistent with the income's characterization for federal income tax
 26 purposes and shall be considered Indiana source income as if the
 27 person, corporation, or pass through entity that received the income had
 28 directly engaged in the income producing activity. Income that is
 29 derived from one (1) pass through entity and is considered to pass
 30 through to another pass through entity does not change these
 31 characteristics or attribution provisions. In the case of nonbusiness
 32 income described in subsection (g), only so much of such income as is
 33 allocated to this state under the provisions of subsections (h) through
 34 (k) shall be deemed to be derived from sources within Indiana. In the
 35 case of business income, only so much of such income as is
 36 apportioned to this state under the provision of subsection (b) shall be
 37 deemed to be derived from sources within the state of Indiana. In the
 38 case of compensation of a team member (as defined in section 2.7 of
 39 this chapter), only the portion of income determined to be Indiana
 40 income under section 2.7 of this chapter is considered derived from
 41 sources within Indiana. In the case of a corporation that is a life
 42 insurance company (as defined in Section 816(a) of the Internal



1 Revenue Code) or an insurance company that is subject to tax under
 2 Section 831 of the Internal Revenue Code, only so much of the income
 3 as is apportioned to Indiana under subsection (r) is considered derived
 4 from sources within Indiana.

5 (b) Except as provided in subsection (l), if business income of a
 6 corporation or a nonresident person is derived from sources within the
 7 state of Indiana and from sources without the state of Indiana, the
 8 business income derived from sources within this state shall be
 9 determined by multiplying the business income derived from sources
 10 both within and without the state of Indiana by the following:

11 (1) For all taxable years that begin after December 31, 2006, and
 12 before January 1, 2008, a fraction. The:

13 (A) numerator of the fraction is the sum of the property factor
 14 plus the payroll factor plus the product of the sales factor
 15 multiplied by three (3); and

16 (B) denominator of the fraction is five (5).

17 (2) For all taxable years that begin after December 31, 2007, and
 18 before January 1, 2009, a fraction. The:

19 (A) numerator of the fraction is the property factor plus the
 20 payroll factor plus the product of the sales factor multiplied by
 21 four and sixty-seven hundredths (4.67); and

22 (B) denominator of the fraction is six and sixty-seven
 23 hundredths (6.67).

24 (3) For all taxable years beginning after December 31, 2008, and
 25 before January 1, 2010, a fraction. The:

26 (A) numerator of the fraction is the property factor plus the
 27 payroll factor plus the product of the sales factor multiplied by
 28 eight (8); and

29 (B) denominator of the fraction is ten (10).

30 (4) For all taxable years beginning after December 31, 2009, and
 31 before January 1, 2011, a fraction. The:

32 (A) numerator of the fraction is the property factor plus the
 33 payroll factor plus the product of the sales factor multiplied by
 34 eighteen (18); and

35 (B) denominator of the fraction is twenty (20).

36 (5) For all taxable years beginning after December 31, 2010, the
 37 sales factor.

38 (c) The property factor is a fraction, the numerator of which is the
 39 average value of the taxpayer's real and tangible personal property
 40 owned or rented and used in this state during the taxable year and the
 41 denominator of which is the average value of all the taxpayer's real and
 42 tangible personal property owned or rented and used during the taxable



1 year. However, with respect to a foreign corporation, the denominator
 2 does not include the average value of real or tangible personal property
 3 owned or rented and used in a place that is outside the United States.
 4 Property owned by the taxpayer is valued at its original cost. Property
 5 rented by the taxpayer is valued at eight (8) times the net annual rental
 6 rate. Net annual rental rate is the annual rental rate paid by the taxpayer
 7 less any annual rental rate received by the taxpayer from subrentals.
 8 The average of property shall be determined by averaging the values at
 9 the beginning and ending of the taxable year, but the department may
 10 require the averaging of monthly values during the taxable year if
 11 reasonably required to reflect properly the average value of the
 12 taxpayer's property.

13 (d) The payroll factor is a fraction, the numerator of which is the
 14 total amount paid in this state during the taxable year by the taxpayer
 15 for compensation, and the denominator of which is the total
 16 compensation paid everywhere during the taxable year. However, with
 17 respect to a foreign corporation, the denominator does not include
 18 compensation paid in a place that is outside the United States.
 19 Compensation is paid in this state if:

- 20 (1) the individual's service is performed entirely within the state;
 21 (2) the individual's service is performed both within and without
 22 this state, but the service performed without this state is incidental
 23 to the individual's service within this state; or
 24 (3) some of the service is performed in this state and:
 25 (A) the base of operations or, if there is no base of operations,
 26 the place from which the service is directed or controlled is in
 27 this state; or
 28 (B) the base of operations or the place from which the service
 29 is directed or controlled is not in any state in which some part
 30 of the service is performed, but the individual is a resident of
 31 this state.

32 (e) The sales factor is a fraction, the numerator of which is the total
 33 sales of the taxpayer in this state during the taxable year, and the
 34 denominator of which is the total sales of the taxpayer everywhere
 35 during the taxable year. Sales include receipts from intangible property
 36 and receipts from the sale or exchange of intangible property. However,
 37 with respect to a foreign corporation, the denominator does not include
 38 sales made in a place that is outside the United States. Receipts from
 39 intangible personal property are derived from sources within Indiana
 40 if the receipts from the intangible personal property are attributable to
 41 Indiana under section 2.2 of this chapter. Regardless of the f.o.b. point
 42 or other conditions of the sale, sales of tangible personal property are



1 in this state if:

- 2 (1) the property is delivered or shipped to a purchaser that is
 3 within Indiana, other than the United States government; or
 4 (2) the property is shipped from an office, a store, a warehouse, a
 5 factory, or other place of storage in this state and the purchaser is
 6 the United States government.

7 Gross receipts derived from commercial printing as described in
 8 IC 6-2.5-1-10 and from the sale of computer software shall be treated
 9 as sales of tangible personal property for purposes of this chapter. **For**
 10 **a taxable year in which a taxpayer is required to include income as**
 11 **a result of Section 965 of the Internal Revenue Code, receipts from**
 12 **income that is included in federal adjusted gross income or federal**
 13 **taxable income as a result of Sections 951A and 965 of the Internal**
 14 **Revenue Code shall be included in the taxable year in which the**
 15 **income is included in the taxpayer's federal adjusted gross income**
 16 **or federal taxable income, regardless of the taxable year in which**
 17 **the money or property was actually received. Receipts under this**
 18 **section and section 2.2 of this chapter do not include receipts**
 19 **derived from sources outside the United States to the extent the**
 20 **taxpayer is allowed a deduction or exclusion in determining both**
 21 **the taxpayer's federal taxable income as a result of the federal Tax**
 22 **Cuts and Jobs Act of 2017 and the taxpayer's adjusted gross**
 23 **income under this chapter.**

24 (f) Sales, other than receipts from intangible property covered by
 25 subsection (e) and sales of tangible personal property, are in this state
 26 if:

- 27 (1) the income-producing activity is performed in this state; or
 28 (2) the income-producing activity is performed both within and
 29 without this state and a greater proportion of the
 30 income-producing activity is performed in this state than in any
 31 other state, based on costs of performance.

32 (g) Rents and royalties from real or tangible personal property,
 33 capital gains, interest, dividends, or patent or copyright royalties, to the
 34 extent that they constitute nonbusiness income, shall be allocated as
 35 provided in subsections (h) through (k).

36 (h)(1) Net rents and royalties from real property located in this state
 37 are allocable to this state.

38 (2) Net rents and royalties from tangible personal property are
 39 allocated to this state:

- 40 (i) if and to the extent that the property is utilized in this state; or
 41 (ii) in their entirety if the taxpayer's commercial domicile is in this
 42 state and the taxpayer is not organized under the laws of or



- 1 taxable in the state in which the property is utilized.
- 2 (3) The extent of utilization of tangible personal property in a state
3 is determined by multiplying the rents and royalties by a fraction, the
4 numerator of which is the number of days of physical location of the
5 property in the state during the rental or royalty period in the taxable
6 year, and the denominator of which is the number of days of physical
7 location of the property everywhere during all rental or royalty periods
8 in the taxable year. If the physical location of the property during the
9 rental or royalty period is unknown or unascertainable by the taxpayer,
10 tangible personal property is utilized in the state in which the property
11 was located at the time the rental or royalty payer obtained possession.
- 12 (i)(1) Capital gains and losses from sales of real property located in
13 this state are allocable to this state.
- 14 (2) Capital gains and losses from sales of tangible personal property
15 are allocable to this state if:
- 16 (i) the property had a situs in this state at the time of the sale; or
17 (ii) the taxpayer's commercial domicile is in this state and the
18 taxpayer is not taxable in the state in which the property had a
19 situs.
- 20 (3) Capital gains and losses from sales of intangible personal
21 property are allocable to this state if the taxpayer's commercial
22 domicile is in this state.
- 23 (j) Interest and dividends are allocable to this state if the taxpayer's
24 commercial domicile is in this state.
- 25 (k)(1) Patent and copyright royalties are allocable to this state:
- 26 (i) if and to the extent that the patent or copyright is utilized by
27 the taxpayer in this state; or
28 (ii) if and to the extent that the patent or copyright is utilized by
29 the taxpayer in a state in which the taxpayer is not taxable and the
30 taxpayer's commercial domicile is in this state.
- 31 (2) A patent is utilized in a state to the extent that it is employed
32 in production, fabrication, manufacturing, or other processing in
33 the state or to the extent that a patented product is produced in the
34 state. If the basis of receipts from patent royalties does not permit
35 allocation to states or if the accounting procedures do not reflect
36 states of utilization, the patent is utilized in the state in which the
37 taxpayer's commercial domicile is located.
- 38 (3) A copyright is utilized in a state to the extent that printing or
39 other publication originates in the state. If the basis of receipts
40 from copyright royalties does not permit allocation to states or if
41 the accounting procedures do not reflect states of utilization, the
42 copyright is utilized in the state in which the taxpayer's



- 1 commercial domicile is located.
- 2 (l) If the allocation and apportionment provisions of this article do
 3 not fairly represent the taxpayer's income derived from sources within
 4 the state of Indiana, the taxpayer may petition for or the department
 5 may require, in respect to all or any part of the taxpayer's business
 6 activity, if reasonable:
- 7 (1) separate accounting;
 - 8 (2) for a taxable year beginning before January 1, 2011, the
 9 exclusion of any one (1) or more of the factors, except the sales
 10 factor;
 - 11 (3) the inclusion of one (1) or more additional factors which will
 12 fairly represent the taxpayer's income derived from sources within
 13 the state of Indiana; or
 - 14 (4) the employment of any other method to effectuate an equitable
 15 allocation and apportionment of the taxpayer's income.
- 16 Notwithstanding IC 6-8.1-5-1(c), a taxpayer petitioning for, or the
 17 department requiring, the use of an alternative method to effectuate an
 18 equitable allocation and apportionment of the taxpayer's income under
 19 this subsection bears the burden of proof that the allocation and
 20 apportionment provisions of this article do not fairly represent the
 21 taxpayer's income derived from sources within this state and that the
 22 alternative method to the allocation and apportionment provisions of
 23 this article is reasonable.
- 24 (m) In the case of two (2) or more organizations, trades, or
 25 businesses owned or controlled directly or indirectly by the same
 26 interests, the department shall distribute, apportion, or allocate the
 27 income derived from sources within the state of Indiana between and
 28 among those organizations, trades, or businesses in order to fairly
 29 reflect and report the income derived from sources within the state of
 30 Indiana by various taxpayers.
- 31 (n) For purposes of allocation and apportionment of income under
 32 this article, a taxpayer is taxable in another state if:
- 33 (1) in that state the taxpayer is subject to a net income tax, a
 34 franchise tax measured by net income, a franchise tax for the
 35 privilege of doing business, or a corporate stock tax; or
 - 36 (2) that state has jurisdiction to subject the taxpayer to a net
 37 income tax regardless of whether, in fact, the state does or does
 38 not.
- 39 (o) Notwithstanding subsections (l) and (m), the department may
 40 not, under any circumstances, require that income, deductions, and
 41 credits attributable to a taxpayer and another entity be reported in a
 42 combined income tax return for any taxable year, if the other entity is:



- 1 (1) a foreign corporation; or
 2 (2) a corporation that is classified as a foreign operating
 3 corporation for the taxable year by section 2.4 of this chapter.
- 4 (p) Notwithstanding subsections (l) and (m), the department may not
 5 require that income, deductions, and credits attributable to a taxpayer
 6 and another entity not described in subsection (o)(1) or (o)(2) be
 7 reported in a combined income tax return for any taxable year, unless
 8 the department is unable to fairly reflect the taxpayer's adjusted gross
 9 income for the taxable year through use of other powers granted to the
 10 department by subsections (l) and (m).
- 11 (q) Notwithstanding subsections (o) and (p), one (1) or more
 12 taxpayers may petition the department under subsection (l) for
 13 permission to file a combined income tax return for a taxable year. The
 14 petition to file a combined income tax return must be completed and
 15 filed with the department not more than thirty (30) days after the end
 16 of the taxpayer's taxable year. A taxpayer filing a combined income tax
 17 return must petition the department within thirty (30) days after the end
 18 of the taxpayer's taxable year to discontinue filing a combined income
 19 tax return.
- 20 (r) This subsection applies to a corporation that is a life insurance
 21 company (as defined in Section 816(a) of the Internal Revenue Code)
 22 or an insurance company that is subject to tax under Section 831 of the
 23 Internal Revenue Code. The corporation's adjusted gross income that
 24 is derived from sources within Indiana is determined by multiplying the
 25 corporation's adjusted gross income by a fraction:
 26 (1) the numerator of which is the direct premiums and annuity
 27 considerations received during the taxable year for insurance
 28 upon property or risks in the state; and
 29 (2) the denominator of which is the direct premiums and annuity
 30 considerations received during the taxable year for insurance
 31 upon property or risks everywhere.
- 32 The term "direct premiums and annuity considerations" means the
 33 gross premiums received from direct business as reported in the
 34 corporation's annual statement filed with the department of insurance.
- 35 (s) This subsection applies to receipts derived from motorsports
 36 racing.
 37 (1) Any purse, prize money, or other amounts earned for
 38 placement or participation in a race or portion thereof, including
 39 qualification, shall be attributed to Indiana if the race is conducted
 40 in Indiana.
 41 (2) Any amounts received from an individual or entity as a result
 42 of sponsorship or similar promotional consideration for one (1) or



1 more races shall be in this state in the amount received, multiplied
2 by the following fraction:

3 (A) The numerator of the fraction is the number of racing
4 events for which sponsorship or similar promotional
5 consideration has been paid in a taxable year and that occur in
6 Indiana.

7 (B) The denominator of the fraction is the total number of
8 racing events for which sponsorship or similar promotional
9 consideration has been paid in a taxable year.

10 (3) Any amounts earned as an incentive for placement or
11 participation in one (1) or more races and that are not covered
12 under subdivision (1) or (2) or under IC 6-3-2-3.2 shall be
13 attributed to Indiana in the proportion of the races that occurred
14 in Indiana.

15 This subsection, as enacted in 2013, is intended to be a clarification of
16 the law and not a substantive change in the law.

17 SECTION 31. IC 6-3-2-2.2 IS AMENDED TO READ AS
18 FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]:
19 Sec. 2.2. (a) Interest income and other receipts from assets in the nature
20 of loans or installment sales contracts that are primarily secured by or
21 deal with real or tangible personal property are attributable to this state
22 if the security or sale property is located in Indiana.

23 (b) Interest income and other receipts from consumer loans not
24 secured by real or tangible personal property are attributable to this
25 state if the loan is made to a resident of Indiana, whether at a place of
26 business, by a traveling loan officer, by mail, by telephone, or by other
27 electronic means.

28 (c) Interest income and other receipts from commercial loans and
29 installment obligations not secured by real or tangible personal
30 property are attributable to this state if the proceeds of the loan are to
31 be applied in Indiana. If it cannot be determined where the funds are to
32 be applied, the income and receipts are attributable to the state in
33 which the business applied for the loan. As used in this section,
34 "applied for" means initial inquiry (including customer assistance in
35 preparing the loan application) or submission of a completed loan
36 application, whichever occurs first.

37 (d) Interest income, merchant discount, and other receipts including
38 service charges from financial institution credit card and travel and
39 entertainment credit card receivables and credit card holders' fees are
40 attributable to the state to which the card charges and fees are regularly
41 billed.

42 (e) Receipts from the performance of fiduciary and other services



1 are attributable to the state in which the benefits of the services are
 2 consumed. If the benefits are consumed in more than one (1) state, the
 3 receipts from those benefits are attributable to this state on a pro rata
 4 basis according to the portion of the benefits consumed in Indiana.

5 (f) Receipts from the issuance of traveler's checks, money orders, or
 6 United States savings bonds are attributable to the state in which the
 7 traveler's checks, money orders, or bonds are purchased.

8 (g) Receipts in the form of dividends from investments are
 9 attributable to this state if the taxpayer's commercial domicile is in
 10 Indiana. **For a taxable year in which a taxpayer is required to**
 11 **include income as a result of Section 965 of the Internal Revenue**
 12 **Code, receipts from income that is included in federal adjusted**
 13 **gross income or federal taxable income as a result of Sections 951A**
 14 **and 965 of the Internal Revenue Code shall be considered**
 15 **dividends from investments and shall be included in the taxable**
 16 **year in which the income is included in the taxpayer's federal**
 17 **adjusted gross income or federal taxable income, regardless of the**
 18 **taxable year in which the money or property was actually received.**

19 SECTION 32. IC 6-3-2-2.5, AS AMENDED BY THE TECHNICAL
 20 CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS
 21 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,
 22 2018 (RETROACTIVE)]: Sec. 2.5. (a) This section applies to a
 23 resident person.

24 (b) Resident persons are entitled to a net operating loss deduction.
 25 The amount of the deduction taken in a taxable year may not exceed
 26 the taxpayer's unused Indiana net operating losses carried over to that
 27 year. A taxpayer is not entitled to carryback any net operating losses
 28 after December 31, 2011.

29 (c) An Indiana net operating loss equals the taxpayer's federal net
 30 operating loss for a taxable year as calculated under Section 172 of the
 31 Internal Revenue Code, adjusted for certain modifications required by
 32 IC 6-3-1-3.5 as set forth in subsection (d)(1).

33 (d) The following provisions apply for purposes of subsection (c):

34 (1) The modifications that are to be applied are those
 35 modifications required under IC 6-3-1-3.5 for the same taxable
 36 year in which each net operating loss was incurred, except that the
 37 modifications do not include the modifications required under:

38 (A) IC 6-3-1-3.5(a)(3);

39 (B) IC 6-3-1-3.5(a)(4);

40 (C) IC 6-3-1-3.5(a)(5);

41 (D) IC 6-3-1-3.5(a)(24); ~~and~~

42 (E) ~~IC 6-3-1-3.5(e)(10)~~; **IC 6-3-1-3.5(f)(10); and**



(F) IC 6-3-1-3.5(f)(11).

(2) An Indiana net operating loss includes a net operating loss that arises when the applicable modifications required by IC 6-3-1-3.5 as set forth in subdivision (1) exceed the taxpayer's federal adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for the taxable year in which the Indiana net operating loss is determined.

(e) Subject to the limitations contained in subsection (g), an Indiana net operating loss carryover shall be available as a deduction from the taxpayer's adjusted gross income (as defined in IC 6-3-1-3.5) in the carryover year provided in subsection (f).

(f) Carryovers shall be determined under this subsection as follows:

(1) An Indiana net operating loss shall be an Indiana net operating loss carryover to each of the carryover years following the taxable year of the loss.

(2) ~~Carryover years shall be determined by reference to the number of years allowed for carrying over net operating losses under Section 172(b) of the Internal Revenue Code. An Indiana net operating loss may not be carried over for more than twenty (20) taxable years after the taxable year of the loss.~~

(g) The entire amount of the Indiana net operating loss for any taxable year shall be carried to the earliest of the taxable years to which (as determined under subsection (f)) the loss may be carried. The amount of the Indiana net operating loss remaining after the deduction is taken under this section in a taxable year may be carried over as provided in subsection (f). The amount of the Indiana net operating loss carried over from year to year shall be reduced to the extent that the Indiana net operating loss carryover is used by the taxpayer to obtain a deduction in a taxable year until the occurrence of the earlier of the following:

(1) The entire amount of the Indiana net operating loss has been used as a deduction.

(2) The Indiana net operating loss has been carried over to each of the carryover years provided by subsection (f).

SECTION 33. IC 6-3-2-2.6, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]: Sec. 2.6. (a) This section applies to a corporation or a nonresident person.

(b) Corporations and nonresident persons are entitled to a net operating loss deduction. The amount of the deduction taken in a taxable year may not exceed the taxpayer's unused Indiana net



1 operating losses carried over to that year. A taxpayer is not entitled to
2 carryback any net operating losses after December 31, 2011.

3 (c) An Indiana net operating loss equals the taxpayer's federal net
4 operating loss for a taxable year as calculated under Section 172 of the
5 Internal Revenue Code, derived from sources within Indiana and
6 adjusted for certain modifications required by IC 6-3-1-3.5 as set forth
7 in subsection (d)(1).

8 (d) The following provisions apply for purposes of subsection (c):

9 (1) The modifications that are to be applied are those
10 modifications required under IC 6-3-1-3.5 for the same taxable
11 year in which each net operating loss was incurred, except that the
12 modifications do not include the modifications required under:

13 (A) IC 6-3-1-3.5(a)(3);

14 (B) IC 6-3-1-3.5(a)(4);

15 (C) IC 6-3-1-3.5(a)(5);

16 (D) IC 6-3-1-3.5(a)(24);

17 (E) IC 6-3-1-3.5(b)(14);

18 **(F) IC 6-3-1-3.5(b)(15);**

19 ~~(F) IC 6-3-1-3.5(c)(13); IC 6-3-1-3.5(d)(13);~~

20 ~~(G) IC 6-3-1-3.5(d)(13); IC 6-3-1-3.5(e)(13); and~~

21 ~~(H) IC 6-3-1-3.5(e)(10); IC 6-3-1-3.5(d)(14);~~

22 **(I) IC 6-3-1-3.5(e)(13);**

23 **(J) IC 6-3-1-3.5(e)(14);**

24 **(K) IC 6-3-1-3.5(f)(10); and**

25 **(L) IC 6-3-1-3.5(f)(11).**

26 (2) The amount of the taxpayer's net operating loss that is derived
27 from sources within Indiana shall be determined in the same
28 manner that the amount of the taxpayer's adjusted **gross** income
29 derived from sources within Indiana is determined under section
30 2 of this chapter for the same taxable year during which each loss
31 was incurred.

32 (3) An Indiana net operating loss includes a net operating loss that
33 arises when the applicable modifications required by IC 6-3-1-3.5
34 as set forth in subdivision (1) exceed the taxpayer's federal
35 taxable income (as defined in Section 63 of the Internal Revenue
36 Code), if the taxpayer is a corporation, or when the applicable
37 modifications required by IC 6-3-1-3.5 as set forth in subdivision
38 (1) exceed the taxpayer's federal adjusted gross income (as
39 defined by Section 62 of the Internal Revenue Code), if the
40 taxpayer is a nonresident person, for the taxable year in which the
41 Indiana net operating loss is determined.

42 (e) Subject to the limitations contained in subsection (g), an Indiana



1 net operating loss carryover shall be available as a deduction from the
 2 taxpayer's adjusted gross income derived from sources within Indiana
 3 (as defined in section 2 of this chapter) in the carryover year provided
 4 in subsection (f).

5 (f) Carryovers shall be determined under this subsection as follows:

6 (1) An Indiana net operating loss shall be an Indiana net operating
 7 loss carryover to each of the carryover years following the taxable
 8 year of the loss.

9 (2) ~~Carryover years shall be determined by reference to the~~
 10 ~~number of years allowed for carrying over net operating losses~~
 11 ~~under Section 172(b) of the Internal Revenue Code. An Indiana~~
 12 **net operating loss may not be carried over for more than**
 13 **twenty (20) taxable years after the taxable year of the loss.**

14 (g) The entire amount of the Indiana net operating loss for any
 15 taxable year shall be carried to the earliest of the taxable years to which
 16 (as determined under subsection (f)) the loss may be carried. The
 17 amount of the Indiana net operating loss remaining after the deduction
 18 is taken under this section in a taxable year may be carried over as
 19 provided in subsection (f). The amount of the Indiana net operating loss
 20 carried over from year to year shall be reduced to the extent that the
 21 Indiana net operating loss carryover is used by the taxpayer to obtain
 22 a deduction in a taxable year until the occurrence of the earlier of the
 23 following:

24 (1) The entire amount of the Indiana net operating loss has been
 25 used as a deduction.

26 (2) The Indiana net operating loss has been carried over to each
 27 of the carryover years provided by subsection (f).

28 (h) An Indiana net operating loss deduction determined under this
 29 section shall be allowed notwithstanding the fact that in the year the
 30 taxpayer incurred the net operating loss the taxpayer was not subject to
 31 the tax imposed under section 1 of this chapter because the taxpayer
 32 was:

33 (1) a life insurance company (as defined in Section 816(a) of the
 34 Internal Revenue Code); or

35 (2) an insurance company subject to tax under Section 831 of the
 36 Internal Revenue Code.

37 (i) In the case of a life insurance company, ~~that claims an operations~~
 38 ~~loss deduction under Section 810 of the Internal Revenue Code;~~ this
 39 section shall be applied by

40 ~~(1) substituting the corresponding provisions of Section 810 of the~~
 41 ~~Internal Revenue Code in place of references to Section 172 of~~
 42 ~~the Internal Revenue Code; and~~



1 (2) substituting life insurance company taxable income (as
2 defined in Section 801 the Internal Revenue Code) in place of
3 references to taxable income (as defined in Section 63 of the
4 Internal Revenue Code).

5 SECTION 34. IC 6-3-2-4, AS AMENDED BY P.L.217-2017,
6 SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 4. (a) Each taxable year,
8 an individual, or the individual's surviving spouse, is entitled to the
9 following:

10 (1) An adjusted gross income tax deduction for the first five
11 thousand dollars (\$5,000) of income, excluding adjusted gross
12 income described in subdivision (2), received during the taxable
13 year by the individual, or the individual's surviving spouse, for the
14 individual's service in an active or reserve component of the
15 armed forces of the United States, including the army, navy, air
16 force, coast guard, marine corps, merchant marine, Indiana army
17 national guard, or Indiana air national guard.

18 (2) An adjusted gross income tax deduction of six thousand two
19 hundred fifty dollars (\$6,250) for income from retirement or
20 survivor's benefits received during the taxable year by the
21 individual, or the individual's surviving spouse, for the
22 individual's service in an active or reserve component of the
23 armed forces of the United States, including the army, navy, air
24 force, coast guard, marine corps, merchant marine, Indiana army
25 national guard, or Indiana air national guard.

26 (b) An individual whose qualified military income is subtracted
27 from the individual's federal adjusted gross income under
28 ~~IC 6-3-1-3.5(a)(19)~~ **IC 6-3-1-3.5(a)(18)** for Indiana individual income
29 tax purposes is not, for that taxable year, entitled to a deduction under
30 this section for the same qualified military income that is deducted
31 under ~~IC 6-3-1-3.5(a)(19)~~ **IC 6-3-1-3.5(a)(18)**.

32 SECTION 35. IC 6-3-2-12 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]:
34 Sec. 12. (a) As used in this section, the term "foreign source dividend"
35 means a dividend from a foreign corporation. The term:

36 (1) includes:

37 (A) any amount that a taxpayer is required to include in its
38 gross income for a taxable year under Section 951 of the
39 Internal Revenue Code; **and**

40 (B) **the gross amount included in federal adjusted gross**
41 **income of a United States shareholder as a result of Section**
42 **965 of the Internal Revenue Code; and**



- 1 (2) ~~but the term~~ does not include:
- 2 (A) any amount that is treated as a dividend under Section 78
- 3 of the Internal Revenue Code; **and**
- 4 (B) **the amount included in federal taxable income of a**
- 5 **United States shareholder under Section 951A of the**
- 6 **Internal Revenue Code.**
- 7 (b) A corporation that includes any foreign source dividend in its
- 8 adjusted gross income for a taxable year is entitled to a deduction from
- 9 that adjusted gross income. The amount of the deduction equals the
- 10 product of:
- 11 (1) the amount of the foreign source dividend included in the
- 12 corporation's adjusted gross income for the taxable year;
- 13 multiplied by
- 14 (2) the percentage prescribed in subsection (c), (d), or (e), as the
- 15 case may be.
- 16 (c) The percentage referred to in subsection (b)(2) is one hundred
- 17 percent (100%) if the corporation that includes the foreign source
- 18 dividend in its adjusted gross income owns stock possessing at least
- 19 eighty percent (80%) of the total combined voting power of all classes
- 20 of stock of the foreign corporation from which the dividend is derived.
- 21 (d) The percentage referred to in subsection (b)(2) is eighty-five
- 22 percent (85%) if the corporation that includes the foreign source
- 23 dividend in its adjusted gross income owns stock possessing at least
- 24 fifty percent (50%) but less than eighty percent (80%) of the total
- 25 combined voting power of all classes of stock of the foreign
- 26 corporation from which the dividend is derived.
- 27 (e) The percentage referred to in subsection (b)(2) is fifty percent
- 28 (50%) if the corporation that includes the foreign source dividend in its
- 29 adjusted gross income owns stock possessing less than fifty percent
- 30 (50%) of the total combined voting power of all classes of stock of the
- 31 foreign corporation from which the dividend is derived.
- 32 SECTION 36. IC 6-3-2-13, AS AMENDED BY P.L.250-2015,
- 33 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 34 JANUARY 1, 2019]: Sec. 13. (a) As used in this section, "export
- 35 income" means the gross receipts from the sale, transfer, or exchange
- 36 of tangible personal property destined for international markets that is:
- 37 (1) manufactured at a plant located within a maritime opportunity
- 38 district established under IC 6-1.1-40 (**before its expiration**); and
- 39 (2) shipped through a port operated by the state.
- 40 (b) As used in this section, "export sales ratio" means the quotient
- 41 of:
- 42 (1) the taxpayer's export income; divided by



- 1 (2) the taxpayer's gross receipts from the sale, transfer, or
- 2 exchange of tangible personal property, regardless of its
- 3 destination.
- 4 (c) As used in this section, "taxpayer" means a person or corporation
- 5 that has export income.
- 6 (d) The ports of Indiana established by IC 8-10-1-3 shall notify the
- 7 department when a maritime opportunity district is established under
- 8 IC 6-1.1-40 **(before its expiration)**. The notice must include:
- 9 (1) the resolution passed by the commission to establish the
- 10 district; and
- 11 (2) a list of all taxpayers located in the district.
- 12 (e) The ports of Indiana shall also notify the department of any
- 13 subsequent changes in the list of taxpayers located in the district.
- 14 (f) A taxpayer is entitled to a deduction from the taxpayer's adjusted
- 15 gross income in an amount equal to the lesser of:
- 16 (1) the taxpayer's adjusted gross income; or
- 17 (2) the product of the export sales ratio multiplied by the
- 18 percentage set forth in subsection (g).
- 19 (g) The percentage to be used in determining the amount a taxpayer
- 20 is entitled to deduct under this section depends upon the number of
- 21 years that the taxpayer could have taken a deduction under this section.
- 22 The percentage to be used in subsection (f) is as follows:
- 23

YEAR OF DEDUCTION	PERCENTAGE
24 1st through 4th	100%
25 5th	80%
26 6th	60%
27 7th	40%
28 8th	20%
29 9th and thereafter	0%
- 30 (h) The department shall determine, for each taxpayer claiming a
- 31 deduction under this section, the taxpayer's export sales ratio for
- 32 purposes of IC 6-1.1-40. The department shall certify the amount of the
- 33 ratio to the department of local government finance.
- 34 (i) A taxpayer is not entitled to a deduction under this section based
- 35 on export income received by the taxpayer after December 31, 2015.
- 36 (j) This section expires January 1, 2025.
- 37 SECTION 37. IC 6-3-2-20, AS AMENDED BY P.L.250-2015,
- 38 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 39 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 20. (a) The following
- 40 definitions apply throughout this section:
- 41 (1) "Affiliated group" has the meaning provided in Section 1504
- 42 of the Internal Revenue Code, except that the ownership



- 1 percentage in Section 1504(a)(2) of the Internal Revenue Code
2 shall be determined using fifty percent (50%) instead of eighty
3 percent (80%).
- 4 (2) "Directly related interest expenses" means interest expenses
5 that are paid to, or accrued or incurred as a liability to, a recipient
6 if:
- 7 (A) the amounts represent, in the hands of the recipient, income
8 from making one (1) or more loans; and
9 (B) the funds loaned were originally received by the recipient
10 from the payment of expenses by any of the following:
- 11 (i) The taxpayer.
12 (ii) A member of the same affiliated group as the taxpayer.
13 (iii) A foreign corporation.
- 14 (3) "Foreign corporation" means a corporation that is organized
15 under the laws of a country other than the United States and
16 would be a member of the same affiliated group as the taxpayer
17 if the corporation were organized under the laws of the United
18 States.
- 19 (4) "Intangible expenses" means the following amounts to the
20 extent these amounts are allowed as deductions in determining
21 taxable income under Section 63 of the Internal Revenue Code
22 before the application of any net operating loss deduction and
23 special deductions for the taxable year:
- 24 (A) Expenses, losses, and costs directly for, related to, or in
25 connection with the acquisition, use, maintenance,
26 management, ownership, sale, exchange, or any other
27 disposition of intangible property.
28 (B) Royalty, patent, technical, and copyright fees.
29 (C) Licensing fees.
30 (D) Other substantially similar expenses and costs.
- 31 (5) "Intangible property" means patents, patent applications, trade
32 names, trademarks, service marks, copyrights, trade secrets, and
33 substantially similar types of intangible assets.
- 34 (6) "Interest expenses" means amounts that are allowed as
35 deductions under Section 163 of the Internal Revenue Code in
36 determining taxable income under Section 63 of the Internal
37 Revenue Code before the application of any net operating loss
38 deductions and special deductions for the taxable year.
- 39 (7) "Makes a disclosure" means a taxpayer provides the following
40 information regarding a transaction with a member of the same
41 affiliated group or a foreign corporation involving an intangible
42 expense or a directly related interest expense with the taxpayer's



- 1 tax return on the forms prescribed by the department:
- 2 (A) The name of the recipient.
- 3 (B) The state or country of domicile of the recipient.
- 4 (C) The amount paid to the recipient.
- 5 (D) A copy of federal Form 851, Affiliation Schedule, as filed
- 6 with the taxpayer's federal consolidated tax return.
- 7 (E) The information needed to determine the taxpayer's status
- 8 under the exceptions listed in subsection (c).
- 9 (8) "Recipient" means:
- 10 (A) a member of the same affiliated group as the taxpayer; or
- 11 (B) a foreign corporation;
- 12 to which is paid an item of income that corresponds to an
- 13 intangible expense or a directly related interest expense.
- 14 (9) "Unrelated party" means a person that, with respect to the
- 15 taxpayer, is not a member of the same affiliated group or a foreign
- 16 corporation.
- 17 (b) Except as provided in subsection (c), in determining its adjusted
- 18 gross income under IC 6-3-1-3.5(b), a corporation subject to the tax
- 19 imposed by IC 6-3-2-1 shall add to its taxable income under Section 63
- 20 of the Internal Revenue Code:
- 21 (1) all intangible expenses; and
- 22 (2) all directly related interest expenses;
- 23 paid, accrued, or incurred with one (1) or more members of the same
- 24 affiliated group or with one (1) or more foreign corporations.
- 25 (c) The addition of intangible expenses or directly related interest
- 26 expenses otherwise required in a taxable year under subsection (b) is
- 27 not required if one (1) or more of the following apply to the taxable
- 28 year:
- 29 (1) The taxpayer and the recipient are both included in the same
- 30 consolidated tax return filed under IC 6-3-4-14 or in the same
- 31 combined return filed under IC 6-3-2-2(q) for the taxable year.
- 32 (2) If the recipient receives an item of income that corresponds to
- 33 the directly related interest expenses and the recipient:
- 34 (A) is subject to the financial institutions tax under IC 6-5.5;
- 35 (B) files a return under IC 6-5.5; and
- 36 (C) apportions the items of income that correspond to the
- 37 intangible expenses and the directly related interest expenses in
- 38 accordance with IC 6-5.5.
- 39 (3) The taxpayer makes a disclosure and, at the request of the
- 40 department, can establish by a preponderance of the evidence
- 41 that:
- 42 (A) the item of income corresponding to the intangible



- 1 expenses or the directly related interest expenses was included
 2 within the recipient's income that is subject to tax in:
- 3 (i) a state or possession of the United States; or
 - 4 (ii) a country other than the United States;
- 5 that is the recipient's commercial domicile and that imposes a
 6 net income tax, a franchise tax measured, in whole or in part, by
 7 net income, or a value added tax;
- 8 (B) the transaction giving rise to the intangible expenses or the
 9 directly related interest expenses between the taxpayer and the
 10 recipient was made at a commercially reasonable rate and at
 11 terms comparable to an arm's length transaction; and
- 12 (C) the transactions giving rise to the intangible expenses or the
 13 directly related interest expenses between the taxpayer and the
 14 recipient did not have Indiana tax avoidance as the principal
 15 purpose.
- 16 (4) The taxpayer makes a disclosure and, at the request of the
 17 department, can establish by a preponderance of the evidence
 18 that:
- 19 (A) the recipient regularly engages in transactions with one (1)
 20 or more unrelated parties on terms substantially similar to those
 21 of the subject transaction; and
 - 22 (B) the transaction giving rise to the intangible expenses or the
 23 directly related interest expenses between the taxpayer and the
 24 recipient did not have Indiana tax avoidance as the principal
 25 purpose.
- 26 (5) The taxpayer makes a disclosure and, at the request of the
 27 department, can establish by a preponderance of the evidence
 28 that:
- 29 (A) the payment was received from a person or entity that is an
 30 unrelated party, and on behalf of that unrelated party, paid that
 31 amount to the recipient in an arm's length transaction; and
 - 32 (B) the transaction giving rise to the intangible expenses or the
 33 directly related interest expenses between the taxpayer and the
 34 recipient did not have Indiana tax avoidance as the principal
 35 purpose.
- 36 (6) The taxpayer makes a disclosure and, at the request of the
 37 department, can establish by a preponderance of the evidence
 38 that:
- 39 (A) the recipient paid, accrued, or incurred a liability to an
 40 unrelated party during the taxable year for an equal or greater
 41 amount that was directly for, related to, or in connection with
 42 the same property giving rise to the expenses; and



- 1 (B) the transactions giving rise to the intangible expenses or the
 2 directly related interest expenses between the taxpayer and the
 3 recipient did not have Indiana tax avoidance as the principal
 4 purpose.
- 5 (7) The taxpayer makes a disclosure and, at the request of the
 6 department, can establish by a preponderance of the evidence
 7 that:
- 8 (A) the recipient is engaged in:
- 9 (i) substantial business activities from the acquisition, use,
 10 licensing, maintenance, management, ownership, sale,
 11 exchange, or any other disposition of intangible property; or
 12 (ii) other substantial business activities separate and apart
 13 from the business activities described in item (i);
 14 as evidenced by the maintenance of a permanent office space
 15 and an adequate number of full-time, experienced employees;
- 16 (B) the transactions giving rise to the intangible expenses or the
 17 directly related interest expenses between the taxpayer and the
 18 recipient did not have Indiana tax avoidance as the principal
 19 purpose; and
- 20 (C) the transaction was made at a commercially reasonable rate
 21 and at terms comparable to an arm's length transaction.
- 22 (8) The taxpayer and the department agree, in writing, to the
 23 application or use of an alternative method of allocation or
 24 apportionment under section 2(l) or 2(m) of this chapter.
- 25 (9) Upon request by the taxpayer, the department determines that
 26 the adjustment otherwise required by this section is unreasonable.
- 27 (d) For purposes of this section, intangible expenses or directly
 28 related interest expenses shall be considered to be at a commercially
 29 reasonable rate or at terms comparable to an arm's length transaction
 30 if the intangible expenses or directly related interest expenses meet the
 31 arm's length standards of United States Treasury Regulation
 32 1.482-1(b).
- 33 (e) If intangible expenses or directly related interest expenses are
 34 determined not to be at a commercially reasonable rate or at terms
 35 comparable to an arm's length transaction for purposes of this section,
 36 the adjustment required by subsection (b) shall be made only to the
 37 extent necessary to cause the intangible expenses or directly related
 38 interest expenses to be at a commercially reasonable rate and at terms
 39 comparable to an arm's length transaction.
- 40 (f) For purposes of this section, transactions giving rise to intangible
 41 expenses or the directly related interest expenses between the taxpayer
 42 and the recipient shall be considered as having Indiana tax avoidance



1 as the principal purpose if:

- 2 (1) there is not one (1) or more valid business purposes that
 3 independently sustain the transaction notwithstanding any tax
 4 benefits associated with the transaction; and
 5 (2) the principal purpose of tax avoidance exceeds any other valid
 6 business purpose.

7 **(g) For purposes of this article, the determination of whether an**
 8 **interest expense:**

- 9 **(1) is a directly related interest expense;**
 10 **(2) is required to be added back under subsection (b); or**
 11 **(3) meets an exception under subsection (c);**

12 **shall be made in the year in which the expense is incurred. If any**
 13 **portion of the directly related interest expense is required to be**
 14 **carried forward as a deduction pursuant to Section 163(j) of the**
 15 **Internal Revenue Code, the allowance or disallowance of the**
 16 **expense shall be determined by reference to the year in which the**
 17 **expense was incurred for federal income tax purposes. The**
 18 **department may adopt rules or issue guidance with regard to this**
 19 **section.**

20 SECTION 38. IC 6-3-4-3, AS AMENDED BY P.L.172-2011,
 21 SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JANUARY 1, 2019]: Sec. 3. Returns required to be made pursuant to
 23 section 1 of this chapter shall be filed with the department on or before
 24 the later of the following:

- 25 (1) The 15th day of the fourth month following the close of the
 26 taxable year.
 27 (2) For a corporation whose federal tax return is due on or after
 28 the date set forth in subdivision (1), as determined without regard
 29 to any extensions, weekends, or holidays, the 15th day of the
 30 month following the due date of the federal tax return.

31 **However, if the due date for a federal income tax return is**
 32 **extended by the Internal Revenue Service to a date that is later**
 33 **than the date specified in subdivision (1) or (2) (as applicable), the**
 34 **department may extend the due date of a return required to be**
 35 **made under section 1 of this chapter to the due date permitted for**
 36 **the federal income tax return.**

37 SECTION 39. IC 6-3.1-21-6, AS AMENDED BY P.L.242-2015,
 38 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 6. (a) Except as provided
 40 by ~~subsection~~ **subsections (b), (d), and (e)**, an individual who is
 41 eligible for an earned income tax credit under Section 32 of the Internal
 42 Revenue Code as it existed before being amended by the Tax Relief,



1 Unemployment Insurance Reauthorization, and Job Creation Act of
 2 2010 (P.L. 111-312), is eligible for a credit under this chapter equal to
 3 nine percent (9%) of the amount of the federal earned income tax credit
 4 that the individual:

- 5 (1) is eligible to receive in the taxable year; and
 6 (2) claimed for the taxable year;

7 under Section 32 of the Internal Revenue Code as it existed before
 8 being amended by the Tax Relief, Unemployment Insurance
 9 Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).

10 (b) In the case of a nonresident taxpayer or a resident taxpayer
 11 residing in Indiana for a period of less than the taxpayer's entire taxable
 12 year, the amount of the credit is equal to the product of:

- 13 (1) the amount determined under subsection (a); multiplied by
 14 (2) the quotient of the taxpayer's income taxable in Indiana
 15 divided by the taxpayer's total income.

16 (c) If the credit amount exceeds the taxpayer's adjusted gross
 17 income tax liability for the taxable year, the excess shall be refunded
 18 to the taxpayer.

19 **(d) If a taxpayer properly elects to determine the taxpayer's**
 20 **earned income in accordance with the federal Bipartisan Budget**
 21 **Act of 2018 for purposes of the credit under Section 32 of the**
 22 **Internal Revenue Code for a taxable year beginning after**
 23 **December 31, 2016, the election shall be treated as being made for**
 24 **purposes of the credit under this chapter.**

25 **(e) The minimum earned income amounts and phaseout**
 26 **threshold amounts for the credit under this section are subject to**
 27 **the same cost of living adjustments provided in the Internal**
 28 **Revenue Code.**

29 SECTION 40. IC 6-3.6-5-6, AS AMENDED BY THE TECHNICAL
 30 CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS
 31 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]:
 32 Sec. 6. (a) This section applies to all counties.

33 (b) The adopting body may impose a tax rate under this chapter that
 34 does not exceed one and twenty-five hundredths percent (1.25%) on the
 35 adjusted gross income of local taxpayers in the county served by the
 36 adopting body.

37 (c) Revenues from a tax under this section may be used only for the
 38 purpose of funding a property tax credit applied on a percentage basis
 39 to reduce the property tax liability of taxpayers with tangible property
 40 located in the county as authorized under this section. Property taxes
 41 imposed due to a referendum in which a majority of the voters in the
 42 taxing unit imposing the property taxes approved the property taxes are



1 not eligible for a credit under this section. **However, IC 6-3.6-11-2**
 2 **applies in Jasper County.**

3 (d) The adopting body shall specify by ordinance how the revenue
 4 from the tax shall be applied *under subdivisions (1) through (4)* to
 5 provide property tax credits in subsequent years. *The allocation must*
 6 *be specified as a percentage of property tax relief revenue for*
 7 *taxpayers within each property category.* The ordinance must be
 8 adopted *before July 1 and first applies in the following year and then*
 9 *as provided in IC 6-3.6-3 and takes effect and applies to property taxes*
 10 *as specified in IC 6-3.6-3-3.* The ordinance continues to apply
 11 thereafter until it is rescinded or modified. The property tax credits may
 12 be allocated *to all property categories or among any combination of*
 13 *the following categories:*

14 (1) For homesteads eligible for a credit under IC 6-1.1-20.6-7.5
 15 that limits the taxpayer's property tax liability for the property to
 16 one percent (1%).

17 (2) For residential property, long term care property, agricultural
 18 land, and other tangible property (if any) eligible for a credit
 19 under IC 6-1.1-20.6-7.5 that limits the taxpayer's property tax
 20 liability for the property to two percent (2%).

21 (3) For *the following types of property as a single category:*

22 *(A) residential property, as defined in IC 6-1.1-20.6-4.*

23 *(B) Real property, a mobile home, and industrialized housing*
 24 *that would qualify as a homestead if the taxpayer had filed for*
 25 *a homestead credit under IC 6-1.1-20.9 (repealed) or the*
 26 *standard deduction under IC 6-1.1-12-37.*

27 *(C) Real property consisting of units that are regularly used to*
 28 *rent or otherwise furnish residential accommodations for*
 29 *periods of at least thirty (30) days, regardless of whether the*
 30 *tangible property is subject to assessment under rules of the*
 31 *department of local government finance that apply to:*

32 *(i) residential property; or*

33 *(ii) commercial property.*

34 (4) For nonresidential real property, personal property, and other
 35 tangible property (if any) eligible for a credit under
 36 IC 6-1.1-20.6-7.5 that limits the taxpayer's property tax liability
 37 for the property to three percent (3%). However, IC 6-3.6-11-2
 38 applies in Jasper County.

39 (e) Within a category described in subsection (d) for which an
 40 ordinance grants property tax credits, the property tax credit rate must
 41 be a uniform percentage for all qualifying taxpayers with property in
 42 that category in the county. The credit percentage may be, but does not



1 have to be, uniform for all categories of property listed in subsection
 2 (d). *The total of all tax credits granted under this section for a year*
 3 *may not exceed the amount of revenue raised by the tax imposed under*
 4 *this section. If the amount available in a year for property tax credits*
 5 *under this section is less than the amount necessary to provide all the*
 6 *property tax credits authorized by the adopting body, the county*
 7 *auditor shall reduce the property tax credits granted to eliminate the*
 8 *excess. The county auditor shall reduce credits within the categories*
 9 *described in subsection (d)(1) through (d)(4) as follows:*

10 *(1) First, against property taxes imposed on property described*
 11 *in subsection (d)(4).*

12 *(2) Second, if an excess remains after applying the reduction as*
 13 *described in subdivision (1), against property taxes imposed on*
 14 *property described in subsection (d)(3).*

15 *(3) Third, if an excess remains after applying the reduction as*
 16 *described in subdivisions (1) and (2), against property taxes*
 17 *imposed on property described in subsection (d)(2).*

18 *(4) Fourth, if an excess remains after applying the reduction as*
 19 *described in subdivisions (1) through (3), against property taxes*
 20 *imposed on property described in subsection (d)(1).*

21 *(f) The total of all tax credits granted under this section for a year*
 22 *may not exceed the amount authorized by the adopting body. If the*
 23 *amount available in a year for property tax credits under this section*
 24 *is greater than the amount necessary to provide all the property tax*
 25 *credits authorized by the adopting body, the county auditor shall retain*
 26 *and apply the excess as necessary to provide the property tax credits*
 27 *authorized by the adopting body for the following year. The adopting*
 28 *body may adopt an ordinance that directs to which categories*
 29 *described in subsection (d) the excess is to be uniformly applied.*

30 *(g) (f) The county auditor shall allocate the amount of revenue*
 31 *applied as tax credits under this section to the taxing units that imposed*
 32 *the eligible property taxes against which the credits are applied.*

33 *(h) (g) If the adopting body adopts an ordinance to reduce or*
 34 *eliminate the property tax relief credits that are in effect in the county*
 35 *under this chapter, the county auditor shall give notice of the adoption*
 36 *of the ordinance in accordance with IC 5-3-1 not later than thirty (30)*
 37 *days after the date on which the ordinance is adopted.*

38 SECTION 41. IC 6-3.6-11-2, AS ADDED BY P.L.243-2015,
 39 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 40 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 2. (a) This section
 41 applies to Jasper County's allocation of property tax credits provided by
 42 a tax rate under IC 6-3.6-5.



1 (b) A taxpayer that owns an industrial plant located in Jasper
 2 County is ineligible for a credit under IC 6-3.6-5 against the property
 3 taxes due on the industrial plant if the assessed value of the industrial
 4 plant as of March 1, 2006, exceeded twenty percent (20%) of the total
 5 assessed value of all taxable property in the county on that date. The
 6 general assembly finds that the provisions of this subsection are
 7 necessary because the industrial plant represents such a large
 8 percentage of Jasper County's assessed valuation.

9 (c) **The adopting body may adopt an ordinance to provide that**
 10 **property taxes are eligible for a credit under IC 6-3.6-5-6 if the**
 11 **property taxes are imposed due to a referendum in which a**
 12 **majority of the voters in the taxing unit imposing the property**
 13 **taxes approved, before July 1, 2015, the property taxes.**

14 SECTION 42. IC 6-3-4-8.2, AS AMENDED BY P.L.182-2009(ss),
 15 SECTION 200, IS AMENDED TO READ AS FOLLOWS
 16 [EFFECTIVE JULY 1, 2018]: Sec. 8.2. (a) Each person in Indiana who
 17 is required under the Internal Revenue Code to withhold federal tax
 18 from winnings shall deduct and retain adjusted gross income tax at the
 19 time and in the amount described in withholding instructions issued by
 20 the department.

21 (b) In addition to amounts withheld under subsection (a), every
 22 person engaged in a gambling operation (as defined in IC 4-33-2-10)
 23 or a gambling game (as defined in IC 4-35-2-5) and making a payment
 24 in the course of the gambling operation (as defined in IC 4-33-2-10) or
 25 a gambling game (as defined in IC 4-35-2-5) of:

- 26 (1) winnings (not reduced by the wager) valued at one thousand
 27 two hundred dollars (\$1,200) or more from slot machine play; or
 28 (2) winnings (reduced by the wager) valued at one thousand five
 29 hundred dollars (\$1,500) or more from a keno game;

30 shall deduct and retain adjusted gross income tax at the time and in the
 31 amount described in withholding instructions issued by the department.
 32 The department's instructions must provide that amounts withheld shall
 33 be paid to the department ~~before the close of the business day following~~
 34 ~~the day the winnings are paid, actually or constructively.~~ **on the**
 35 **twenty-fourth calendar day of each month. Any taxes collected**
 36 **during the month after the day on which the taxes are required to**
 37 **be paid shall be paid to the department at the same time the**
 38 **following month's taxes are due.** Slot machine and keno winnings
 39 from a gambling operation (as defined in IC 4-33-2-10) or a gambling
 40 game (as defined in IC 4-35-2-5) that are reportable for federal income
 41 tax purposes shall be treated as subject to withholding under this
 42 section, even if federal tax withholding is not required.



- 1 (c) The adjusted gross income tax due on prize money or prizes:
 2 (1) received from a winning lottery ticket purchased under
 3 IC 4-30; and
 4 (2) exceeding one thousand two hundred dollars (\$1, 200) in
 5 value;

6 shall be deducted and retained at the time and in the amount described
 7 in withholding instructions issued by the department, even if federal
 8 withholding is not required.

9 (d) In addition to the amounts withheld under subsection (a), a
 10 qualified organization (as defined in IC 4-32.2-2-24(a)) that awards a
 11 prize under IC 4-32.2 exceeding one thousand two hundred dollars (\$1,
 12 200) in value shall deduct and retain adjusted gross income tax at the
 13 time and in the amount described in withholding instructions issued by
 14 the department. The department's instructions must provide that
 15 amounts withheld shall be paid to the department before the close of
 16 the business day following the day the winnings are paid, actually or
 17 constructively.

18 SECTION 43. IC 6-5.5-1-2, AS AMENDED BY P.L.250-2015,
 19 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 2. (a) Except as provided
 21 in subsections (b) through (d), "adjusted gross income" means taxable
 22 income as defined in Section 63 of the Internal Revenue Code, adjusted
 23 as follows:

24 (1) Add the following amounts:

25 (A) An amount equal to a deduction allowed or allowable under
 26 Section 166, Section 585, or Section 593 of the Internal
 27 Revenue Code.

28 (B) An amount equal to a deduction allowed or allowable under
 29 Section 170 of the Internal Revenue Code.

30 (C) An amount equal to a deduction or deductions allowed or
 31 allowable under Section 63 of the Internal Revenue Code for
 32 taxes based on or measured by income and levied at the state
 33 level by a state of the United States or levied at the local level
 34 by any subdivision of a state of the United States.

35 (D) The amount of interest excluded under Section 103 of the
 36 Internal Revenue Code or under any other federal law, minus
 37 the associated expenses disallowed in the computation of
 38 taxable income under Section 265 of the Internal Revenue
 39 Code.

40 (E) An amount equal to the deduction allowed under Section
 41 172 or 1212 of the Internal Revenue Code for net operating
 42 losses or net capital losses.



- 1 (F) For a taxpayer that is not a large bank (as defined in Section
2 585(c)(2) of the Internal Revenue Code), an amount equal to
3 the recovery of a debt, or part of a debt, that becomes worthless
4 to the extent a deduction was allowed from gross income in a
5 prior taxable year under Section 166(a) of the Internal Revenue
6 Code.
- 7 (G) Add the amount necessary to make the adjusted gross
8 income of any taxpayer that owns property for which bonus
9 depreciation was allowed in the current taxable year or in an
10 earlier taxable year equal to the amount of adjusted gross
11 income that would have been computed had an election not
12 been made under Section 168(k) of the Internal Revenue Code
13 to apply bonus depreciation to the property in the year that it
14 was placed in service.
- 15 (H) Add the amount necessary to make the adjusted gross
16 income of any taxpayer that placed Section 179 property (as
17 defined in Section 179 of the Internal Revenue Code) in service
18 in the current taxable year or in an earlier taxable year equal to
19 the amount of adjusted gross income that would have been
20 computed had an election for federal income tax purposes not
21 been made for the year in which the property was placed in
22 service to take deductions under Section 179 of the Internal
23 Revenue Code in a total amount exceeding twenty-five
24 thousand dollars (\$25,000).
- 25 ~~(I) Add an amount equal to the amount that a taxpayer claimed~~
26 ~~as a deduction for domestic production activities for the taxable~~
27 ~~year under Section 199 of the Internal Revenue Code for federal~~
28 ~~income tax purposes.~~
- 29 ~~(J)~~ (I) Add an amount equal to any income not included in
30 gross income as a result of the deferral of income arising from
31 business indebtedness discharged in connection with the
32 reacquisition after December 31, 2008, and before January 1,
33 2011, of an applicable debt instrument, as provided in Section
34 108(i) of the Internal Revenue Code. Subtract from the adjusted
35 gross income of any taxpayer that added an amount to adjusted
36 gross income in a previous year the amount necessary to offset
37 the amount included in federal gross income as a result of the
38 deferral of income arising from business indebtedness
39 discharged in connection with the reacquisition after December
40 31, 2008, and before January 1, 2011, of an applicable debt
41 instrument, as provided in Section 108(i) of the Internal
42 Revenue Code.



- 1 ~~(K)~~ **(J)** Add an amount equal to any exempt insurance income
 2 under Section 953(e) of the Internal Revenue Code for active
 3 financing income under Subpart F, Subtitle A, Chapter 1,
 4 Subchapter N of the Internal Revenue Code.
- 5 (2) Subtract the following amounts:
- 6 (A) Income that the United States Constitution or any statute of
 7 the United States prohibits from being used to measure the tax
 8 imposed by this chapter.
- 9 (B) Income that is derived from sources outside the United
 10 States, as defined by the Internal Revenue Code.
- 11 (C) An amount equal to a debt or part of a debt that becomes
 12 worthless, as permitted under Section 166(a) of the Internal
 13 Revenue Code.
- 14 (D) An amount equal to any bad debt reserves that are included
 15 in federal income because of accounting method changes
 16 required by Section 585(c)(3)(A) or Section 593 of the Internal
 17 Revenue Code.
- 18 (E) The amount necessary to make the adjusted gross income
 19 of any taxpayer that owns property for which bonus
 20 depreciation was allowed in the current taxable year or in an
 21 earlier taxable year equal to the amount of adjusted gross
 22 income that would have been computed had an election not
 23 been made under Section 168(k) of the Internal Revenue Code
 24 to apply bonus depreciation.
- 25 (F) The amount necessary to make the adjusted gross income of
 26 any taxpayer that placed Section 179 property (as defined in
 27 Section 179 of the Internal Revenue Code) in service in the
 28 current taxable year or in an earlier taxable year equal to the
 29 amount of adjusted gross income that would have been
 30 computed had an election for federal income tax purposes not
 31 been made for the year in which the property was placed in
 32 service to take deductions under Section 179 of the Internal
 33 Revenue Code in a total amount exceeding twenty-five
 34 thousand dollars (\$25,000).
- 35 (G) Income that is:
- 36 (i) exempt from taxation under IC 6-3-2-21.7; and
- 37 (ii) included in the taxpayer's taxable income under the
 38 Internal Revenue Code.
- 39 (b) In the case of a credit union, "adjusted gross income" for a
 40 taxable year means the total transfers to undivided earnings minus
 41 dividends for that taxable year after statutory reserves are set aside
 42 under IC 28-7-1-24.



1 (c) In the case of an investment company, "adjusted gross income"
 2 means the company's federal taxable income plus the amount excluded
 3 from federal gross income under Section 103 of the Internal Revenue
 4 Code for interest received on an obligation of a state other than Indiana,
 5 or a political subdivision of such a state, that is acquired by the
 6 taxpayer after December 31, 2011, multiplied by the quotient of:

7 (1) the aggregate of the gross payments collected by the company
 8 during the taxable year from old and new business upon
 9 investment contracts issued by the company and held by residents
 10 of Indiana; divided by

11 (2) the total amount of gross payments collected during the
 12 taxable year by the company from the business upon investment
 13 contracts issued by the company and held by persons residing
 14 within Indiana and elsewhere.

15 (d) As used in subsection (c), "investment company" means a
 16 person, copartnership, association, limited liability company, or
 17 corporation, whether domestic or foreign, that:

18 (1) is registered under the Investment Company Act of 1940 (15
 19 U.S.C. 80a-1 et seq.); and

20 (2) solicits or receives a payment to be made to itself and issues
 21 in exchange for the payment:

22 (A) a so-called bond;

23 (B) a share;

24 (C) a coupon;

25 (D) a certificate of membership;

26 (E) an agreement;

27 (F) a pretended agreement; or

28 (G) other evidences of obligation;

29 entitling the holder to anything of value at some future date, if the
 30 gross payments received by the company during the taxable year
 31 on outstanding investment contracts, plus interest and dividends
 32 earned on those contracts (by prorating the interest and dividends
 33 earned on investment contracts by the same proportion that
 34 certificate reserves (as defined by the Investment Company Act
 35 of 1940) is to the company's total assets) is at least fifty percent
 36 (50%) of the company's gross payments upon investment
 37 contracts plus gross income from all other sources except
 38 dividends from subsidiaries for the taxable year. The term
 39 "investment contract" means an instrument listed in clauses (A)
 40 through (G).

41 SECTION 44. IC 6-8.1-1-1, AS AMENDED BY P.L.256-2017,
 42 SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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1 JULY 1, 2018]: Sec. 1. "Listed taxes" or "taxes" includes only the
 2 pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the ~~riverboat~~
 3 ~~admissions~~ **supplemental wagering** tax (IC 4-33-12); the riverboat
 4 wagering tax (IC 4-33-13); the slot machine wagering tax (IC 4-35-8);
 5 the type II gambling game excise tax (IC 4-36-9); the gross income tax
 6 (IC 6-2.1) (repealed); the utility receipts and utility services use taxes
 7 (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted
 8 gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8)
 9 (repealed); the county adjusted gross income tax (IC 6-3.5-1.1)
 10 (repealed); the county option income tax (IC 6-3.5-6) (repealed); the
 11 county economic development income tax (IC 6-3.5-7) (repealed); the
 12 local income tax (IC 6-3.6); the auto rental excise tax (IC 6-6-9); the
 13 financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the
 14 special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a
 15 motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3;
 16 the vehicle excise tax (IC 6-6-5); the aviation fuel excise tax
 17 (IC 6-6-13); the commercial vehicle excise tax (IC 6-6-5.5); the excise
 18 tax imposed on recreational vehicles and truck campers (IC 6-6-5.1);
 19 the hazardous waste disposal tax (IC 6-6-6.6) (repealed); the cigarette
 20 tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax
 21 (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax
 22 (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum
 23 severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the
 24 various food and beverage taxes (IC 6-9); the county admissions tax
 25 (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the
 26 penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-20-18); the
 27 fees and penalties assessed for overweight vehicles (IC 9-20-4 and
 28 IC 9-20-18); and any other tax or fee that the department is required to
 29 collect or administer.

30 SECTION 45. IC 6-8.1-9-1.5 IS ADDED TO THE INDIANA
 31 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 32 [EFFECTIVE JANUARY 1, 2019]: **Sec. 1.5. (a) The department may**
 33 **issue a refund or credit without a taxpayer filing a refund claim in**
 34 **the event of:**

- 35 (1) **an error by the department;**
 36 (2) **an error determined by the department; or**
 37 (3) **a taxpayer's overpayment determined by the department**
 38 **under an audit or investigation.**
 39 (b) **The department shall prescribe rules or guidelines to govern**
 40 **the circumstances under which the department may issue a refund**
 41 **or credit under this section.**
 42 (c) **The department may not issue a refund or credit under this**



1 section if the period for filing a refund claim under this article has
2 expired before the issuance of the refund or credit.

3 (d) Nothing in this section shall constitute a requirement that
4 the department issue a refund or credit for an overpayment.

5 SECTION 46. IC 6-8.1-17 IS ADDED TO THE INDIANA CODE
6 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
7 JANUARY 1, 2019]:

8 **Chapter 17. Income Tax Return Preparers; Preparer Tax**
9 **Identification Numbers**

10 **Sec. 1. As used in this chapter, "income tax return" means any**
11 **of the following:**

- 12 (1) An individual income tax return under IC 6-3.
13 (2) A corporate income tax return under IC 6-3.
14 (3) A financial institutions tax return under IC 6-5.5.
15 (4) A utility receipts tax return under IC 6-2.3.
16 (5) A claim for refund of any tax described in subdivisions (1)
17 through (4).

18 **Sec. 2. (a) As used in this chapter, "income tax return preparer"**
19 **means any of the following:**

- 20 (1) A person who prepares ten (10) or more income tax
21 returns for compensation in a calendar year.
22 (2) A person who employs one (1) or more persons to prepare
23 ten (10) or more income tax returns for compensation in a
24 calendar year.

25 (b) A person is not an income tax return preparer if the person
26 performs only the following acts:

- 27 (1) Furnishes typing, reproducing, or other mechanical
28 assistance.
29 (2) Prepares returns or claims for refunds for:
30 (A) the employer by whom the person is regularly and
31 continuously employed; or
32 (B) an affiliate of that employer.
33 (3) Prepares, as a fiduciary, any returns or claims for refunds
34 for a person.
35 (4) Prepares claims for refund for a taxpayer in response to:
36 (A) a notice of deficiency issued to the taxpayer; or
37 (B) a waiver of restriction after the commencement of an
38 audit of:
39 (i) the taxpayer; or
40 (ii) another taxpayer, if a determination in the audit of the
41 other taxpayer directly or indirectly affects the tax
42 liability of the taxpayer whose claim for refund the person



1 is preparing.

2 **Sec. 3.** As used in this chapter, "PTIN" means the preparer tax
3 identification number that the Internal Revenue Service issues to
4 identify tax return preparers under 26 U.S.C. 6109.

5 **Sec. 4.** For purposes of this chapter, the preparation of a
6 substantial portion of an income tax return shall be treated as the
7 preparation of that income tax return.

8 **Sec. 5.** For taxable years beginning after December 31, 2018, an
9 income tax return preparer may not provide tax preparation
10 services for income tax returns unless the income tax return
11 preparer provides a PTIN when the income tax return preparer
12 submits an income tax return to the department and signs the
13 income tax return as a paid preparer.

14 **Sec. 6.** For taxable years beginning after December 31, 2018, the
15 department shall require each income tax return preparer to
16 include the income tax return preparer's PTIN on any income tax
17 return that the income tax return preparer prepares and files with
18 the department.

19 **Sec. 7. (a)** Except as provided in subsection (b) and in addition
20 to any other penalties provided by law, the department may impose
21 on any income tax return preparer who violates this chapter by
22 failing to provide the income tax return preparer's PTIN a penalty
23 of fifty dollars (\$50) for each violation, but not to exceed
24 twenty-five thousand dollars (\$25,000) in a calendar year.

25 **(b)** The department may not impose a penalty under this section
26 if the income tax return preparer's failure to provide the income
27 tax return preparer's PTIN is due to reasonable cause and is not
28 due to willful neglect, as determined by the department.

29 **Sec. 8.** The department may develop and by rule implement a
30 program using PTINs as an oversight mechanism to assess returns
31 to identify high error rates, patterns of suspected fraud, and
32 unsubstantiated basis for tax positions by income tax return
33 preparers.

34 **Sec. 9. (a)** The department:

35 (1) may investigate the actions of any income tax return
36 preparer filing income tax returns; and

37 (2) after a hearing, may bar or suspend an income tax return
38 preparer from filing returns with the department for good
39 cause.

40 **(b)** Notwithstanding IC 4-21.5-2-4, the department shall conduct
41 a hearing described in subsection (a)(2) under IC 4-21.5-3, and
42 judicial review of an adverse decision in a hearing described in



1 subsection (a)(2) shall be in accordance with IC 4-21.5-5.

2 **Sec. 10. The department may establish formal and regular**
 3 **communication protocols with the commissioner of the Internal**
 4 **Revenue Service to share and exchange PTIN information for**
 5 **income tax return preparers who are suspected of fraud, who have**
 6 **been disciplined, or who are barred from filing tax returns with the**
 7 **department or the Internal Revenue Service. The department may**
 8 **establish additional communication protocols with other states to**
 9 **exchange similar enforcement or discipline information.**

10 **Sec. 11. The department may adopt rules for the administration**
 11 **and enforcement of this chapter.**

12 SECTION 47. IC 10-13-3-38.5, AS AMENDED BY P.L.155-2011,
 13 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JANUARY 1, 2019]: Sec. 38.5. (a) Under federal P.L.92-544 (86 Stat.
 15 1115), the department may use an individual's fingerprints submitted
 16 by the individual for the following purposes:

17 (1) Determining the individual's suitability for employment with
 18 the state, or as an employee of a contractor of the state, in a
 19 position:

20 (A) that has a job description that includes contact with, care of,
 21 or supervision over a person less than eighteen (18) years of
 22 age;

23 (B) that has a job description that includes contact with, care of,
 24 or supervision over an endangered adult (as defined in
 25 IC 12-10-3-2), except the individual is not required to meet the
 26 standard for harmed or threatened with harm set forth in
 27 IC 12-10-3-2(a)(3);

28 (C) at a state institution managed by the office of the secretary
 29 of family and social services or state department of health;

30 (D) at the Indiana School for the Deaf established by
 31 IC 20-22-2-1;

32 (E) at the Indiana School for the Blind and Visually Impaired
 33 established by IC 20-21-2-1;

34 (F) at a juvenile detention facility;

35 (G) with the Indiana gaming commission under IC 4-33-3-16;

36 (H) with the department of financial institutions under
 37 IC 28-11-2-3; or

38 (I) that has a job description that includes access to or
 39 supervision over state financial or personnel data, including
 40 state warrants, banking codes, or payroll information pertaining
 41 to state employees.

42 **(2) Determining the individual's suitability for employment**



1 **with state or local government, or as an employee of a**
 2 **contractor of state or local government, in a position in which**
 3 **the individual's duties include access to confidential tax**
 4 **information obtained from the United States Internal**
 5 **Revenue Service under Section 6103(d) of the Internal**
 6 **Revenue Code or from an authorized secondary source.**

7 ~~(2)~~ **(3)** Identification in a request related to an application for a
 8 teacher's license submitted to the department of education
 9 established by IC 20-19-3-1.

10 ~~(3)~~ **(4)** Use by the gaming commission established under
 11 IC 4-33-3-1 for licensure of a promoter (as defined in
 12 IC 4-33-22-6) under IC 4-33-22.

13 ~~(4)~~ **(5)** Use by the Indiana board of pharmacy in determining the
 14 individual's suitability for a position or employment with a
 15 wholesale drug distributor, as specified in IC 25-26-14-16(b),
 16 IC 25-26-14-16.5(b), IC 25-26-14-17.8(c), and IC 25-26-14-20.

17 ~~(5)~~ **(6)** Identification in a request related to an individual applying
 18 for or renewing a license or certificate described in IC 25-1-1.1-4
 19 and a conviction described in IC 25-1-1.1-2 or IC 25-1-1.1-3.

20 An applicant shall submit the fingerprints in an appropriate format or
 21 on forms provided for the employment, license, or certificate
 22 application. The department shall charge each applicant the fee
 23 established under section 28 of this chapter and by federal authorities
 24 to defray the costs associated with a search for and classification of the
 25 applicant's fingerprints. The department may forward fingerprints
 26 submitted by an applicant to the Federal Bureau of Investigation or any
 27 other agency for processing. The state personnel department, the
 28 Indiana professional licensing agency, or the agency to which the
 29 applicant is applying for employment or a license may receive the
 30 results of all fingerprint investigations.

31 (b) An applicant who is an employee of the state may not be charged
 32 under subsection (a).

33 (c) Subsection (a)(1) does not apply to an employee of a contractor
 34 of the state if the contract involves the construction or repair of a
 35 capital project or other public works project of the state.

36 **(d) Each current or new state or local government employee**
 37 **whose duties include access to confidential tax information**
 38 **described in subsection (a)(2) must submit to a fingerprint based**
 39 **criminal history background check of both national and state**
 40 **records data bases before being granted access to the confidential**
 41 **tax information. In addition to the initial criminal history**
 42 **background checks, each state or local government employee**



1 whose duties include access to confidential tax information
 2 described in subsection (a)(2) must submit to such criminal history
 3 background checks at least once every ten (10) years thereafter.
 4 The appointing authority of such a state or local government
 5 employee may pay any fee charged for the cost of fingerprinting or
 6 conducting the criminal history background checks for the state or
 7 local government employee. Only the state or local government
 8 agency in its capacity as the individual's employer or to which the
 9 applicant is applying for employment is entitled to receive the
 10 results of all fingerprint investigations.

11 (e) Each current or new contractor or subcontractor whose
 12 contract or subcontract grants access to confidential tax
 13 information described in subsection (a)(2) must submit to a
 14 fingerprint based criminal history background check of both
 15 national and state records data bases at least once every ten (10)
 16 years before being granted access to the confidential tax
 17 information. Only the state or local government agency is entitled
 18 to receive the results of all fingerprint investigations conducted
 19 under this subsection.

20 (f) Each contract entered into by the state in which access to
 21 confidential tax information described in subsection (a)(2) is
 22 granted to a contractor or a subcontractor shall include:

23 (1) terms regarding which party is responsible for payment of
 24 any fee charged for the cost of the fingerprinting or the
 25 criminal history background checks; and

26 (2) terms regarding the consequences if one (1) or more
 27 disqualifying records are discovered through the criminal
 28 history background checks.

29 (g) The department:

30 (1) may permanently retain an applicant's fingerprints submitted
 31 under this section; and

32 (2) shall retain the applicant's fingerprints separately from
 33 fingerprints collected under section 24 of this chapter.

34 SECTION 48. IC 16-22-3-19 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 19. (a) This section
 36 applies to a medical care trust board appointed by a county executive
 37 to govern a nonexpendable trust fund established under section 17(j)
 38 or 18(e) of this chapter.

39 (b) The county executive may adopt an ordinance providing that the
 40 medical care trust board is subject to this section.

41 (c) After the effective date of an ordinance adopted under
 42 subsection (b), the medical care trust board may do the following:



1 (1) Approve and the treasurer may disburse payment of a claim
 2 against the trust for payment of hospital and medical services
 3 provided to an indigent person and reasonable administrative
 4 expenses, without the necessity of filing a claim with the county
 5 auditor for approval by the county executive.

6 (2) **Except as provided in section 19.5 of this chapter**, invest
 7 the funds of the trust:

8 (A) in accordance with IC 5-13-9 and guidelines adopted by the
 9 board under IC 5-13-9-1; and

10 (B) without being subject to guidelines adopted by the county
 11 executive under IC 5-13-9-1.

12 SECTION 49. IC 16-22-3-19.5 IS ADDED TO THE INDIANA
 13 CODE AS A NEW SECTION TO READ AS FOLLOWS
 14 [EFFECTIVE JULY 1, 2018]: **Sec. 19.5. (a) This section applies to a**
 15 **county that before 1990 sold its hospital property and established**
 16 **an Indiana domestic nonprofit corporation to hold the proceeds**
 17 **from the sale.**

18 (b) **As used in this section, "corporation" refers to a nonprofit**
 19 **corporation established to hold the proceeds from the sale of a**
 20 **county hospital.**

21 (c) **The corporation shall contract with investment managers,**
 22 **investment advisors, investment counsel, trust companies, banks,**
 23 **or other finance professionals to assist the corporation in an**
 24 **investment program. Money held by the corporation must be**
 25 **invested in accordance with the terms of an investment policy**
 26 **statement developed by the board of directors of the corporation**
 27 **with an investment advisor that:**

28 (1) **is approved by the board of directors; and**

29 (2) **complies with the diversification, risk management, and**
 30 **other fiduciary requirements common to the management of**
 31 **charitable trusts, including that the funds of the corporation**
 32 **must be invested according to the prudent investor rule. The**
 33 **investment policy statement must include the limitation on the**
 34 **investment in equities specified in subsection (e).**

35 (d) **Money held by the corporation:**

36 (1) **may be invested in any legal, marketable securities; and**

37 (2) **is not subject to any other investment limitations in the**
 38 **law, other than the limitations under this section and the**
 39 **limitations in the investment policy statement.**

40 (e) **The total amount of the funds invested by the corporation in**
 41 **equity securities under this section may not exceed fifty-five**
 42 **percent (55%) of the total value of the portfolio of funds invested**



- 1 by the corporation under this section. However:
- 2 (1) an investment that complies with this subsection when the
- 3 investment is made remains legal even if a subsequent change
- 4 in the value of the investment or a change in the value of the
- 5 total portfolio of funds invested by the corporation causes the
- 6 percentage of investments in equity securities to exceed the
- 7 fifty-five percent (55%) limit on equity securities; and
- 8 (2) if the total amount of the funds invested by a corporation
- 9 in equity securities exceeds the fifty-five percent (55%) limit
- 10 on equity securities because of a change described in
- 11 subdivision (1), the investments by the corporation must be
- 12 rebalanced to comply with the fifty-five percent (55%) limit
- 13 on equity investments not later than one hundred twenty (120)
- 14 days after the equity investments first exceed that limit.
- 15 (f) The following apply to the corporation:
- 16 (1) The corporation must be audited annually by an
- 17 independent third party auditor.
- 18 (2) The board of directors of the corporation must meet at
- 19 least quarterly to receive a quarterly compliance and
- 20 performance update from the investment advisor.
- 21 (3) Three (3) nonvoting advisors who are officers of different
- 22 county designated depositories shall attend the quarterly
- 23 meetings in an advisory capacity to assist the board of
- 24 directors of the corporation:
- 25 (A) in reviewing the compliance and performance report
- 26 from the investment advisor; and
- 27 (B) in reviewing the annual audit required by subdivision
- 28 (1).
- 29 The three (3) nonvoting advisors may not vote on any action
- 30 of the board of directors. The board of directors of the
- 31 corporation shall by majority vote select the three (3)
- 32 depositories from which the three (3) nonvoting advisors will
- 33 be chosen. Each of the three (3) depositories selected under
- 34 this subdivision shall select an officer of the depository to
- 35 serve as one (1) of the three (3) nonvoting advisors. Each
- 36 nonvoting advisor shall serve a term of three (3) years, and
- 37 the nonvoting advisor shall continue to serve until a successor
- 38 is selected. However, to provide for staggered terms, the
- 39 board of directors of the corporation shall provide that the
- 40 initial term of one (1) nonvoting advisor is one (1) year, the
- 41 initial term of one (1) nonvoting advisor is two (2) years, and
- 42 the initial term of one (1) nonvoting advisor is three (3) years.



1 **For purposes of avoiding a conflict of interest, a financial**
 2 **institution for which a nonvoting advisor is an officer (and**
 3 **any affiliate of such a financial institution) may not receive a**
 4 **commission or other compensation for investments made by**
 5 **the corporation under this section.**

6 SECTION 50. IC 36-1-14-4 IS REPEALED [EFFECTIVE JULY 1,
 7 2018]. Sec. 4: (a) This section applies to a county that before 1990 sold
 8 its hospital property and established a trust to hold the proceeds from
 9 the sale:

10 (b) As used in this section, "trust" refers to a charitable trust
 11 established to hold the proceeds from the sale of a county hospital:

12 (c) The trustees of a trust shall contract with investment managers;
 13 investment advisors; investment counsel; trust companies; banks; or
 14 other finance professionals to assist the trustees in an investment
 15 program. Money held by the trust must be invested in accordance with
 16 the terms of an investment policy statement developed by the trustees
 17 with an investment advisor that:

18 (1) is approved by the trustees; and

19 (2) complies with the diversification, risk management, and other
 20 fiduciary requirements common to the management of charitable
 21 trusts, including that the funds of the trust must be invested
 22 according to the prudent investor rule. However, the investment
 23 policy statement may not allow the trust to invest in any
 24 investments in which the political subdivision that established the
 25 trust is not permitted to invest under the Constitution of the State
 26 of Indiana. The investment policy statement must include the
 27 limitation on the investment in equities specified in subsection
 28 (e):

29 (d) Money held by the trust:

30 (1) may be invested in any legal, marketable securities; and

31 (2) is not subject to any other investment limitations in the law,
 32 other than the limitations under this section and the limitations in
 33 the investment policy statement:

34 (e) The total amount of the funds invested by a trust in equity
 35 securities under this section may not exceed fifty-five percent (55%) of
 36 the total value of the portfolio of funds invested by the trust under this
 37 section. However:

38 (1) an investment that complies with this subsection when the
 39 investment is made remains legal even if a subsequent change in
 40 the value of the investment or a change in the value of the total
 41 portfolio of funds invested by the trust causes the percentage of
 42 investments in equity securities to exceed the fifty-five percent



1 (55%) limit on equity securities; and

2 (2) if the total amount of the funds invested by a trust in equity
3 securities exceeds the fifty-five percent (55%) limit on equity
4 securities because of a change described in subdivision (1); the
5 investments by the trust must be rebalanced to comply with the
6 fifty-five percent (55%) limit on equity investments not later than
7 one hundred twenty (120) days after the equity investments first
8 exceed that limit.

9 (f) The following apply if a trust is established under this section:

10 (1) To the extent that investment income earned on the principal
11 amount of the trust during a calendar year exceeds five percent
12 (5%) of the amount of the principal at the beginning of the
13 calendar year, that excess investment income shall, for purposes
14 of this section, be added to and be considered a part of the
15 principal amount of the trust.

16 (2) An expenditure or transfer of any money that is part of the
17 principal amount of the trust may be made only upon unanimous
18 approval of the trustees.

19 (3) The trust must be audited annually by an independent third
20 party auditor.

21 (4) The trustees must meet at least quarterly to receive a quarterly
22 compliance and performance update from the investment advisor.

23 (5) Three (3) nonvoting advisors who are officers of different
24 county designated depositories shall attend the quarterly meetings
25 in an advisory capacity to assist the trustees:

26 (A) in reviewing the compliance and performance report from
27 the investment advisor; and

28 (B) in reviewing the annual audit required by subdivision (3).

29 The three (3) nonvoting advisors may not vote on any action of
30 the board of trustees. The trustees shall by majority vote select the
31 three (3) depositories from which the three (3) nonvoting advisors
32 will be chosen. Each of the three (3) depositories selected under
33 this subdivision shall select an officer of the depository to serve
34 as one (1) of the three (3) nonvoting advisors. Each nonvoting
35 advisor shall serve a term of three (3) years, and the nonvoting
36 advisor shall continue to serve until a successor is selected.
37 However, to provide for staggered terms, the trustees shall
38 provide that the initial term of one (1) nonvoting advisor is one
39 (1) year, the initial term of one (1) nonvoting advisor is two (2)
40 years, and the initial term of one (1) nonvoting advisor is three (3)
41 years. For purposes of avoiding a conflict of interest, a financial
42 institution for which a nonvoting advisor is an officer (and any



1 affiliate of such a financial institution) may not receive a
 2 commission or other compensation for investments made by the
 3 trust under this section.

4 SECTION 51. IC 36-7-25-8 IS ADDED TO THE INDIANA CODE
 5 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 6 1, 2018]: **Sec. 8. (a) A member of a redevelopment commission shall**
 7 **annually present information to the governing body of every school**
 8 **corporation that has territory within an allocation area of the**
 9 **commission. The presentation must include the following:**

10 (1) The commission's budget with respect to allocated
 11 property tax proceeds.

12 (2) The long term plans for the allocation area.

13 (3) The impact on the school corporation.

14 (b) A governing body of the school corporation may adopt a
 15 resolution waiving its right to have a presentation by a
 16 redevelopment commission under this section.

17 SECTION 52. IC 36-10-3-38 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 38. (a) This section**
 19 **applies in a county having a population of more than three hundred**
 20 **thousand (300,000) but less than four hundred thousand (400,000).**

21 (b) This section applies only if a municipality annexes **or has**
 22 **annexed** territory that is part of a district under this chapter **after June**
 23 **1, 1976.**

24 (c) Any annexed territory that is in the district before the effective
 25 date of the annexation ordinance remains a part of the district, and the
 26 property in the annexed territory is subject to the same levy for park
 27 and recreational purposes as other property within the district. The
 28 annexing municipality may not impose an additional levy on the
 29 property in the annexed territory for park and recreational purposes.

30 (d) Notwithstanding subsection (c), the district's fiscal officer
 31 shall semiannually transfer to the annexing municipality's
 32 department one-half (1/2) of the property tax revenue attributable
 33 to property taxes imposed by the district on property that is within
 34 the annexed territory and that was annexed after June 1, 1976, and
 35 before March 4, 1988.

36 (e) The fiscal officer for a district shall make the transfer
 37 required under subsection (d) on June 1 and December 1 of each
 38 calendar year beginning after December 31, 2018.

39 SECTION 53. [EFFECTIVE UPON PASSAGE] (a) For purposes
 40 of IC 6-3-4-8.2(b), as amended by this act, the amounts withheld
 41 after June 30, 2018, and before July 25, 2018, are required to be
 42 paid to the department of revenue on July 24, 2018.



1 **(b) This SECTION expires July 1, 2019.**
2 SECTION 54. [EFFECTIVE UPON PASSAGE] (a)
3 **Notwithstanding the June 30, 2018, date set forth in HEA**
4 **1001-2017, SECTION 167, regarding the trustees of Ivy Tech**
5 **Community College issuing and selling bonds for the Kokomo**
6 **campus renovation and addition and the Muncie campus**
7 **renovation and addition, the trustees may instead issue and sell**
8 **bonds under IC 21-34, subject to the approvals required by**
9 **IC 21-33-3, after the effective date of this SECTION.**
10 **(b) This SECTION expires June 30, 2019.**
11 SECTION 55. [EFFECTIVE JANUARY 1, 2018
12 (RETROACTIVE)] (a) IC 6-3-1-3.5, IC 6-3-2-2, IC 6-3-2-2.2,
13 IC 6-3-2-2.5, IC 6-3-2-2.6, IC 6-3-2-4, IC 6-3-2-12, IC 6-3-2-20, and
14 IC 6-5.5-1-2, all as amended by this act, apply to taxable years
15 beginning after December 31, 2017, unless an earlier taxable year
16 is specified in any of these provisions.
17 **(b) This SECTION expires June 30, 2021.**
18 SECTION 56. An emergency is declared for this act.



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 242, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 14, delete "four (4) days".

Page 1, line 15, strike "before the last business" and insert "**on the twenty-fourth calendar**".

Page 3, line 42, strike "before the close of the".

Page 4, line 1, strike "business day".

Page 4, line 1, delete "four (4) days".

Page 4, line 1, strike "before the last business" and insert "**on the twenty-fourth calendar**".

Page 4, delete lines 14 through 42.

Delete pages 5 through 8.

Page 9, delete lines 1 through 2.

Page 11, between lines 28 and 29, begin a new paragraph and insert: "SECTION 7. IC 6-2.5-1-19.5, AS ADDED BY P.L.181-2016, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 19.5. "Facilitator" means a person who:

(1) contracts or otherwise enters into an agreement:

(A) with a person who rents or furnishes rooms, lodgings, ~~or~~ accommodations, **or tangible personal property** for consideration; and

(B) to market the rooms, lodgings, ~~or~~ accommodations, **or tangible personal property** through the Internet; and

(2) accepts payment from the consumer for the room, lodging, ~~or~~ accommodation, **or tangible personal property**.

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

SECTION 8. IC 6-2.5-4-4.2, AS ADDED BY P.L.181-2016, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 4.2. (a) A person or a facilitator who is a retail merchant making a retail transaction described in section 4 **or 10(a)** of this chapter, **subject to section 10(c) of this chapter**, shall give to the consumer of the room, lodging, ~~or~~ accommodation, **or tangible personal property** an itemized statement separately stating all the following:

(1) The part of the gross retail income that is charged by the person for renting or furnishing the room, lodging, ~~or~~



accommodation, **or tangible personal property.**

(2) Any amount collected by the person renting or furnishing the room, lodging, ~~or~~ accommodation, **or tangible personal property** for:

- (A) the state gross retail or use tax; ~~and~~
- (B) any innkeeper's tax due under IC 6-9;
- (C) any auto rental excise tax due under IC 6-6-9;**
- (D) any Vanderburgh County supplemental auto rental excise tax due under IC 6-6-9.5; and**
- (E) any Marion County supplemental auto rental excise tax due under IC 6-6-9.7;**

as applicable.

(3) Any part of the gross retail income that is a fee, commission, or other charge of a facilitator.

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

SECTION 9. IC 6-2.5-4-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 10. (a) A person, other than a public utility, is a retail merchant making a retail transaction when ~~he~~ **the person** rents or leases tangible personal property to another person other than for subrent or sublease.

(b) A person is a retail merchant making a retail transaction when the person sells any tangible personal property which has been rented or leased in the regular course of the person's rental or leasing business.

(c) Notwithstanding subsection (a), a person is not a retail merchant making a retail transaction when the person rents or leases motion picture film, audio tape, or video tape to another person. However, this exclusion only applies if:

- (1) the person who pays to rent or lease the film charges admission to those who view the film; or
- (2) the person who pays to rent or lease the film or tape broadcasts the film or tape for home viewing or listening.

(d) Except as provided in subsection (c), a facilitator is a retail merchant making a retail transaction when the facilitator accepts payment for the rental or lease of tangible personal property to another person to which subsection (a) applies, other than for subrent or sublease. Each rental or lease of tangible personal property to another person to which subsection (a) applies, other than for subrent or sublease, is a separate unitary transaction unless the facilitator provides the itemized statement described in



section 4.2(a) of this chapter.

SECTION 10. IC 6-2.5-5-3, AS AMENDED BY P.L.239-2017, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 3. (a) For purposes of this section:

(1) the:

(A) retreading of tires; and

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

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

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

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

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

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

(2) is an industrial processor.

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

(e) The exemption provided in subsection (b) applies to the following equipment purchased and used by a person that manufactures hot mix asphalt at an asphalt plant:

(1) Trucks that are used to transport hot mix asphalt from that person's asphalt plant to a job site.

(2) Pavers that are used to spread that person's hot mix asphalt."

Page 14, delete lines 3 through 42.

Delete pages 15 through 23.

Page 24, delete lines 1 through 40.



Page 27, delete lines 38 through 42.

Delete pages 28 through 30.

Page 31, delete lines 1 through 14.

Page 32, delete lines 20 through 42.

Delete page 33.

Page 34, delete lines 1 through 16.

Page 34, delete lines 34 through 42.

Page 35, delete lines 1 through 25, begin a new paragraph and insert:

"SECTION 16. IC 6-6-9-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2018]: **Sec. 1.5. As used in this chapter, "facilitator" has the meaning set forth in IC 6-2.5-1-19.5.**

SECTION 17. IC 6-6-9-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 7. (a) An excise tax, known as the auto rental excise tax, is imposed upon the rental of passenger motor vehicles and trucks in Indiana for periods of less than thirty (30) days.

(b) The auto rental excise tax imposed upon the rental of a passenger motor vehicle or truck equals four percent (4%) of the gross retail income received by the retail merchant for the rental.

(c) A facilitator who accepts payment for the rental of a passenger motor vehicle or truck to which subsection (a) applies is a retail merchant who shall register with the department and collect the tax imposed under subsection (a) as an agent of the state. Each rental or lease of a passenger motor vehicle or truck to which subsection (a) applies is a separate unitary transaction unless the facilitator provides the itemized statement described in IC 6-2.5-4-4.2(a).

SECTION 18. IC 6-6-9.5-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2018]: **Sec. 2.5. As used in this chapter, "facilitator" has the meaning set forth in IC 6-2.5-1-19.5.**

SECTION 19. IC 6-6-9.5-7, AS ADDED BY P.L.214-2005, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 7. (a) The legislative body of the most populous city in the county may adopt an ordinance to impose an excise tax, known as the county supplemental auto rental excise tax, upon the rental of passenger motor vehicles in the county for periods of less than thirty (30) days. The ordinance must specify that the tax expires December 31, 2036.

(b) The county supplemental auto rental excise tax that may be imposed upon the rental of a passenger motor vehicle is two percent



(2%) of the gross retail income received by the retail merchant for the rental.

(c) If the city legislative body adopts an ordinance under subsection (a), the city legislative body shall immediately send a certified copy of the ordinance to the commissioner of the department.

(d) If the city legislative body adopts an ordinance under subsection (a) before June 1 of a year, the county supplemental auto rental excise tax applies to auto rentals after June 30 of the year in which the ordinance is adopted. If the city legislative body adopts an ordinance under subsection (a) on or after June 1 of a year, the county supplemental auto rental excise tax applies to auto rentals after the last day of the month in which the ordinance is adopted.

(e) A facilitator who accepts payment for the rental of a passenger motor vehicle to which an ordinance adopted under subsection (a) applies is a retail merchant who shall register with the department and collect the tax imposed under subsection (a) as an agent of the state. Each rental or lease of a passenger motor vehicle to which an ordinance adopted under subsection (a) applies is a separate unitary transaction unless the facilitator provides the itemized statement described in IC 6-2.5-4-4.2(a).

SECTION 20. IC 6-6-9.7-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 2.5. As used in this chapter, "facilitator" has the meaning set forth in IC 6-2.5-1-19.5.**

SECTION 21. IC 6-6-9.7-7, AS AMENDED BY P.L.205-2013, SECTION 127, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 7. (a) The city-county council of a county that contains a consolidated city may adopt an ordinance to impose an excise tax, known as the county supplemental auto rental excise tax, upon the rental of passenger motor vehicles and trucks in the county for periods of less than thirty (30) days. The ordinance must specify that the tax expires December 31, 2027.**

(b) Except as provided in subsection (c), the county supplemental auto rental excise tax that may be imposed upon the rental of a passenger motor vehicle or truck equals two percent (2%) of the gross retail income received by the retail merchant for the rental.

(c) On or before June 30, 2005, the city-county council may, by ordinance adopted by a majority of the members elected to the city-county council, increase the tax imposed under subsection (a) from two percent (2%) to four percent (4%). The ordinance must specify that:

(1) if on December 31, 2027, there are obligations owed by the



capital improvement board of managers to the Indiana stadium and convention building authority or any state agency under IC 5-1-17-26, the original two percent (2%) rate imposed under subsection (a) continues to be levied after its original expiration date set forth in subsection (a) and through December 31, 2040; and

(2) the additional rate authorized under this subsection expires on:

(A) January 1, 2041;

(B) January 1, 2010, if on that date there are no obligations owed by the capital improvement board of managers to the Indiana stadium and convention building authority or to any state agency under IC 5-1-17-26; or

(C) October 1, 2005, if on that date there are no obligations owed by the capital improvement board of managers to the Indiana stadium and convention building authority or to any state agency under a lease or a sublease of an existing capital improvement entered into under IC 5-1-17, unless waived by the budget director.

(d) The amount collected from that portion of county supplemental auto rental excise tax imposed under:

(1) subsection (b) and collected after December 31, 2027; and

(2) under subsection (c);

shall, in the manner provided by section 11 of this chapter, be distributed to the capital improvement board of managers operating in a consolidated city or its designee. So long as there are any current or future obligations owed by the capital improvement board of managers to the Indiana stadium and convention building authority created by IC 5-1-17 or any state agency pursuant to a lease or other agreement entered into between the capital improvement board of managers and the Indiana stadium and convention building authority or any state agency under IC 5-1-17-26, the capital improvement board of managers or its designee shall deposit the revenues received under this subsection in a special fund, which may be used only for the payment of the obligations described in this subsection.

(e) After January 1, 2013, and before March 1, 2013, the city-county council may, by ordinance adopted by a majority of the members elected to the city-county council, increase the tax rate imposed under subsection (a) by not more than two percent (2%). The amount collected from an increase adopted under this subsection shall be deposited in the sports and convention facilities operating fund established by IC 36-7-31-16. An increase in the tax rate under this subsection continues in effect unless the increase is rescinded.



However, any increase in the tax rate under this subsection may not continue in effect after February 28, 2023.

(f) If a city-county council adopts an ordinance under subsection (a), (c), or (e), the city-county council shall immediately send a certified copy of the ordinance to the commissioner of the department of state revenue.

(g) If a city-county council adopts an ordinance under subsection (a), (c), or (e) on or before the fifteenth day of a month, the county supplemental auto rental excise tax applies to auto rentals after the last day of the month in which the ordinance is adopted. If the city-county council adopts an ordinance under subsection (a), (c), or (e) after the fifteenth day of a month, the county supplemental auto rental excise tax applies to auto rentals after the last day of the month following the month in which the ordinance is adopted.

(h) A facilitator who accepts payment for the rental of a passenger motor vehicle or truck to which an ordinance adopted under subsection (a), (c), or (e) applies is a retail merchant who shall register with the department and collect the tax imposed under subsection (a), (c), or (e) as an agent of the state. Each rental of a passenger motor vehicle or truck to which an ordinance adopted under subsection (a), (c), or (e) applies is a separate unitary transaction unless the facilitator provides the itemized statement described in IC 6-2.5-4-4.2(a)."

Page 36, delete lines 6 through 42.

Delete pages 37 through 42.

Page 43, delete lines 1 through 6, begin a new paragraph and insert:
"SECTION 23. IC 6-8.1-16 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2019]:

Chapter 16. Income Tax Return Preparers; Preparer Tax Identification Numbers

Sec. 1. As used in this chapter, "income tax return" means any of the following:

- (1) An individual income tax return under IC 6-3.
- (2) A corporate income tax return under IC 6-3.
- (3) A financial institutions tax return under IC 6-5.5.
- (4) A utility receipts tax return under IC 6-2.3.
- (5) A claim for refund of any tax described in subdivisions (1) through (4).

Sec. 2. (a) As used in this chapter, "income tax return preparer" means any of the following:

- (1) A person who prepares ten (10) or more income tax



returns for compensation in a calendar year.

(2) A person who employs one (1) or more persons to prepare ten (10) or more income tax returns for compensation in a calendar year.

(b) A person is not an income tax return preparer if the person performs only the following acts:

(1) Furnishes typing, reproducing, or other mechanical assistance.

(2) Prepares returns or claims for refunds for:

(A) the employer by whom the person is regularly and continuously employed; or

(B) an affiliate of that employer.

(3) Prepares, as a fiduciary, any returns or claims for refunds for a person.

(4) Prepares claims for refund for a taxpayer in response to:

(A) a notice of deficiency issued to the taxpayer; or

(B) a waiver of restriction after the commencement of an audit of:

(i) the taxpayer; or

(ii) another taxpayer, if a determination in the audit of the other taxpayer directly or indirectly affects the tax liability of the taxpayer whose claim for refund the person is preparing.

Sec. 3. As used in this chapter, "PTIN" means the preparer tax identification number that the Internal Revenue Service issues to identify tax return preparers under 26 U.S.C. 6109.

Sec. 4. For purposes of this chapter, the preparation of a substantial portion of an income tax return shall be treated as the preparation of that income tax return.

Sec. 5. For taxable years beginning after December 31, 2018, an income tax return preparer may not provide tax preparation services for income tax returns unless the income tax return preparer provides a PTIN when the income tax return preparer submits an income tax return to the department and signs the income tax return as a paid preparer.

Sec. 6. For taxable years beginning after December 31, 2018, the department shall require each income tax return preparer to include the income tax return preparer's PTIN on any income tax return that the income tax return preparer prepares and files with the department.

Sec. 7. (a) Except as provided in subsection (b) and in addition to any other penalties provided by law, the department may impose



on any income tax return preparer who violates this chapter by failing to provide the income tax return preparer's PTIN a penalty of fifty dollars (\$50) for each violation, but not to exceed twenty-five thousand dollars (\$25,000) in a calendar year.

(b) The department may not impose a penalty under this section if the income tax return preparer's failure to provide the income tax return preparer's PTIN is due to reasonable cause and is not due to willful neglect, as determined by the department.

Sec. 8. The department may develop and by rule implement a program using PTINs as an oversight mechanism to assess returns to identify high error rates, patterns of suspected fraud, and unsubstantiated basis for tax positions by income tax return preparers.

Sec. 9. (a) The department:

- (1) may investigate the actions of any income tax return preparer filing income tax returns; and
- (2) after a hearing, may bar or suspend an income tax return preparer from filing returns with the department for good cause.

(b) Notwithstanding IC 4-21.5-2-4, the department shall conduct a hearing described in subsection (a)(2) under IC 4-21.5-3, and judicial review of an adverse decision in a hearing described in subsection (a)(2) shall be in accordance with IC 4-21.5-5.

Sec. 10. The department may establish formal and regular communication protocols with the Commissioner of the Internal Revenue Service to share and exchange PTIN information for income tax return preparers who are suspected of fraud, who have been disciplined, or who are barred from filing tax returns with the department or the Internal Revenue Service. The department may establish additional communication protocols with other states to exchange similar enforcement or discipline information.

Sec. 11. The department may adopt rules for the administration and enforcement of this chapter.

SECTION 24. IC 10-13-3-38.5, AS AMENDED BY P.L.155-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2019]: Sec. 38.5. (a) Under federal P.L.92-544 (86 Stat. 1115), the department may use an individual's fingerprints submitted by the individual for the following purposes:

- (1) Determining the individual's suitability for employment with the state, or as an employee of a contractor of the state, in a position:
 - (A) that has a job description that includes contact with, care of,



or supervision over a person less than eighteen (18) years of age;

(B) that has a job description that includes contact with, care of, or supervision over an endangered adult (as defined in IC 12-10-3-2), except the individual is not required to meet the standard for harmed or threatened with harm set forth in IC 12-10-3-2(a)(3);

(C) at a state institution managed by the office of the secretary of family and social services or state department of health;

(D) at the Indiana School for the Deaf established by IC 20-22-2-1;

(E) at the Indiana School for the Blind and Visually Impaired established by IC 20-21-2-1;

(F) at a juvenile detention facility;

(G) with the Indiana gaming commission under IC 4-33-3-16;

(H) with the department of financial institutions under IC 28-11-2-3; or

(I) that has a job description that includes access to or supervision over state financial or personnel data, including state warrants, banking codes, or payroll information pertaining to state employees.

(2) Determining the individual's suitability for employment with state or local government, or as an employee of a contractor of state or local government, in a position in which the individual's duties include access to confidential tax information obtained from the United States Internal Revenue Service under Section 6103(d) of the Internal Revenue Code or from an authorized secondary source.

~~(2)~~ (3) Identification in a request related to an application for a teacher's license submitted to the department of education established by IC 20-19-3-1.

~~(3)~~ (4) Use by the gaming commission established under IC 4-33-3-1 for licensure of a promoter (as defined in IC 4-33-22-6) under IC 4-33-22.

~~(4)~~ (5) Use by the Indiana board of pharmacy in determining the individual's suitability for a position or employment with a wholesale drug distributor, as specified in IC 25-26-14-16(b), IC 25-26-14-16.5(b), IC 25-26-14-17.8(c), and IC 25-26-14-20.

~~(5)~~ (6) Identification in a request related to an individual applying for or renewing a license or certificate described in IC 25-1-1.1-4 and a conviction described in IC 25-1-1.1-2 or IC 25-1-1.1-3.

An applicant shall submit the fingerprints in an appropriate format or



on forms provided for the employment, license, or certificate application. The department shall charge each applicant the fee established under section 28 of this chapter and by federal authorities to defray the costs associated with a search for and classification of the applicant's fingerprints. The department may forward fingerprints submitted by an applicant to the Federal Bureau of Investigation or any other agency for processing. The state personnel department, the Indiana professional licensing agency, or the agency to which the applicant is applying for employment or a license may receive the results of all fingerprint investigations.

(b) An applicant who is an employee of the state may not be charged under subsection (a).

(c) Subsection (a)(1) does not apply to an employee of a contractor of the state if the contract involves the construction or repair of a capital project or other public works project of the state.

(d) Each current or new state or local government employee whose duties include access to confidential tax information described in subsection (a)(2) must submit to a fingerprint based criminal history background check of both national and state records data bases before being granted access to the confidential tax information. In addition to the initial criminal history background checks, each state or local government employee whose duties include access to confidential tax information described in subsection (a)(2) must submit to such criminal history background checks at least once every ten (10) years thereafter. The appointing authority of such a state or local government employee may pay any fee charged for the cost of fingerprinting or conducting the criminal history background checks for the state or local government employee. The state or local government agency in its capacity as the individual's employer or to which the applicant is applying for employment or a license may receive the results of all fingerprint investigations.

(e) Each current or new contractor or subcontractor whose contract or subcontract grants access to confidential tax information described in subsection (a)(2) must submit to a fingerprint based criminal history background check of both national and state records data bases at least once every ten (10) years before being granted access to the confidential tax information.

(f) Each contract entered into by the state in which access to confidential tax information described in subsection (a)(2) is granted to a contractor or a subcontractor shall include:



- (1) terms regarding which party is responsible for payment of any fee charged for the cost of the fingerprinting or the criminal history background checks; and
- (2) terms regarding the consequences if one (1) or more disqualifying records are discovered through the criminal history background checks.

(d) (g) The department:

- (1) may permanently retain an applicant's fingerprints submitted under this section; and
- (2) shall retain the applicant's fingerprints separately from fingerprints collected under section 24 of this chapter."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 242 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 11, Nays 0.

SENATE MOTION

Madam President: I move that Senate Bill 242 be amended to read as follows:

Page 1, line 9, delete "JANUARY 1, 2019]:" and insert "UPON PASSAGE]:".

Page 2, line 11, delete "JANUARY 1, 2019]:" and insert "UPON PASSAGE]:".

Page 6, delete lines 39 through 42.

Delete page 7.

Page 8, delete lines 1 through 21.

Page 9, line 12, after "equipment" insert ", **fuel, and repair parts**".

Page 9, between lines 17 and 18, begin a new line block indented and insert:

"(3) Hot mix asphalt plant equipment.

(4) Fuel used to operate trucks, pavers, or equipment described in subdivisions (1) through (3).

(5) Repair parts installed on trucks, pavers, or equipment described in subdivisions (1) through (3)."

Page 16, delete lines 11 through 42.

Delete pages 17 through 18.

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Page 19, delete lines 1 through 24.
Page 19, delete lines 40 through 42.
Page 20, delete lines 1 through 2.
Page 20, line 3, delete "(f)" and insert "(d)".
Renumber all SECTIONS consecutively.

(Reference is to SB 242 as printed February 2, 2018.)

HOLDMAN

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 242, 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 1, between lines 6 and 7, begin a new paragraph and insert:

"SECTION 2. IC 4-31-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 2. (a) The Indiana horse racing commission operating fund is established.

(b) The fund shall be administered by the commission.

(c) The fund does not revert to the state general fund at the end of a state fiscal year.

(d) Money in the fund is continuously appropriated for the purposes of this chapter.

SECTION 3. IC 4-33-2-10.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 10.5. "Gaming activity information" means information related to table game and slot machine activity used to determine and confirm revenue and the computation of tax.**

SECTION 4. IC 4-33-12-0.1, AS ADDED BY P.L.220-2011, SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 0.1. The following amendments to this chapter apply as follows:

(1) The amendments made to section 6 of this chapter by P.L.178-2002 apply to riverboat admissions taxes collected after June 30, 2002.

(2) The amendments made to section 1 of this chapter (**repealed**) by P.L.192-2002(ss) apply to admissions occurring and receipts received after June 30, 2002.



(3) The amendments made to section 6 of this chapter by P.L.234-2007 apply to riverboat admissions taxes remitted by an operating agent after June 30, 2007.

SECTION 5. IC 4-33-12-1 IS REPEALED [EFFECTIVE JULY 1, 2018]. **Sec. 1:** (a) Except as provided in subsection (c), a tax is imposed on admissions authorized under this article at a rate of three dollars (\$3) for each person admitted. This admission tax is imposed upon the licensed owner. This subsection does not apply to an inland casino. This subsection expires July 1, 2018.

(b) A supplemental wagering tax under this section is imposed upon the licensed owner operating a riverboat.

(c) This subsection applies to a gaming operation that has relocated from a docked riverboat to an inland casino by December 31, 2017, as described in IC 4-33-6-24. A supplemental wagering tax is:

(1) imposed and authorized under this article at a rate of three percent (3%) of adjusted gross receipts; and

(2) imposed starting the day operations begin at an inland casino. This subsection expires July 1, 2018.

(d) Subject to subsection (c), beginning July 1, 2018, a supplemental wagering tax is authorized under this article and shall be calculated as the riverboat's adjusted gross receipts multiplied by a percentage rate of:

(1) the total riverboat admissions tax that the riverboat paid beginning July 1, 2016, and ending June 30, 2017; divided by
(2) the riverboat's adjusted gross receipts beginning July 1, 2016, and ending June 30, 2017.

(e) The supplemental wagering tax described in subsection (d):

(1) beginning July 1, 2018, and ending June 30, 2019, may not exceed four percent (4%); and

(2) beginning July 1, 2019, may not exceed three and five-tenths percent (3.5%).

SECTION 6. IC 4-33-12-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 1.5. (a) A supplemental wagering tax on the wagering occurring each day at a riverboat is imposed upon the licensed owner operating the riverboat.**

(b) Subject to subsection (c), the amount of supplemental wagering tax imposed for a particular day is determined by multiplying the riverboat's adjusted gross receipts for that day by the quotient of:

(1) the total riverboat admissions tax that the riverboat's licensed owner paid beginning July 1, 2016, and ending June



30, 2017; divided by

(2) the riverboat's adjusted gross receipts beginning July 1, 2016, and ending June 30, 2017.

(c) The quotient used under subsection (b) to determine the supplemental wagering tax liability of a licensed owner subject to subsection (b) may not exceed the following when expressed as a percentage:

(1) Four percent (4%) before July 1, 2019.

(2) Three and five-tenths percent (3.5%) after June 30, 2019."

Page 1, line 9, delete "report" and insert "report:

(1)".

Page 1, line 10, strike "admissions and" and insert "**daily amount of**".

Page 1, line 10, strike "collected to the".

Page 1, strike line 11.

Page 1, line 12, strike "day for the preceding day's admissions." and insert "**imposed under section 1.5 of this chapter to the department at the time the taxes are paid under subsection (b); and**

(2) gaming activity information to the commission daily on forms prescribed by the commission."

Page 1, line 13, strike "admissions and".

Page 1, line 14, strike "collected" and insert "**imposed under section 1.5 of this chapter**".

Page 1, line 16, strike "admissions and".

Page 1, line 16, strike "collected that month." and insert "**imposed under section 1.5 of this chapter**".

Page 2, line 1, strike "taxes collected" and insert "**tax liability incurred**".

Page 2, line 6, strike "an electronic".

Page 2, line 7, strike "funds transfer by automated clearinghouse." and insert "**in a manner prescribed by the department**".

Page 3, line 40, delete "shall" and insert "shall:

(1)".

Page 3, line 40, after "remit the" insert "**daily amount of**".

Page 4, line 2, delete "month. Any" and insert "month; **and**

(2) report gaming activity information to the commission daily on forms prescribed by the commission.

Any".

Page 4, line 5, strike "an electronic".

Page 4, line 6, strike "funds transfer by automated clearinghouse." and insert "**in a manner prescribed by the department**".

Page 4, between lines 12 and 13, begin a new paragraph and insert:



"SECTION 9. IC 4-33-13-5, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 5. (a) This subsection does not apply to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter to the following:

(1) An amount equal to the following shall be set aside for revenue sharing under subsection (e):

(A) Before July 1, 2021, the first thirty-three million dollars (\$33,000,000) of tax revenues collected under this chapter shall be set aside for revenue sharing under subsection (e).

(B) After June 30, 2021, if the total adjusted gross receipts received by licensees from gambling games authorized under this article during the preceding state fiscal year is equal to or greater than the total adjusted gross receipts received by licensees from gambling games authorized under this article during the state fiscal year ending June 30, 2020, the first thirty-three million dollars (\$33,000,000) of tax revenues collected under this chapter shall be set aside for revenue sharing under subsection (e).

(C) After June 30, 2021, if the total adjusted gross receipts received by ~~licensees~~ licensees from gambling games authorized under this article during the preceding state fiscal year is less than the total adjusted gross receipts received by licensees from gambling games authorized under this article during the state year ending June 30, 2020, an amount equal to the first thirty-three million dollars (\$33,000,000) of tax revenues collected under this chapter multiplied by the result of:

(i) the total adjusted gross receipts received by licensees from gambling games authorized under this article during the preceding state fiscal year; divided by

(ii) the total adjusted gross receipts received by licensees from gambling games authorized under this article during the state fiscal year ending June 30, 2020;

shall be set aside for revenue sharing under subsection (e).

(2) Subject to subsection (c), twenty-five percent (25%) of the remaining tax revenue remitted by each licensed owner shall be paid:

(A) to the city that is designated as the home dock of the



riverboat from which the tax revenue was collected, in the case of:

- (i) a city described in IC 4-33-12-6(b)(1)(A); or
- (ii) a city located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); or

(B) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat whose home dock is not in a city described in clause (A).

(3) Subject to subsection (d), the remainder of the tax revenue remitted by each licensed owner shall be paid to the state general fund. In each state fiscal year, the treasurer of state shall make the transfer required by this subdivision not later than the last business day of the month in which the tax revenue is remitted to the state for deposit in the state gaming fund. However, if tax revenue is received by the state on the last business day in a month, the treasurer of state may transfer the tax revenue to the state general fund in the immediately following month.

(b) This subsection applies only to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district after June 30, 2015. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue remitted by the operating agent under this chapter as follows:

(1) Fifty-six and five-tenths percent (56.5%) shall be paid to the state general fund.

(2) Forty-three and five-tenths percent (43.5%) shall be paid as follows:

(A) Twenty-two and four-tenths percent (22.4%) shall be paid as follows:

(i) Fifty percent (50%) to the fiscal officer of the town of French Lick.

(ii) Fifty percent (50%) to the fiscal officer of the town of West Baden Springs.

(B) Fourteen and eight-tenths percent (14.8%) shall be paid to the county treasurer of Orange County for distribution among the school corporations in the county. The governing bodies for the school corporations in the county shall provide a formula for the distribution of the money received under this clause among the school corporations by joint resolution adopted by the governing body of each of the school corporations in the county. Money received by a school corporation under this



clause must be used to improve the educational attainment of students enrolled in the school corporation receiving the money. Not later than the first regular meeting in the school year of a governing body of a school corporation receiving a distribution under this clause, the superintendent of the school corporation shall submit to the governing body a report describing the purposes for which the receipts under this clause were used and the improvements in educational attainment realized through the use of the money. The report is a public record.

(C) Thirteen and one-tenth percent (13.1%) shall be paid to the county treasurer of Orange County.

(D) Five and three-tenths percent (5.3%) shall be distributed quarterly to the county treasurer of Dubois County for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(E) Five and three-tenths percent (5.3%) shall be distributed quarterly to the county treasurer of Crawford County for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(F) Six and thirty-five hundredths percent (6.35%) shall be paid to the fiscal officer of the town of Paoli.

(G) Six and thirty-five hundredths percent (6.35%) shall be paid to the fiscal officer of the town of Orleans.

(H) Twenty-six and four-tenths percent (26.4%) shall be paid to the Indiana economic development corporation established by IC 5-28-3-1 for transfer as follows:

(i) Beginning after December 31, 2017, ten percent (10%) of the amount transferred under this clause in each calendar year shall be transferred to the South Central Indiana Regional Economic Development Corporation or a successor entity or partnership for economic development for the purpose of recruiting new business to Orange County as well as



promoting the retention and expansion of existing businesses in Orange County.

(ii) The remainder of the amount transferred under this clause in each calendar year shall be transferred to Radius Indiana or a successor regional entity or partnership for the development and implementation of a regional economic development strategy to assist the residents of Orange County and the counties contiguous to Orange County in improving their quality of life and to help promote successful and sustainable communities.

To the extent possible, the Indiana economic development corporation shall provide for the transfer under item (i) to be made in four (4) equal installments. However, an amount sufficient to meet current obligations to retire or refinance indebtedness or leases for which tax revenues under this section were pledged before January 1, 2015, by the Orange County development commission shall be paid to the Orange County development commission before making distributions to the South Central Indiana Regional Economic Development Corporation and Radius Indiana or their successor entities or partnerships. The amount paid to the Orange County development commission shall proportionally reduce the amount payable to the South Central Indiana Regional Economic Development Corporation and Radius Indiana or their successor entities or partnerships.

(c) For each city and county receiving money under subsection (a)(2), the treasurer of state shall determine the total amount of money paid by the treasurer of state to the city or county during the state fiscal year 2002. The amount determined is the base year revenue for the city or county. The treasurer of state shall certify the base year revenue determined under this subsection to the city or county. The total amount of money distributed to a city or county under this section during a state fiscal year may not exceed the entity's base year revenue. For each state fiscal year, the treasurer of state shall pay that part of the riverboat wagering taxes that:

- (1) exceeds a particular city's or county's base year revenue; and
- (2) would otherwise be due to the city or county under this section;

to the state general fund instead of to the city or county.

(d) Each state fiscal year the treasurer of state shall transfer from the tax revenue remitted to the state general fund under subsection (a)(3) to the build Indiana fund an amount that when added to the following



may not exceed two hundred fifty million dollars (\$250,000,000):

- (1) Surplus lottery revenues under IC 4-30-17-3.
- (2) Surplus revenue from the charity gaming enforcement fund under IC 4-32.2-7-7.
- (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

The treasurer of state shall make transfers on a monthly basis as needed to meet the obligations of the build Indiana fund. If in any state fiscal year insufficient money is transferred to the state general fund under subsection (a)(3) to comply with this subsection, the treasurer of state shall reduce the amount transferred to the build Indiana fund to the amount available in the state general fund from the transfers under subsection (a)(3) for the state fiscal year.

(e) Except as provided in subsections (l) and (m), before August 15 of each year, the treasurer of state shall distribute the wagering taxes set aside for revenue sharing under subsection (a)(1) to the county treasurer of each county that does not have a riverboat according to the ratio that the county's population bears to the total population of the counties that do not have a riverboat. Except as provided in subsection (h), the county auditor shall distribute the money received by the county under this subsection as follows:

- (1) To each city located in the county according to the ratio the city's population bears to the total population of the county.
- (2) To each town located in the county according to the ratio the town's population bears to the total population of the county.
- (3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

(f) Money received by a city, town, or county under subsection (e) or (h) may be used for any of the following purposes:

- (1) To reduce the property tax levy of the city, town, or county for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5).
- (2) For deposit in a special fund or allocation fund created under IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and IC 36-7-30 to provide funding for debt repayment.
- (3) To fund sewer and water projects, including storm water management projects.
- (4) For police and fire pensions.
- (5) To carry out any governmental purpose for which the money is appropriated by the fiscal body of the city, town, or county. Money used under this subdivision does not reduce the property tax levy of the city, town, or county for a particular year or reduce



the maximum levy of the city, town, or county under IC 6-1.1-18.5.

(g) Before July 15 of each year, the treasurer of state shall determine the total amount of money distributed to an entity under IC 4-33-12-6 or IC 4-33-12-8 during the preceding state fiscal year. If the treasurer of state determines that the total amount of money distributed to an entity under IC 4-33-12-6 or IC 4-33-12-8 during the preceding state fiscal year was less than the entity's base year revenue (as determined under IC 4-33-12-9), the treasurer of state shall make a supplemental distribution to the entity from taxes collected under this chapter and deposited into the state general fund. Except as provided in subsection (i), the amount of an entity's supplemental distribution is equal to:

- (1) the entity's base year revenue (as determined under IC 4-33-12-9); minus
- (2) the sum of:
 - (A) the total amount of money distributed to the entity and constructively received by the entity during the preceding state fiscal year under IC 4-33-12-6 or IC 4-33-12-8; plus
 - (B) the amount of any admissions taxes deducted under IC 6-3.1-20-7.

(h) This subsection applies only to a county containing a consolidated city. The county auditor shall distribute the money received by the county under subsection (e) as follows:

- (1) To each city, other than a consolidated city, located in the county according to the ratio that the city's population bears to the total population of the county.
- (2) To each town located in the county according to the ratio that the town's population bears to the total population of the county.
- (3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be paid in equal amounts to the consolidated city and the county.

(i) This subsection applies to a supplemental distribution made after June 30, 2017. The maximum amount of money that may be distributed under subsection (g) in a state fiscal year is equal to the following:

- (1) Before July 1, 2021, forty-eight million dollars (\$48,000,000).
- (2) After June 30, 2021, if the total adjusted gross receipts received by licensees from gambling games authorized under this article during the preceding state fiscal year is equal to or greater than the total adjusted gross receipts received by licensees from gambling games authorized under this article during the state fiscal year ending June 30, 2020, the maximum amount is forty-eight million dollars (\$48,000,000).



(3) After June 30, 2021, if the total adjusted gross receipts received by licensees from gambling games authorized under this article during the preceding state fiscal year is less than the total adjusted gross receipts received by licensees from gambling games authorized under this article during the state fiscal year ending June 30, 2020, the maximum amount is equal to the result of:

- (A) forty-eight million dollars (\$48,000,000); multiplied by
- (B) the result of:
 - (i) the total adjusted gross receipts received by licensees from gambling games authorized under this article during the preceding state fiscal year; divided by
 - (ii) the total adjusted gross receipts received by licensees from gambling games authorized under this article during the state fiscal year ending June 30, 2020.

If the total amount determined under subsection (g) exceeds the maximum amount determined under this subsection, the amount distributed to an entity under subsection (g) must be reduced according to the ratio that the amount distributed to the entity under IC 4-33-12-6 or IC 4-33-12-8 bears to the total amount distributed under IC 4-33-12-6 and IC 4-33-12-8 to all entities receiving a supplemental distribution.

(j) This subsection applies to a supplemental distribution, if any, payable to Lake County, Hammond, Gary, or East Chicago under subsections (g) and (i). Beginning in July 2016, the treasurer of state shall, after making any deductions from the supplemental distribution required by IC 6-3.1-20-7, deduct from the remainder of the supplemental distribution otherwise payable to the unit under this section the lesser of:

- (1) the remaining amount of the supplemental distribution; or
- (2) the difference, if any, between:
 - (A) three million five hundred thousand dollars (\$3,500,000); minus
 - (B) the amount of admissions taxes constructively received by the unit in the previous state fiscal year.

The treasurer of state shall distribute the amounts deducted under this subsection to the northwest Indiana redevelopment authority established under IC 36-7.5-2-1 for deposit in the development authority fund established under IC 36-7.5-4-1.

(k) Money distributed to a political subdivision under subsection (b):

- (1) must be paid to the fiscal officer of the political subdivision



and may be deposited in the political subdivision's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the maximum levy under IC 6-1.1-18.5 of a county, city, or town or the maximum tax rate of a school corporation, but, except as provided in subsection (b)(2)(B), may be used at the discretion of the political subdivision to reduce the property tax levy of the county, city, or town for a particular year;

(3) except as provided in subsection (b)(2)(B), may be used for any legal or corporate purpose of the political subdivision, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

Money distributed under subsection (b)(2)(B) must be used for the purposes specified in subsection (b)(2)(B).

(l) After June 30, 2020, the amount of wagering taxes that would otherwise be distributed to South Bend under subsection (e) shall be deposited as being received from all riverboats whose supplemental wagering tax, as calculated under ~~IC 4-33-12-1(c)~~; ~~IC 4-33-12-1(d)~~; **IC 4-33-12-1.5(b)**, is over three and five-tenths percent (3.5%). The amount deposited under this subsection, in each riverboat's account, is proportionate to the supplemental wagering tax received from that riverboat under ~~IC 4-33-12-1(c)~~ ~~IC 4-33-12-1(d)~~ **IC 4-33-12-1.5** in the month of July. The amount deposited under this subsection must be distributed in the same manner as the supplemental wagering tax collected under ~~IC 4-33-12-1(c)~~; ~~IC 4-33-12-1(d)~~; **IC 4-33-12-1.5**. This subsection expires June 30, 2021.

(m) After June 30, 2021, the amount of wagering taxes that would otherwise be distributed to South Bend under subsection (e) shall be withheld and deposited in the state general fund.

SECTION 10. IC 4-35-2-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 5.5. "Gaming activity information" means information related to table game and slot machine activity used to determine and confirm revenue and the computation of tax.**

SECTION 11. IC 4-35-7-12, AS AMENDED BY HEA 1100-2018, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 12. (a) The Indiana horse racing commission shall enforce the requirements of this section.

(b) A licensee shall before the fifteenth day of each month distribute the following amounts for the support of the Indiana horse racing industry:

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(1) An amount equal to ~~fifteen~~ **five-tenths** percent (~~15%~~) **(0.5%)** of the adjusted gross receipts of the slot machine wagering from the previous month at each casino operated by the licensee with respect to adjusted gross receipts received after June 30, ~~2013~~, and before January 1, ~~2014~~. **2018, which shall be distributed to the Indiana horse racing commission.**

(2) The percentage of the adjusted gross receipts of the slot machine wagering from the previous month at each casino operated by the licensee that is determined under section 16 or 17 of this chapter with respect to adjusted gross receipts received after December 31, 2013, and before July 1, 2015.

~~(3)~~ **(2)** Subject to section 12.5 of this chapter, the percentage of the adjusted gross receipts of the gambling game wagering from the previous month at each casino operated by the licensee that is determined under section 16 or 17 of this chapter with respect to adjusted gross receipts received after June 30, 2015.

(c) The Indiana horse racing commission shall deposit amounts received under subsection (b)(1) into the Indiana horse racing commission operating fund established under IC 4-31-10-2.

~~(e)~~ **(d)** Except for amounts received by the Indiana horse racing commission under subsection (b)(1), the Indiana horse racing commission may not use any of the money distributed under this section for any administrative purpose or other purpose of the Indiana horse racing commission.

~~(d)~~ **(e)** A licensee shall distribute the money devoted to horse racing purses and to horsemen's associations under this subsection as follows:

(1) Five-tenths percent (0.5%) shall be transferred to horsemen's associations for equine promotion or welfare according to the ratios specified in subsection ~~(g)~~: **(h)**.

(2) Two and five-tenths percent (2.5%) shall be transferred to horsemen's associations for backside benevolence according to the ratios specified in subsection ~~(g)~~: **(h)**.

(3) Ninety-seven percent (97%) shall be distributed to promote horses and horse racing as provided in subsection ~~(f)~~: **(g)**.

~~(e)~~ **(f)** A horsemen's association shall expend the amounts distributed to the horsemen's association under subsection ~~(d)~~~~(1)~~ **(e)(1)** through ~~(d)~~~~(2)~~ **(e)(2)** for a purpose promoting the equine industry or equine welfare or for a benevolent purpose that the horsemen's association determines is in the best interests of horse racing in Indiana for the breed represented by the horsemen's association. Expenditures under this subsection are subject to the regulatory requirements of subsection ~~(h)~~: **(i)**.



~~(f)~~ (g) A licensee shall distribute the amounts described in subsection ~~(d)(3)~~ (e)(3) as follows:

- (1) Forty-six percent (46%) for thoroughbred purposes as follows:
 - (A) Fifty-five percent (55%) for the following purposes:
 - (i) Ninety-seven percent (97%) for thoroughbred purses.
 - (ii) Two and four-tenths percent (2.4%) to the horsemen's association representing thoroughbred owners and trainers.
 - (iii) Six-tenths percent (0.6%) to the horsemen's association representing thoroughbred owners and breeders.
 - (B) Forty-five percent (45%) to the breed development fund established for thoroughbreds under IC 4-31-11-10.
- (2) Forty-six percent (46%) for standardbred purposes as follows:
 - (A) Three hundred seventy-five thousand dollars (\$375,000) to the state fair commission to be used by the state fair commission to support standardbred racing and facilities at the state fairgrounds.
 - (B) One hundred twenty-five thousand dollars (\$125,000) to the state fair commission to be used by the state fair commission to make grants to county fairs and the department of parks and recreation in Johnson County to support standardbred racing and facilities at county fair and county park tracks. The state fair commission shall establish a review committee to include the standardbred association board, the Indiana horse racing commission, the Indiana county fair association, and a member of the board of directors of a county park established under IC 36-10 that provides or intends to provide facilities to support standardbred racing, to make recommendations to the state fair commission on grants under this clause. A grant may be provided to the Johnson County fair or department of parks and recreation under this clause only if the county fair or department provides matching funds equal to one dollar (\$1) for every three dollars (\$3) of grant funds provided.
 - (C) **Fifty percent (50%) of the amount remaining after the distributions under clauses (A) and (B) for the following purposes:**
 - (i) **Ninety-six and five-tenths percent (96.5%) for standardbred purses.**
 - (ii) **Three and five-tenths percent (3.5%) to the horsemen's association representing standardbred owners and trainers.**
 - (D) **Fifty percent (50%) of the amount remaining after the distributions under clauses (A) and (B) to the breed**



development fund established for standardbreds under IC 4-31-11-10.

- (3) Eight percent (8%) for quarter horse purposes as follows:
- (A) Seventy percent (70%) for the following purposes:
 - (i) Ninety-five percent (95%) for quarter horse purses.
 - (ii) Five percent (5%) to the horsemen's association representing quarter horse owners and trainers.
 - (B) Thirty percent (30%) to the breed development fund established for quarter horses under IC 4-31-11-10.

Expenditures under this subsection are subject to the regulatory requirements of subsection ~~(h)~~: **(i)**.

~~(g)~~ **(h)** Money distributed under subsection ~~(d)(1)~~ **(e)(1)** and ~~(d)(2)~~ **(e)(2)** shall be allocated as follows:

- (1) Forty-six percent (46%) to the horsemen's association representing thoroughbred owners and trainers.
- (2) Forty-six percent (46%) to the horsemen's association representing standardbred owners and trainers.
- (3) Eight percent (8%) to the horsemen's association representing quarter horse owners and trainers.

~~(h)~~ **(i)** Money distributed under this section may not be expended unless the expenditure is for a purpose authorized in this section and is either for a purpose promoting the equine industry or equine welfare or is for a benevolent purpose that is in the best interests of horse racing in Indiana or the necessary expenditures for the operations of the horsemen's association required to implement and fulfill the purposes of this section. The Indiana horse racing commission may review any expenditure of money distributed under this section to ensure that the requirements of this section are satisfied. The Indiana horse racing commission shall adopt rules concerning the review and oversight of money distributed under this section and shall adopt rules concerning the enforcement of this section. The following apply to a horsemen's association receiving a distribution of money under this section:

- (1) The horsemen's association must annually file a report with the Indiana horse racing commission concerning the use of the money by the horsemen's association. The report must include information as required by the commission.
- (2) The horsemen's association must register with the Indiana horse racing commission.

The state board of accounts shall audit the accounts, books, and records of the Indiana horse racing commission, each horsemen's association, a licensee, and any association for backside benevolence containing any information relating to the distribution of money under this section.



(†) (j) The commission shall provide the Indiana horse racing commission with the information necessary to enforce this section.

(†) (k) The Indiana horse racing commission shall investigate any complaint that a licensee has failed to comply with the horse racing purse requirements set forth in this section. If, after notice and a hearing, the Indiana horse racing commission finds that a licensee has failed to comply with the purse requirements set forth in this section, the Indiana horse racing commission may:

- (1) issue a warning to the licensee;
- (2) impose a civil penalty that may not exceed one million dollars (\$1,000,000); or
- (3) suspend a meeting permit issued under IC 4-31-5 to conduct a pari-mutuel wagering horse racing meeting in Indiana.

(†) (l) A civil penalty collected under this section must be deposited in the state general fund.

SECTION 12. IC 4-35-7-12.5, AS ADDED BY P.L.213-2015, SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 12.5. (a) This section applies to adjusted gross receipts received after June 30, 2015.

(b) A licensee shall annually withhold the product of:

- (1) seventy-five thousand dollars (\$75,000); multiplied by
- (2) the number of racetracks operated by the licensee;

from the amount that must be distributed under section ~~†2(b)(3)~~ **12(b)(2)** of this chapter.

(c) A licensee shall transfer the amount withheld under subsection (b) to the Indiana horse racing commission for deposit in the gaming integrity fund established by IC 4-35-8.7-3. Money transferred under this subsection must be used for the purposes described in IC 4-35-8.7-3(f)(1).

SECTION 13. IC 4-35-7-16, AS AMENDED BY P.L.255-2015, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 16. (a) The amount of gambling game revenue that must be distributed under section ~~†2(b)(3)~~ **(12)(b)(2)** of this chapter must be determined in a distribution agreement entered into by negotiation committees representing all licensees and the horsemen's associations having contracts with licensees that have been approved by the Indiana horse racing commission.

(b) Each horsemen's association shall appoint a representative to a negotiation committee to negotiate the distribution agreement required by subsection (a). If there is an even number of horsemen's associations appointing representatives to the committee, the members appointed by each horsemen's association shall jointly appoint an at-large member



of the negotiation committee to represent the interests of all of the horsemen's associations. The at-large member is entitled to the same rights and privileges of the members appointed by the horsemen's associations.

(c) Each licensee shall appoint a representative to a negotiation committee to negotiate the distribution agreement required by subsection (a). If there is an even number of licensees, the members appointed by each licensee shall jointly appoint an at-large member of the negotiation committee to represent the interests of all of the licensees. The at-large member is entitled to the same rights and privileges of the members appointed by the licensees.

(d) If a majority of the members of each negotiation committee is present, the negotiation committees may negotiate and enter into a distribution agreement binding all horsemen's associations and all licensees as required by subsection (a).

(e) The initial distribution agreement entered into by the negotiation committees:

- (1) must be in writing;
- (2) must be submitted to the Indiana horse racing commission before October 1, 2013;
- (3) must be approved by the Indiana horse racing commission before January 1, 2014; and
- (4) may contain any terms determined to be necessary and appropriate by the negotiation committees, subject to subsection (f) and section 12 of this chapter.

(f) A distribution agreement must provide that at least ten percent (10%) and not more than twelve percent (12%) of a licensee's adjusted gross receipts must be distributed under section ~~12(b)(3)~~ **(12)(b)(2)** of this chapter. A distribution agreement applies to adjusted gross receipts received by the licensee after December 31 of the calendar year in which the distribution agreement is approved by the Indiana horse racing commission.

(g) A distribution agreement may expire on December 31 of a particular calendar year if a subsequent distribution agreement will take effect on January 1 of the following calendar year. A subsequent distribution agreement:

- (1) is subject to the approval of the Indiana horse racing commission; and
- (2) must be submitted to the Indiana horse racing commission before October 1 of the calendar year preceding the calendar year in which the distribution agreement will take effect.

(h) The Indiana horse racing commission shall annually report to the



budget committee on the effect of each distribution agreement on the Indiana horse racing industry before January 1 of the following calendar year.

SECTION 14. IC 4-35-8-1, AS AMENDED BY P.L.255-2015, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 1. (a) A graduated slot machine wagering tax is imposed as follows on ninety-nine percent (99%) of the adjusted gross receipts received after June 30, 2012, and before July 1, 2013, on ninety-one and five-tenths percent (91.5%) of the adjusted gross receipts received after June 30, 2013, and before July 1, 2015, and on eighty-eight percent (88%) of the adjusted gross receipts received after June 30, 2015, from wagering on gambling games authorized by this article:

(1) Twenty-five percent (25%) of the first one hundred million dollars (\$100,000,000) of adjusted gross receipts received during the period beginning July 1 of each year and ending June 30 of the following year.

(2) Thirty percent (30%) of the adjusted gross receipts in excess of one hundred million dollars (\$100,000,000) but not exceeding two hundred million dollars (\$200,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(3) Thirty-five percent (35%) of the adjusted gross receipts in excess of two hundred million dollars (\$200,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(b) A licensee shall **do the following:**

(1) Remit the **daily amount of tax** imposed by this section to the department ~~before the close of the business day following the day the wagers are made:~~ **on the twenty-fourth calendar day of each month. Any taxes collected during the month after the day on which the taxes are required to be paid shall be paid to the department at the same time the following month's taxes are due.**

(2) **Report gaming activity information to the commission daily on forms prescribed by the commission.**

(c) The department may require payment under this section to be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)). **The payment of the tax under this section must be in a manner prescribed by the department.**

(d) If the department requires taxes to be remitted under this chapter through electronic funds transfer, the department may allow the



licensee to file a monthly report to reconcile the amounts remitted to the department.

(e) The payment of the tax under this section must be on a form prescribed by the department.

SECTION 15. IC 4-35-8.7-3, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The gaming integrity fund is established.

(b) The fund shall be administered by the Indiana horse racing commission.

(c) The fund consists of gaming integrity fees deposited in the fund under this chapter and money distributed to the fund under IC 4-35-7-12.5 and IC 4-35-7-15. *Fifteen percent (15%) of the money deposited in the fund shall be transferred* For each licensee, the Indiana horse racing commission shall annually transfer:

- (1) *seventy-five thousand dollars (\$75,000); multiplied by*
- (2) *the number of racetracks operated by the licensee;*

from the fund to the Indiana state board of animal health to be used by the state board to pay the costs associated with equine health and equine care programs under IC 15-17.

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

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(f) Money in the fund may be used by the Indiana horse racing commission only for the following purposes:

- (1) To pay the cost of taking and analyzing equine specimens under IC 4-31-12-6(b) or another law or rule and the cost of any supplies related to the taking or analysis of specimens.
- (2) To pay dues to the Drug Testing Standards and Practices (DTSP) Committee of the Association of Racing Commissioners International.
- (3) To provide grants for research for the advancement of equine drug testing. Grants under this subdivision must be approved by the Drug Testing Standards and Practices (DTSP) Committee of the Association of Racing Commissioners International or by the Racing Mediation and Testing Consortium.
- (4) To pay the costs of post-mortem examinations under IC 4-31-12-10.
- (5) To pay other costs incurred by the commission to maintain the



integrity of pari-mutuel racing.

(g) *Money in the fund is continuously appropriated to the Indiana horse racing commission to carry out the purposes described in subsection (f).*

SECTION 16. IC 5-10-1.1-4.5, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS REPEALED [EFFECTIVE JULY 1, 2018]. Sec. 4-5:

(a) As used in this section, "next level Indiana fund" refers to the next level Indiana innovation and entrepreneurial fund established by subsection (b):

(b) After December 31, 2017, the deferred compensation committee shall establish and maintain:

- (1) an investment product for the state employees' deferred compensation plan; and
- (2) a funding offering for the defined contribution plan established under section 1-5 of this chapter;

named the next level Indiana innovation and entrepreneurial fund. The deferred compensation committee shall consult with the board of trustees of the next level Indiana trust fund established under IC 8-14-15.1 and the board of trustees of the Indiana public retirement system established under IC 5-10.5-3-1 in establishing the investment objectives and policies for the next level Indiana fund. Not more than twenty-five million dollars (\$25,000,000) of the assets of the next level Indiana fund may be invested in any one (1) particular investment fund or investment firm.

(c) The following apply to a state employee who selects the next level Indiana fund:

- (1) The state employee's initial transfer into the next level Indiana fund may not exceed twenty percent (20%) of the balance in the state employee's account in the state employees' deferred compensation plan, as of the day before the effective date of the state employee's selection of the next level Indiana fund.
- (2) After the state employee's initial transfer into the next level Indiana fund, contributions made by the state employee, or on the state employee's behalf, into the next level Indiana fund each year may not exceed twenty percent (20%) of the total contributions to the state employee's account in the state employees' deferred compensation plan for that year.
- (3) If a state employee:
 - (A) contributes not less than the amount the state employee initially designated to the next level Indiana fund in the state employees' deferred compensation plan for at least thirty-six



(36) consecutive months; and

(B) maintains in the next level Indiana fund in the state employees' deferred compensation plan the amounts transferred and contributed during that period;

the state shall contribute on the state employee's behalf to the next level Indiana fund offering in the defined contribution plan established under section 1-5 of this chapter as a match ten percent (10%) of the total amount contributed by the state employee or on the state employee's behalf to the next level Indiana fund in the state employees' deferred compensation plan during that thirty-six (36) month period.

(4) After the period described in subdivision (3), for each additional twelve (12) consecutive months that a state employee:

(A) contributes not less than the amount the state employee initially designated to the next level Indiana fund in the state employees' deferred compensation plan; and

(B) maintains in the next level Indiana fund in the state employees' deferred compensation plan the amounts transferred and contributed during that period;

the state shall contribute on the state employees' behalf to the next level Indiana fund offering in the defined contribution plan established under section 1-5 of this chapter as a match ten percent (10%) of the total amount contributed by the state employee or on the state employee's behalf to the next level Indiana fund in the state employees' deferred compensation plan during that twelve (12) month period. In determining the state's match under this subdivision, the total amount contributed by the state employee or on the state employee's behalf excludes the amount of any state match under this subdivision or subdivision (3).

(d) The state match under this section shall be paid from the personal services/fringe benefit contingency fund.

(e) The deferred compensation committee shall report to the budget committee every six (6) months concerning the following:

(1) The number of state employees that have funds invested in the next level Indiana fund under this section.

(2) The total amounts invested in the next level Indiana fund under this section, including the amount of any state match under this section.

SECTION 17. IC 5-10.2-2-3, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JULY 1, 2018]: Sec. 3. (a) The annuity savings account consists of:

- (1) the members' contributions; and
- (2) the interest credits on these contributions in the guaranteed fund (before January 1, 2017), the gain or loss in the balance of the member's account in the stable value fund (after December 31, 2016), or the gain or loss in market value on these contributions in the alternative investment program, as specified in section 4 of this chapter **(before its expiration)**.

Each member shall be credited individually with the amount of the member's contributions and interest credits.

(b) The board shall maintain the investment program in effect on December 31, 1995, (referred to in this chapter as the guaranteed program) within the annuity savings account until January 1, 2017. In addition, the board shall establish and maintain a guaranteed program within the 1996 account until January 1, 2017. After December 31, 2016, the board shall establish an investment fund (referred to in this chapter as the stable value fund) that has preservation of capital as the primary investment objective. The board may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other actions necessary to fulfill its duty as a fiduciary of the annuity savings account, subject to the limitations and restrictions set forth in IC 5-10.3-5-3, IC 5-10.4-3-10, and IC 5-10.5-5.

(c) The board shall establish alternative investment programs within the annuity savings account of the public employees' retirement fund, the pre-1996 account, and the 1996 account, based on the following requirements:

- (1) The board shall maintain at least one (1) alternative investment program that is an indexed stock fund and one (1) alternative investment program that is a bond fund. The board may maintain one (1) or more alternative investment programs that:
 - (A) invest in one (1) or more commingled or pooled funds that consist in part or entirely of mortgages that qualify as five star mortgages under the program established by IC 24-5-23.6; or
 - (B) otherwise invest in mortgages that qualify as five star mortgages under the program established by IC 24-5-23.6.
- (2) The programs should represent a variety of investment objectives under IC 5-10.3-5-3.
- (3) No program may permit a member to withdraw money from the member's account except as provided in IC 5-10.2-3 and IC 5-10.2-4.



(4) All administrative costs of each alternative program shall be paid from the earnings on that program or as may be determined by the rules of the board.

(5) Except as provided in section 4(e) of this chapter **(before its expiration)**, a valuation of each member's account must be completed as of:

(A) the last day of each quarter; or

(B) another time as the board may specify by rule.

~~(6) The board shall maintain as an alternative investment program the fund described in section 3.5 of this chapter.~~

(d) The board must prepare, at least annually, an analysis of the guaranteed program (before January 1, 2017), the stable value fund (after December 31, 2016), and each alternative investment program. This analysis must:

(1) include a description of the procedure for selecting an alternative investment program;

(2) be understandable by the majority of members; and

(3) include a description of prior investment performance.

(e) A member may direct the allocation of the amount credited to the member among the guaranteed fund (before January 1, 2017), the stable value fund (after December 31, 2016), and any available alternative investment funds, subject to the following conditions:

(1) A member may make a selection or change an existing selection under rules established by the board. The board shall allow a member to make a selection or change any existing selection at least once each quarter.

(2) The board shall implement the member's selection beginning on the first day of the next calendar quarter that begins at least thirty (30) days after the selection is received by the board or on an alternate date established by the rules of the board. This date is the effective date of the member's selection.

(3) A member may select any combination of the guaranteed fund (before January 1, 2017), the stable value fund (after December 31, 2016), or any available alternative investment funds, in ten percent (10%) increments or smaller increments that may be established by the rules of the board.

(4) A member's selection remains in effect until a new selection is made.

(5) On the effective date of a member's selection, the board shall reallocate the member's existing balance or balances in accordance with the member's direction, based on:

(A) for an alternative investment program balance, the market



value on the effective date;

(B) for any guaranteed program balance, the account balance on the effective date; and

(C) for any stable value fund program balance, the balance of the member's account on the effective date.

All contributions to the member's account shall be allocated as of the last day of that quarter or at an alternate time established by the rules of the board in accordance with the member's most recent effective direction. The board shall not reallocate the member's account at any other time.

(6) The provisions concerning the transition from the guaranteed program to the stable value fund program are met, as set forth in section 24 of this chapter.

(f) When a member who participates in an alternative investment program transfers the amount credited to the member from one (1) alternative investment program to another alternative investment program, to the guaranteed program (before January 1, 2017), or to the stable value fund program (after December 31, 2016), the amount credited to the member shall be valued at the market value of the member's investment, as of the day before the effective date of the member's selection or at an alternate time established by the rules of the board. When a member who participates in an alternative investment program retires, becomes disabled, dies, or suspends membership and withdraws from the fund, the amount credited to the member shall be the market value of the member's investment as of the last day of the quarter preceding the member's distribution or annuitization at retirement, disability, death, or suspension and withdrawal, plus contributions received after that date or at an alternate time established by the rules of the board.

(g) This subsection applies before January 1, 2017. When a member who participates in the guaranteed program transfers the amount credited to the member to an alternative investment program, the amount credited to the member in the guaranteed program is computed without regard to market value and is based on the balance of the member's account in the guaranteed program as of the last day of the quarter preceding the effective date of the transfer. However, the board may by rule provide for an alternate valuation date. When a member who participates in the guaranteed program retires, becomes disabled, dies, or suspends membership and withdraws from the fund, the amount credited to the member shall be computed without regard to market value and is based on the balance of the member's account in the guaranteed program as of the last day of the quarter preceding the



member's distribution or annuitization at retirement, disability, death, or suspension and withdrawal, plus any contributions received since that date plus interest since that date. However, the board may by rule provide for an alternate valuation date.

(h) This subsection applies after December 31, 2016. When a member who participates in the stable value fund program transfers the amount credited to the member from the stable value fund program to an alternative investment program, the amount credited to the member shall be the balance of the member's account, as of the day before the effective date of the member's selection or at an alternate time established by the rules of the board. When a member who participates in the stable value fund program retires, becomes disabled, dies, or suspends membership and withdraws from the fund, the amount credited to the member shall be the balance of the member's account as of the last day of the quarter preceding the member's distribution or annuitization at retirement, disability, death, or suspension and withdrawal, plus contributions received after that date or at an alternate time established by the rules of the board.

SECTION 18. IC 5-10.2-2-3.5, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS REPEALED [EFFECTIVE JULY 1, 2018]. See: 3-5: (a) As used in this section, "next level Indiana fund" refers to the next level Indiana innovation and entrepreneurial fund established by subsection (b):

(b) After December 31, 2017, the board shall establish and maintain an alternative investment program within the annuity savings account of the public employees' retirement fund, the pre-1996 account, and the 1996 account named the next level Indiana innovation and entrepreneurial fund. The board shall consult with the board of trustees of the next level Indiana trust fund established under IC 8-14-15.1 and the deferred compensation committee established under IC 5-10-1.1-4 in establishing the investment objectives and policies for the next level Indiana fund:

(c) The following apply to a member who selects the next level Indiana fund:

(1) The member's initial transfer into the next level Indiana fund may not exceed twenty percent (20%) of the balance in the member's account, as of the day before the effective date of the member's selection of the next level Indiana fund:

(2) After the member's initial transfer into the next level Indiana fund, contributions made by the member, or on the member's behalf, into the next level Indiana fund each year may not exceed



twenty percent (20%) of the total contributions to the member's account for that year.

(3) If a member:

(A) contributes not less than the amount the member initially designated to the next level Indiana fund for at least thirty-six (36) consecutive months; and

(B) maintains in the next level Indiana fund the amounts transferred and contributed during that period;

the state shall contribute on the member's behalf to the next level Indiana fund as a match ten percent (10%) of the total amount contributed by or on the member's behalf to the next level Indiana fund during that thirty-six (36) month period.

(4) After the period described in subdivision (3); for each additional twelve (12) consecutive months that a member:

(A) contributes not less than the amount the member initially designated to the next level Indiana fund; and

(B) maintains in the next level Indiana fund the amounts transferred and contributed during that period;

the state shall contribute on the member's behalf to the next level Indiana fund as a match ten percent (10%) of the total amount contributed by or on the member's behalf to the next level Indiana fund during that twelve (12) month period. In determining the state's match under this subdivision; the total amount contributed by or on the member's behalf excludes the amount of any state match under this subdivision or subdivision (3).

(d) The state match under this section shall be paid from the personal services/fringe benefit contingency fund.

SECTION 19. IC 6-1.1-19-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 14. (a) This section applies only to the North Spencer County School Corporation (school corporation).**

(b) The school corporation governing body may adopt a resolution authorizing the submission of a petition to the department requesting approval to use a modified capital projects fund levy for the purpose of determining the school corporation's 2019 maximum permissible ad valorem property tax levy for its operations fund for purposes of IC 20-46-8. The petition must be submitted before October 1, 2018.

(c) If a petition is submitted with the department, the department shall determine the school corporation's 2019 maximum permissible ad valorem property tax levy for its



operations fund for 2019 by using a replacement amount for the capital projects fund component for purposes of IC 20-46-8-1(b), STEP ONE (C), instead of the amount specified in IC 20-46-8-1(b), STEP ONE (C). The department shall determine the replacement amount as follows:

- (1) Determine the school corporation's maximum capital projects fund rate that the school corporation was authorized to use for 2017, regardless of whether the maximum rate was actually used.
- (2) Determine the school corporation's net assessed value for the January 1, 2018, assessment date.
- (3) Multiply the subdivision (1) amount by the subdivision (2) amount.

The department shall use the amount determined in subdivision (3) instead of the amount specified in IC 20-46-8-1(b), STEP ONE (C)."

Page 6, delete lines 38 through 42, begin a new paragraph and insert:

"SECTION 23. IC 6-2.5-5-52 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 52. Transactions involving the following tangible personal property that is purchased and used by a person that operates a hot mix asphalt plant are exempt from the state gross retail tax:**

- (1) Trucks that are used to transport hot mix asphalt from that person's asphalt plant to a job site.
- (2) Pavers that are used to spread that person's hot mix asphalt.
- (3) Plant equipment directly used to directly produce that person's hot mix asphalt.
- (4) Fuel used to operate trucks, pavers, or equipment described in subdivisions (1) through (3).
- (5) Repair parts installed on trucks, pavers, or equipment described in subdivisions (1) through (3)."

Page 7, delete lines 1 through 38.

Page 10, between lines 12 and 13, begin a new paragraph and insert:

"SECTION 25. IC 6-3-1-3.5, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]: **Sec. 3.5.** When used in this article, the term "adjusted gross income" shall mean the following:

- (a) In the case of all individuals, "adjusted gross income" (as



defined in Section 62 of the Internal Revenue Code), modified as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) *Except as provided in subsection (c)*, add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.
- (3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).
- (4) Subtract one thousand dollars (\$1,000) for:
 - (A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code **(as effective January 1, 2017)**;
 - (B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and
 - (C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.
- (5) Subtract:
 - (A) one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code (as effective January 1, 2004);
 - (B) ~~for taxable years beginning after December 31, 2017~~, one thousand five hundred dollars (\$1,500) for each exemption allowed under Section 151(c) of the Internal Revenue Code **(as effective January 1, 2017)** for an individual:
 - (i) who is less than nineteen (19) years of age or is a full-time student who is less than twenty-four (24) years of age;
 - (ii) for whom the taxpayer is the legal guardian; and
 - (iii) for whom the taxpayer does not claim an exemption under clause (A); and
 - (C) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).
- (6) Subtract any amounts included in federal adjusted gross



income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

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

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

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

(10) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(11) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(12) Subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(13) Subtract an amount equal to the lesser of:

(A) two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(14) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income



that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(16) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code (**concerning net operating losses**).

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

~~(18)~~ Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

~~(19)~~ **(18)** Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.

~~(20)~~ **(19)** Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (**certain income derived from patents**); and

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

~~(21)~~ **(20)** Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract the amount necessary from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt



instrument, as provided in Section 108(i) of the Internal Revenue Code.

~~(22)~~ **(21)** Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

~~(23)~~ **(22)** *Subtract an amount as described in Section 1341(a)(2) of the Internal Revenue Code to the extent, if any, that the amount was previously included in the taxpayer's adjusted gross income for a prior taxable year.*

(23) Add an amount equal to the deduction for deferred foreign income that was claimed by the taxpayer for the taxable year under Section 965 of the Internal Revenue Code. This subdivision does not apply to a deduction under Section 965 of the Internal Revenue Code as it existed before its amendment by the federal Tax Cuts and Jobs Act of 2017.

(24) Subtract any other amounts the taxpayer is entitled to deduct under IC 6-3-2.

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

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code **(concerning charitable contributions)**.
- (3) *Except as provided in subsection (c)*, add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.
- (4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code **(concerning foreign tax credits)**.
- (5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in



service.

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

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

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

~~(9)~~ **(8)** Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.

~~(10)~~ **(9)** Add an amount equal to any deduction for dividends paid (as defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 34.5 of this chapter).

~~(11)~~ **(10)** Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 **(certain income derived from patents)**; and

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

~~(12)~~ **(11)** Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral



of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

~~(13)~~ **(12)** Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(13) Add an amount equal to the deduction for deferred foreign income that was claimed by the taxpayer for the taxable year under Section 965 of the Internal Revenue Code. This subdivision does not apply to a deduction under Section 965 of the Internal Revenue Code before its amendment by the federal Tax Cuts and Jobs Act of 2017.

(14) Add an amount equal to the deduction that was claimed by the taxpayer for the taxable year under Section 250(a)(1)(B)(ii) of the Internal Revenue Code (attributable to global intangible low-taxed income).

~~(14)~~ **(15)** Add or subtract any other amounts the taxpayer is:

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

(c) The following apply to taxable years beginning after December 31, 2018, for purposes of the add back of any deduction allowed on the taxpayer's federal income tax return for wagering taxes, as provided in subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if the taxpayer is a corporation:

(1) For taxable years beginning after December 31, 2018, and before January 1, 2020, a taxpayer is required to add back under this section eighty-seven and five-tenths percent (87.5%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(2) For taxable years beginning after December 31, 2019, and before January 1, 2021, a taxpayer is required to add back under this section seventy-five percent (75%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(3) For taxable years beginning after December 31, 2020, and before January 1, 2022, a taxpayer is required to add back under this section sixty-two and five-tenths percent (62.5%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.



(4) For taxable years beginning after December 31, 2021, and before January 1, 2023, a taxpayer is required to add back under this section fifty percent (50%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(5) For taxable years beginning after December 31, 2022, and before January 1, 2024, a taxpayer is required to add back under this section thirty-seven and five-tenths percent (37.5%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(6) For taxable years beginning after December 31, 2023, and before January 1, 2025, a taxpayer is required to add back under this section twenty-five percent (25%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(7) For taxable years beginning after December 31, 2024, and before January 1, 2026, a taxpayer is required to add back under this section twelve and five-tenths percent (12.5%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(8) For taxable years beginning after December 31, 2025, a taxpayer is not required to add back under this section any amount of a deduction allowed on the taxpayer's federal income tax return for wagering taxes.

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

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

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

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

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

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income



that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 ~~or Section 810~~ of the Internal Revenue Code (**concerning net operating losses**).

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

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

~~(9)~~ **(8)** Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (**certain income derived from patents**); and

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

~~(10)~~ **(9)** Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

~~(11)~~ **(10)** Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1,



Subchapter N of the Internal Revenue Code.

~~(12)~~ **(11)** Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(12) Add an amount equal to the deduction for deferred foreign income that was claimed by the taxpayer for the taxable year under Section 965 of the Internal Revenue Code. This subdivision does not apply to a deduction under Section 965 of the Internal Revenue Code before its amendment by the federal Tax Cuts and Jobs Act of 2017.

(13) Add an amount equal to the deduction that was claimed by the taxpayer for the taxable year under Section 250(a)(1)(B)(ii) of the Internal Revenue Code (attributable to global intangible low-taxed income).

~~(14)~~ **(14)** Add or subtract any other amounts the taxpayer is:

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

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

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

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

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

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

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



depreciation to the property in the year that it was placed in service.

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

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

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

~~(9) (8) Subtract income that is:~~

~~(A) exempt from taxation under IC 6-3-2-21.7 **(certain income derived from patents)**; and~~

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

~~(10) (9) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.~~

~~(11) (10) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.~~

~~(12) (11) Add the amount excluded from federal gross income~~



under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(12) Add an amount equal to the deduction for deferred foreign income that was claimed by the taxpayer for the taxable year under Section 965 of the Internal Revenue Code. This subdivision does not apply to a deduction under Section 965 of the Internal Revenue Code before its amendment by the federal Tax Cuts and Jobs Act of 2017.

(13) Add an amount equal to the deduction that was claimed by the taxpayer for the taxable year under Section 250(a)(1)(B)(ii) of the Internal Revenue Code (attributable to global intangible low-taxed income).

~~(13)~~ **(14) Add or subtract any other amounts the taxpayer is:**

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

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

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

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

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

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

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service



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

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

~~(7)~~ **(6) Subtract income that is:**

(A) exempt from taxation under IC 6-3-2-21.7 **(certain income derived from patents);** and

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

~~(8)~~ **(7) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.**

~~(9)~~ **(8) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.**

(9) Add an amount equal to the deduction for deferred foreign income that was claimed by the taxpayer for the taxable year under Section 965 of the Internal Revenue Code. This subdivision does not apply to a deduction under Section 965 of the Internal Revenue Code before its amendment by the federal Tax Cuts and Jobs Act of 2017.

(10) Add an amount equal to the deduction for qualified business income that was claimed by the taxpayer for the



taxable year under Section 199A of the Internal Revenue Code.

~~(10)~~ **(11)** *Add or subtract any other amounts the taxpayer is:*

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

(g) Subsections (a)(24), (b)(15), (d)(14), (e)(14), or (f)(11) may not be construed to require an add back or allow a deduction or exemption more than once for a particular add back, deduction, or exemption.

(h) For purposes of determining the interest deductible under Section 163(j) of the Internal Revenue Code, the allowance or disallowance of interest, and the carryforward of any interest deduction, the department may adopt rules or issue guidelines on the computation of the allowable deduction for Indiana adjusted gross income tax purposes.

SECTION 26. IC 6-3-1-11, AS AMENDED BY P.L.204-2016, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on ~~January 1, 2016~~; **February 11, 2018**.

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on ~~January 1, 2016~~; **February 11, 2018**, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on ~~January 1, 2016~~; **February 11, 2018**, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before ~~January 1, 2016~~; **February 11, 2018**, that is effective for any taxable year that began before ~~January 1, 2016~~; **February 11, 2018**, and that affects:

- (1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);
- (2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);
- (3) trust and estate taxable income (as defined in Section 641(b))



of the Internal Revenue Code);

(4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);

(5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or

(6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under section 3.5 of this chapter.

(d) This subsection applies to a taxable year ending before January 1, 2013. The following provisions of the Internal Revenue Code that were amended by the Tax Relief Act, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) are treated as though they were not amended by the Tax Relief Act, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312):

(1) Section 1367(a)(2) of the Internal Revenue Code pertaining to an adjustment of basis of the stock of shareholders.

(2) Section 871(k)(1)(C) and 871(k)(2)(C) of the Internal Revenue Code pertaining to the treatment of certain dividends of regulated investment companies.

(3) Section 897(h)(4)(A)(ii) of the Internal Revenue Code pertaining to regulated investment companies qualified entity treatment.

(4) Section 512(b)(13)(E)(iv) of the Internal Revenue Code pertaining to the modification of tax treatment of certain payments to controlling exempt organizations.

(5) Section 613A(c)(6)(H)(ii) of the Internal Revenue Code pertaining to the limitations on percentage depletion in the case of oil and gas wells.

(6) Section 451(i)(3) of the Internal Revenue Code pertaining to special rule for sales or dispositions to implement Federal Energy Regulatory Commission or state electric restructuring policy for qualified electric utilities.

(7) Section 954(c)(6) of the Internal Revenue Code pertaining to the look-through treatment of payments between related controlled foreign corporation under foreign personal holding company rules.

The department shall develop forms and adopt any necessary rules under IC 4-22-2 to implement this subsection."

Page 13, between lines 9 and 10, begin a new paragraph and insert:
"SECTION 29. IC 6-3-2-2, AS AMENDED BY P.L.73-2017,



SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]: Sec. 2. (a) With regard to corporations and nonresident persons, "adjusted gross income derived from sources within Indiana", for the purposes of this article, shall mean and include:

- (1) income from real or tangible personal property located in this state;
- (2) income from doing business in this state;
- (3) income from a trade or profession conducted in this state;
- (4) compensation for labor or services rendered within this state; and
- (5) income from stocks, bonds, notes, bank deposits, patents, copyrights, secret processes and formulas, good will, trademarks, trade brands, franchises, and other intangible personal property to the extent that the income is apportioned to Indiana under this section or if the income is allocated to Indiana or considered to be derived from sources within Indiana under this section.

Income from a pass through entity shall be characterized in a manner consistent with the income's characterization for federal income tax purposes and shall be considered Indiana source income as if the person, corporation, or pass through entity that received the income had directly engaged in the income producing activity. Income that is derived from one (1) pass through entity and is considered to pass through to another pass through entity does not change these characteristics or attribution provisions. In the case of nonbusiness income described in subsection (g), only so much of such income as is allocated to this state under the provisions of subsections (h) through (k) shall be deemed to be derived from sources within Indiana. In the case of business income, only so much of such income as is apportioned to this state under the provision of subsection (b) shall be deemed to be derived from sources within the state of Indiana. In the case of compensation of a team member (as defined in section 2.7 of this chapter), only the portion of income determined to be Indiana income under section 2.7 of this chapter is considered derived from sources within Indiana. In the case of a corporation that is a life insurance company (as defined in Section 816(a) of the Internal Revenue Code) or an insurance company that is subject to tax under Section 831 of the Internal Revenue Code, only so much of the income as is apportioned to Indiana under subsection (r) is considered derived from sources within Indiana.

(b) Except as provided in subsection (l), if business income of a corporation or a nonresident person is derived from sources within the



state of Indiana and from sources without the state of Indiana, the business income derived from sources within this state shall be determined by multiplying the business income derived from sources both within and without the state of Indiana by the following:

(1) For all taxable years that begin after December 31, 2006, and before January 1, 2008, a fraction. The:

(A) numerator of the fraction is the sum of the property factor plus the payroll factor plus the product of the sales factor multiplied by three (3); and

(B) denominator of the fraction is five (5).

(2) For all taxable years that begin after December 31, 2007, and before January 1, 2009, a fraction. The:

(A) numerator of the fraction is the property factor plus the payroll factor plus the product of the sales factor multiplied by four and sixty-seven hundredths (4.67); and

(B) denominator of the fraction is six and sixty-seven hundredths (6.67).

(3) For all taxable years beginning after December 31, 2008, and before January 1, 2010, a fraction. The:

(A) numerator of the fraction is the property factor plus the payroll factor plus the product of the sales factor multiplied by eight (8); and

(B) denominator of the fraction is ten (10).

(4) For all taxable years beginning after December 31, 2009, and before January 1, 2011, a fraction. The:

(A) numerator of the fraction is the property factor plus the payroll factor plus the product of the sales factor multiplied by eighteen (18); and

(B) denominator of the fraction is twenty (20).

(5) For all taxable years beginning after December 31, 2010, the sales factor.

(c) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in this state during the taxable year and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the taxable year. However, with respect to a foreign corporation, the denominator does not include the average value of real or tangible personal property owned or rented and used in a place that is outside the United States. Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight (8) times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer



less any annual rental rate received by the taxpayer from subrentals. The average of property shall be determined by averaging the values at the beginning and ending of the taxable year, but the department may require the averaging of monthly values during the taxable year if reasonably required to reflect properly the average value of the taxpayer's property.

(d) The payroll factor is a fraction, the numerator of which is the total amount paid in this state during the taxable year by the taxpayer for compensation, and the denominator of which is the total compensation paid everywhere during the taxable year. However, with respect to a foreign corporation, the denominator does not include compensation paid in a place that is outside the United States. Compensation is paid in this state if:

- (1) the individual's service is performed entirely within the state;
- (2) the individual's service is performed both within and without this state, but the service performed without this state is incidental to the individual's service within this state; or
- (3) some of the service is performed in this state and:
 - (A) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in this state; or
 - (B) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual is a resident of this state.

(e) The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the taxable year, and the denominator of which is the total sales of the taxpayer everywhere during the taxable year. Sales include receipts from intangible property and receipts from the sale or exchange of intangible property. However, with respect to a foreign corporation, the denominator does not include sales made in a place that is outside the United States. Receipts from intangible personal property are derived from sources within Indiana if the receipts from the intangible personal property are attributable to Indiana under section 2.2 of this chapter. Regardless of the f.o.b. point or other conditions of the sale, sales of tangible personal property are in this state if:

- (1) the property is delivered or shipped to a purchaser that is within Indiana, other than the United States government; or
- (2) the property is shipped from an office, a store, a warehouse, a factory, or other place of storage in this state and the purchaser is the United States government.



Gross receipts derived from commercial printing as described in IC 6-2.5-1-10 and from the sale of computer software shall be treated as sales of tangible personal property for purposes of this chapter. **For a taxable year in which a taxpayer is required to include income as a result of Section 965 of the Internal Revenue Code, receipts from income that is included in federal adjusted gross income or federal taxable income as a result of Sections 951A and 965 of the Internal Revenue Code shall be included in the taxable year in which the income is included in the taxpayer's federal adjusted gross income or federal taxable income, regardless of the taxable year in which the money or property was actually received. Receipts under this section and section 2.2 of this chapter do not include receipts derived from sources outside the United States to the extent the taxpayer is allowed a deduction or exclusion in determining both the taxpayer's federal taxable income as a result of the federal Tax Cuts and Jobs Act of 2017 and the taxpayer's adjusted gross income under this chapter.**

(f) Sales, other than receipts from intangible property covered by subsection (e) and sales of tangible personal property, are in this state if:

- (1) the income-producing activity is performed in this state; or
- (2) the income-producing activity is performed both within and without this state and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

(g) Rents and royalties from real or tangible personal property, capital gains, interest, dividends, or patent or copyright royalties, to the extent that they constitute nonbusiness income, shall be allocated as provided in subsections (h) through (k).

(h)(1) Net rents and royalties from real property located in this state are allocable to this state.

(2) Net rents and royalties from tangible personal property are allocated to this state:

- (i) if and to the extent that the property is utilized in this state; or
- (ii) in their entirety if the taxpayer's commercial domicile is in this state and the taxpayer is not organized under the laws of or taxable in the state in which the property is utilized.

(3) The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year, and the denominator of which is the number of days of physical



location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

(i)(1) Capital gains and losses from sales of real property located in this state are allocable to this state.

(2) Capital gains and losses from sales of tangible personal property are allocable to this state if:

- (i) the property had a situs in this state at the time of the sale; or
- (ii) the taxpayer's commercial domicile is in this state and the taxpayer is not taxable in the state in which the property had a situs.

(3) Capital gains and losses from sales of intangible personal property are allocable to this state if the taxpayer's commercial domicile is in this state.

(j) Interest and dividends are allocable to this state if the taxpayer's commercial domicile is in this state.

(k)(1) Patent and copyright royalties are allocable to this state:

- (i) if and to the extent that the patent or copyright is utilized by the taxpayer in this state; or
- (ii) if and to the extent that the patent or copyright is utilized by the taxpayer in a state in which the taxpayer is not taxable and the taxpayer's commercial domicile is in this state.

(2) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in the state in which the taxpayer's commercial domicile is located.

(3) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.

(l) If the allocation and apportionment provisions of this article do not fairly represent the taxpayer's income derived from sources within the state of Indiana, the taxpayer may petition for or the department may require, in respect to all or any part of the taxpayer's business activity, if reasonable:



- (1) separate accounting;
- (2) for a taxable year beginning before January 1, 2011, the exclusion of any one (1) or more of the factors, except the sales factor;
- (3) the inclusion of one (1) or more additional factors which will fairly represent the taxpayer's income derived from sources within the state of Indiana; or
- (4) the employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

Notwithstanding IC 6-8.1-5-1(c), a taxpayer petitioning for, or the department requiring, the use of an alternative method to effectuate an equitable allocation and apportionment of the taxpayer's income under this subsection bears the burden of proof that the allocation and apportionment provisions of this article do not fairly represent the taxpayer's income derived from sources within this state and that the alternative method to the allocation and apportionment provisions of this article is reasonable.

(m) In the case of two (2) or more organizations, trades, or businesses owned or controlled directly or indirectly by the same interests, the department shall distribute, apportion, or allocate the income derived from sources within the state of Indiana between and among those organizations, trades, or businesses in order to fairly reflect and report the income derived from sources within the state of Indiana by various taxpayers.

(n) For purposes of allocation and apportionment of income under this article, a taxpayer is taxable in another state if:

- (1) in that state the taxpayer is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax; or
- (2) that state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.

(o) Notwithstanding subsections (l) and (m), the department may not, under any circumstances, require that income, deductions, and credits attributable to a taxpayer and another entity be reported in a combined income tax return for any taxable year, if the other entity is:

- (1) a foreign corporation; or
- (2) a corporation that is classified as a foreign operating corporation for the taxable year by section 2.4 of this chapter.

(p) Notwithstanding subsections (l) and (m), the department may not require that income, deductions, and credits attributable to a taxpayer and another entity not described in subsection (o)(1) or (o)(2) be



reported in a combined income tax return for any taxable year, unless the department is unable to fairly reflect the taxpayer's adjusted gross income for the taxable year through use of other powers granted to the department by subsections (l) and (m).

(q) Notwithstanding subsections (o) and (p), one (1) or more taxpayers may petition the department under subsection (l) for permission to file a combined income tax return for a taxable year. The petition to file a combined income tax return must be completed and filed with the department not more than thirty (30) days after the end of the taxpayer's taxable year. A taxpayer filing a combined income tax return must petition the department within thirty (30) days after the end of the taxpayer's taxable year to discontinue filing a combined income tax return.

(r) This subsection applies to a corporation that is a life insurance company (as defined in Section 816(a) of the Internal Revenue Code) or an insurance company that is subject to tax under Section 831 of the Internal Revenue Code. The corporation's adjusted gross income that is derived from sources within Indiana is determined by multiplying the corporation's adjusted gross income by a fraction:

- (1) the numerator of which is the direct premiums and annuity considerations received during the taxable year for insurance upon property or risks in the state; and
- (2) the denominator of which is the direct premiums and annuity considerations received during the taxable year for insurance upon property or risks everywhere.

The term "direct premiums and annuity considerations" means the gross premiums received from direct business as reported in the corporation's annual statement filed with the department of insurance.

(s) This subsection applies to receipts derived from motorsports racing.

- (1) Any purse, prize money, or other amounts earned for placement or participation in a race or portion thereof, including qualification, shall be attributed to Indiana if the race is conducted in Indiana.
- (2) Any amounts received from an individual or entity as a result of sponsorship or similar promotional consideration for one (1) or more races shall be in this state in the amount received, multiplied by the following fraction:
 - (A) The numerator of the fraction is the number of racing events for which sponsorship or similar promotional consideration has been paid in a taxable year and that occur in Indiana.



(B) The denominator of the fraction is the total number of racing events for which sponsorship or similar promotional consideration has been paid in a taxable year.

(3) Any amounts earned as an incentive for placement or participation in one (1) or more races and that are not covered under subdivision (1) or (2) or under IC 6-3-2-3.2 shall be attributed to Indiana in the proportion of the races that occurred in Indiana.

This subsection, as enacted in 2013, is intended to be a clarification of the law and not a substantive change in the law.

SECTION 30. IC 6-3-2-2.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]:

Sec. 2.2. (a) Interest income and other receipts from assets in the nature of loans or installment sales contracts that are primarily secured by or deal with real or tangible personal property are attributable to this state if the security or sale property is located in Indiana.

(b) Interest income and other receipts from consumer loans not secured by real or tangible personal property are attributable to this state if the loan is made to a resident of Indiana, whether at a place of business, by a traveling loan officer, by mail, by telephone, or by other electronic means.

(c) Interest income and other receipts from commercial loans and installment obligations not secured by real or tangible personal property are attributable to this state if the proceeds of the loan are to be applied in Indiana. If it cannot be determined where the funds are to be applied, the income and receipts are attributable to the state in which the business applied for the loan. As used in this section, "applied for" means initial inquiry (including customer assistance in preparing the loan application) or submission of a completed loan application, whichever occurs first.

(d) Interest income, merchant discount, and other receipts including service charges from financial institution credit card and travel and entertainment credit card receivables and credit card holders' fees are attributable to the state to which the card charges and fees are regularly billed.

(e) Receipts from the performance of fiduciary and other services are attributable to the state in which the benefits of the services are consumed. If the benefits are consumed in more than one (1) state, the receipts from those benefits are attributable to this state on a pro rata basis according to the portion of the benefits consumed in Indiana.

(f) Receipts from the issuance of traveler's checks, money orders, or United States savings bonds are attributable to the state in which the



traveler's checks, money orders, or bonds are purchased.

(g) Receipts in the form of dividends from investments are attributable to this state if the taxpayer's commercial domicile is in Indiana. **For a taxable year in which a taxpayer is required to include income as a result of Section 965 of the Internal Revenue Code, receipts from income that is included in federal adjusted gross income or federal taxable income as a result of Sections 951A and 965 of the Internal Revenue Code shall be considered dividends from investments and shall be included in the taxable year in which the income is included in the taxpayer's federal adjusted gross income or federal taxable income, regardless of the taxable year in which the money or property was actually received.**

SECTION 31. IC 6-3-2-2.5, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]: Sec. 2.5. (a) This section applies to a resident person.

(b) Resident persons are entitled to a net operating loss deduction. The amount of the deduction taken in a taxable year may not exceed the taxpayer's unused Indiana net operating losses carried over to that year. A taxpayer is not entitled to carryback any net operating losses after December 31, 2011.

(c) An Indiana net operating loss equals the taxpayer's federal net operating loss for a taxable year as calculated under Section 172 of the Internal Revenue Code, adjusted for certain modifications required by IC 6-3-1-3.5 as set forth in subsection (d)(1).

(d) The following provisions apply for purposes of subsection (c):

(1) The modifications that are to be applied are those modifications required under IC 6-3-1-3.5 for the same taxable year in which each net operating loss was incurred, except that the modifications do not include the modifications required under:

(A) IC 6-3-1-3.5(a)(3);

(B) IC 6-3-1-3.5(a)(4);

(C) IC 6-3-1-3.5(a)(5);

(D) IC 6-3-1-3.5(a)(24); and

(E) ~~IC 6-3-1-3.5(e)(10)~~; **IC 6-3-1-3.5(f)(10); and**

(F) IC 6-3-1-3.5(f)(11).

(2) An Indiana net operating loss includes a net operating loss that arises when the applicable modifications required by IC 6-3-1-3.5 as set forth in subdivision (1) exceed the taxpayer's federal adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for the taxable year in which the Indiana net



operating loss is determined.

(e) Subject to the limitations contained in subsection (g), an Indiana net operating loss carryover shall be available as a deduction from the taxpayer's adjusted gross income (as defined in IC 6-3-1-3.5) in the carryover year provided in subsection (f).

(f) Carryovers shall be determined under this subsection as follows:

(1) An Indiana net operating loss shall be an Indiana net operating loss carryover to each of the carryover years following the taxable year of the loss.

(2) ~~Carryover years shall be determined by reference to the number of years allowed for carrying over net operating losses under Section 172(b) of the Internal Revenue Code.~~ **An Indiana net operating loss may not be carried over for more than twenty (20) taxable years after the taxable year of the loss.**

(g) The entire amount of the Indiana net operating loss for any taxable year shall be carried to the earliest of the taxable years to which (as determined under subsection (f)) the loss may be carried. The amount of the Indiana net operating loss remaining after the deduction is taken under this section in a taxable year may be carried over as provided in subsection (f). The amount of the Indiana net operating loss carried over from year to year shall be reduced to the extent that the Indiana net operating loss carryover is used by the taxpayer to obtain a deduction in a taxable year until the occurrence of the earlier of the following:

(1) The entire amount of the Indiana net operating loss has been used as a deduction.

(2) The Indiana net operating loss has been carried over to each of the carryover years provided by subsection (f).

SECTION 32. IC 6-3-2-2.6, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]: Sec. 2.6. (a) This section applies to a corporation or a nonresident person.

(b) Corporations and nonresident persons are entitled to a net operating loss deduction. The amount of the deduction taken in a taxable year may not exceed the taxpayer's unused Indiana net operating losses carried over to that year. A taxpayer is not entitled to carryback any net operating losses after December 31, 2011.

(c) An Indiana net operating loss equals the taxpayer's federal net operating loss for a taxable year as calculated under Section 172 of the Internal Revenue Code, derived from sources within Indiana and adjusted for certain modifications required by IC 6-3-1-3.5 as set forth



in subsection (d)(1).

(d) The following provisions apply for purposes of subsection (c):

(1) The modifications that are to be applied are those modifications required under IC 6-3-1-3.5 for the same taxable year in which each net operating loss was incurred, except that the modifications do not include the modifications required under:

(A) IC 6-3-1-3.5(a)(3);

(B) IC 6-3-1-3.5(a)(4);

(C) IC 6-3-1-3.5(a)(5);

(D) IC 6-3-1-3.5(a)(24);

(E) IC 6-3-1-3.5(b)(14);

(F) IC 6-3-1-3.5(b)(15);

~~(F) IC 6-3-1-3.5(c)(13); IC 6-3-1-3.5(d)(13);~~

(G) IC 6-3-1-3.5(d)(13); ~~IC 6-3-1-3.5(e)(13); and~~

~~(H) IC 6-3-1-3.5(e)(10); IC 6-3-1-3.5(d)(14);~~

(I) IC 6-3-1-3.5(e)(13);

(J) IC 6-3-1-3.5(e)(14);

(K) IC 6-3-1-3.5(f)(10); and

(L) IC 6-3-1-3.5(f)(11).

(2) The amount of the taxpayer's net operating loss that is derived from sources within Indiana shall be determined in the same manner that the amount of the taxpayer's adjusted **gross** income derived from sources within Indiana is determined under section 2 of this chapter for the same taxable year during which each loss was incurred.

(3) An Indiana net operating loss includes a net operating loss that arises when the applicable modifications required by IC 6-3-1-3.5 as set forth in subdivision (1) exceed the taxpayer's federal taxable income (as defined in Section 63 of the Internal Revenue Code), if the taxpayer is a corporation, or when the applicable modifications required by IC 6-3-1-3.5 as set forth in subdivision (1) exceed the taxpayer's federal adjusted gross income (as defined by Section 62 of the Internal Revenue Code), if the taxpayer is a nonresident person, for the taxable year in which the Indiana net operating loss is determined.

(e) Subject to the limitations contained in subsection (g), an Indiana net operating loss carryover shall be available as a deduction from the taxpayer's adjusted gross income derived from sources within Indiana (as defined in section 2 of this chapter) in the carryover year provided in subsection (f).

(f) Carryovers shall be determined under this subsection as follows:

(1) An Indiana net operating loss shall be an Indiana net operating



loss carryover to each of the carryover years following the taxable year of the loss.

(2) ~~Carryover years shall be determined by reference to the number of years allowed for carrying over net operating losses under Section 172(b) of the Internal Revenue Code. An Indiana net operating loss may not be carried over for more than twenty (20) taxable years after the taxable year of the loss.~~

(g) The entire amount of the Indiana net operating loss for any taxable year shall be carried to the earliest of the taxable years to which (as determined under subsection (f)) the loss may be carried. The amount of the Indiana net operating loss remaining after the deduction is taken under this section in a taxable year may be carried over as provided in subsection (f). The amount of the Indiana net operating loss carried over from year to year shall be reduced to the extent that the Indiana net operating loss carryover is used by the taxpayer to obtain a deduction in a taxable year until the occurrence of the earlier of the following:

(1) The entire amount of the Indiana net operating loss has been used as a deduction.

(2) The Indiana net operating loss has been carried over to each of the carryover years provided by subsection (f).

(h) An Indiana net operating loss deduction determined under this section shall be allowed notwithstanding the fact that in the year the taxpayer incurred the net operating loss the taxpayer was not subject to the tax imposed under section 1 of this chapter because the taxpayer was:

(1) a life insurance company (as defined in Section 816(a) of the Internal Revenue Code); or

(2) an insurance company subject to tax under Section 831 of the Internal Revenue Code.

(i) In the case of a life insurance company, ~~that claims an operations loss deduction under Section 810 of the Internal Revenue Code~~, this section shall be applied by

~~(1) substituting the corresponding provisions of Section 810 of the Internal Revenue Code in place of references to Section 172 of the Internal Revenue Code; and~~

~~(2) substituting life insurance company taxable income (as defined in Section 801 the Internal Revenue Code) in place of references to taxable income (as defined in Section 63 of the Internal Revenue Code).~~

SECTION 33. IC 6-3-2-4, AS AMENDED BY P.L.217-2017, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JANUARY 1, 2018 (RETROACTIVE)]; Sec. 4. (a) Each taxable year, an individual, or the individual's surviving spouse, is entitled to the following:

(1) An adjusted gross income tax deduction for the first five thousand dollars (\$5,000) of income, excluding adjusted gross income described in subdivision (2), received during the taxable year by the individual, or the individual's surviving spouse, for the individual's service in an active or reserve component of the armed forces of the United States, including the army, navy, air force, coast guard, marine corps, merchant marine, Indiana army national guard, or Indiana air national guard.

(2) An adjusted gross income tax deduction of six thousand two hundred fifty dollars (\$6,250) for income from retirement or survivor's benefits received during the taxable year by the individual, or the individual's surviving spouse, for the individual's service in an active or reserve component of the armed forces of the United States, including the army, navy, air force, coast guard, marine corps, merchant marine, Indiana army national guard, or Indiana air national guard.

(b) An individual whose qualified military income is subtracted from the individual's federal adjusted gross income under ~~IC 6-3-1-3.5(a)(19)~~ **IC 6-3-1-3.5(a)(18)** for Indiana individual income tax purposes is not, for that taxable year, entitled to a deduction under this section for the same qualified military income that is deducted under ~~IC 6-3-1-3.5(a)(19)~~. **IC 6-3-1-3.5(a)(18)**.

SECTION 34. IC 6-3-2-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]; Sec. 12. (a) As used in this section, the term "foreign source dividend" means a dividend from a foreign corporation. The term:

(1) includes:

(A) any amount that a taxpayer is required to include in its gross income for a taxable year under Section 951 of the Internal Revenue Code; **and**

(B) **the gross amount included in federal adjusted gross income of a United States shareholder as a result of Section 965 of the Internal Revenue Code; and**

(2) ~~but the term~~ does not include:

(A) any amount that is treated as a dividend under Section 78 of the Internal Revenue Code; **and**

(B) **the amount included in federal taxable income of a United States shareholder under Section 951A of the Internal Revenue Code.**



(b) A corporation that includes any foreign source dividend in its adjusted gross income for a taxable year is entitled to a deduction from that adjusted gross income. The amount of the deduction equals the product of:

- (1) the amount of the foreign source dividend included in the corporation's adjusted gross income for the taxable year; multiplied by
- (2) the percentage prescribed in subsection (c), (d), or (e), as the case may be.

(c) The percentage referred to in subsection (b)(2) is one hundred percent (100%) if the corporation that includes the foreign source dividend in its adjusted gross income owns stock possessing at least eighty percent (80%) of the total combined voting power of all classes of stock of the foreign corporation from which the dividend is derived.

(d) The percentage referred to in subsection (b)(2) is eighty-five percent (85%) if the corporation that includes the foreign source dividend in its adjusted gross income owns stock possessing at least fifty percent (50%) but less than eighty percent (80%) of the total combined voting power of all classes of stock of the foreign corporation from which the dividend is derived.

(e) The percentage referred to in subsection (b)(2) is fifty percent (50%) if the corporation that includes the foreign source dividend in its adjusted gross income owns stock possessing less than fifty percent (50%) of the total combined voting power of all classes of stock of the foreign corporation from which the dividend is derived."

Page 14, between lines 14 and 15, begin a new paragraph and insert:
 "SECTION 36. IC 6-3-2-20, AS AMENDED BY P.L.250-2015, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]: Sec. 20. (a) The following definitions apply throughout this section:

- (1) "Affiliated group" has the meaning provided in Section 1504 of the Internal Revenue Code, except that the ownership percentage in Section 1504(a)(2) of the Internal Revenue Code shall be determined using fifty percent (50%) instead of eighty percent (80%).
- (2) "Directly related interest expenses" means interest expenses that are paid to, or accrued or incurred as a liability to, a recipient if:
 - (A) the amounts represent, in the hands of the recipient, income from making one (1) or more loans; and
 - (B) the funds loaned were originally received by the recipient from the payment of expenses by any of the following:



- (i) The taxpayer.
 - (ii) A member of the same affiliated group as the taxpayer.
 - (iii) A foreign corporation.
- (3) "Foreign corporation" means a corporation that is organized under the laws of a country other than the United States and would be a member of the same affiliated group as the taxpayer if the corporation were organized under the laws of the United States.
- (4) "Intangible expenses" means the following amounts to the extent these amounts are allowed as deductions in determining taxable income under Section 63 of the Internal Revenue Code before the application of any net operating loss deduction and special deductions for the taxable year:
- (A) Expenses, losses, and costs directly for, related to, or in connection with the acquisition, use, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property.
 - (B) Royalty, patent, technical, and copyright fees.
 - (C) Licensing fees.
 - (D) Other substantially similar expenses and costs.
- (5) "Intangible property" means patents, patent applications, trade names, trademarks, service marks, copyrights, trade secrets, and substantially similar types of intangible assets.
- (6) "Interest expenses" means amounts that are allowed as deductions under Section 163 of the Internal Revenue Code in determining taxable income under Section 63 of the Internal Revenue Code before the application of any net operating loss deductions and special deductions for the taxable year.
- (7) "Makes a disclosure" means a taxpayer provides the following information regarding a transaction with a member of the same affiliated group or a foreign corporation involving an intangible expense or a directly related interest expense with the taxpayer's tax return on the forms prescribed by the department:
- (A) The name of the recipient.
 - (B) The state or country of domicile of the recipient.
 - (C) The amount paid to the recipient.
 - (D) A copy of federal Form 851, Affiliation Schedule, as filed with the taxpayer's federal consolidated tax return.
 - (E) The information needed to determine the taxpayer's status under the exceptions listed in subsection (c).
- (8) "Recipient" means:
- (A) a member of the same affiliated group as the taxpayer; or



(B) a foreign corporation;
to which is paid an item of income that corresponds to an intangible expense or a directly related interest expense.

(9) "Unrelated party" means a person that, with respect to the taxpayer, is not a member of the same affiliated group or a foreign corporation.

(b) Except as provided in subsection (c), in determining its adjusted gross income under IC 6-3-1-3.5(b), a corporation subject to the tax imposed by IC 6-3-2-1 shall add to its taxable income under Section 63 of the Internal Revenue Code:

- (1) all intangible expenses; and
- (2) all directly related interest expenses;

paid, accrued, or incurred with one (1) or more members of the same affiliated group or with one (1) or more foreign corporations.

(c) The addition of intangible expenses or directly related interest expenses otherwise required in a taxable year under subsection (b) is not required if one (1) or more of the following apply to the taxable year:

- (1) The taxpayer and the recipient are both included in the same consolidated tax return filed under IC 6-3-4-14 or in the same combined return filed under IC 6-3-2-2(q) for the taxable year.
- (2) If the recipient receives an item of income that corresponds to the directly related interest expenses and the recipient:
 - (A) is subject to the financial institutions tax under IC 6-5.5;
 - (B) files a return under IC 6-5.5; and
 - (C) apportions the items of income that correspond to the intangible expenses and the directly related interest expenses in accordance with IC 6-5.5.
- (3) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the item of income corresponding to the intangible expenses or the directly related interest expenses was included within the recipient's income that is subject to tax in:

- (i) a state or possession of the United States; or
- (ii) a country other than the United States;

that is the recipient's commercial domicile and that imposes a net income tax, a franchise tax measured, in whole or in part, by net income, or a value added tax;

(B) the transaction giving rise to the intangible expenses or the directly related interest expenses between the taxpayer and the recipient was made at a commercially reasonable rate and at



terms comparable to an arm's length transaction; and
 (C) the transactions giving rise to the intangible expenses or the directly related interest expenses between the taxpayer and the recipient did not have Indiana tax avoidance as the principal purpose.

(4) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the recipient regularly engages in transactions with one (1) or more unrelated parties on terms substantially similar to those of the subject transaction; and

(B) the transaction giving rise to the intangible expenses or the directly related interest expenses between the taxpayer and the recipient did not have Indiana tax avoidance as the principal purpose.

(5) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the payment was received from a person or entity that is an unrelated party, and on behalf of that unrelated party, paid that amount to the recipient in an arm's length transaction; and

(B) the transaction giving rise to the intangible expenses or the directly related interest expenses between the taxpayer and the recipient did not have Indiana tax avoidance as the principal purpose.

(6) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the recipient paid, accrued, or incurred a liability to an unrelated party during the taxable year for an equal or greater amount that was directly for, related to, or in connection with the same property giving rise to the expenses; and

(B) the transactions giving rise to the intangible expenses or the directly related interest expenses between the taxpayer and the recipient did not have Indiana tax avoidance as the principal purpose.

(7) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the recipient is engaged in:

(i) substantial business activities from the acquisition, use, licensing, maintenance, management, ownership, sale,



exchange, or any other disposition of intangible property; or
 (ii) other substantial business activities separate and apart
 from the business activities described in item (i);

as evidenced by the maintenance of a permanent office space
 and an adequate number of full-time, experienced employees;
 (B) the transactions giving rise to the intangible expenses or the
 directly related interest expenses between the taxpayer and the
 recipient did not have Indiana tax avoidance as the principal
 purpose; and

(C) the transaction was made at a commercially reasonable rate
 and at terms comparable to an arm's length transaction.

(8) The taxpayer and the department agree, in writing, to the
 application or use of an alternative method of allocation or
 apportionment under section 2(l) or 2(m) of this chapter.

(9) Upon request by the taxpayer, the department determines that
 the adjustment otherwise required by this section is unreasonable.

(d) For purposes of this section, intangible expenses or directly
 related interest expenses shall be considered to be at a commercially
 reasonable rate or at terms comparable to an arm's length transaction
 if the intangible expenses or directly related interest expenses meet the
 arm's length standards of United States Treasury Regulation
 1.482-1(b).

(e) If intangible expenses or directly related interest expenses are
 determined not to be at a commercially reasonable rate or at terms
 comparable to an arm's length transaction for purposes of this section,
 the adjustment required by subsection (b) shall be made only to the
 extent necessary to cause the intangible expenses or directly related
 interest expenses to be at a commercially reasonable rate and at terms
 comparable to an arm's length transaction.

(f) For purposes of this section, transactions giving rise to intangible
 expenses or the directly related interest expenses between the taxpayer
 and the recipient shall be considered as having Indiana tax avoidance
 as the principal purpose if:

(1) there is not one (1) or more valid business purposes that
 independently sustain the transaction notwithstanding any tax
 benefits associated with the transaction; and

(2) the principal purpose of tax avoidance exceeds any other valid
 business purpose.

**(g) For purposes of this article, the determination of whether an
 interest expense:**

(1) is a directly related interest expense;

(2) is required to be added back under subsection (b); or



(3) meets an exception under subsection (c); shall be made in the year in which the expense is incurred. If any portion of the directly related interest expense is required to be carried forward as a deduction pursuant to Section 163(j) of the Internal Revenue Code, the allowance or disallowance of the expense shall be determined by reference to the year in which the expense was incurred for federal income tax purposes. The department may adopt rules or issue guidance with regard to this section."

Page 14, between lines 31 and 32, begin a new paragraph and insert:

"SECTION 38. IC 6-3.1-21-6, AS AMENDED BY P.L.242-2015, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]: Sec. 6. (a) Except as provided by ~~subsection~~ **subsections (b), (d), and (e)**, an individual who is eligible for an earned income tax credit under Section 32 of the Internal Revenue Code as it existed before being amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312), is eligible for a credit under this chapter equal to nine percent (9%) of the amount of the federal earned income tax credit that the individual:

- (1) is eligible to receive in the taxable year; and
- (2) claimed for the taxable year;

under Section 32 of the Internal Revenue Code as it existed before being amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).

(b) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the amount of the credit is equal to the product of:

- (1) the amount determined under subsection (a); multiplied by
- (2) the quotient of the taxpayer's income taxable in Indiana divided by the taxpayer's total income.

(c) If the credit amount exceeds the taxpayer's adjusted gross income tax liability for the taxable year, the excess shall be refunded to the taxpayer.

(d) If a taxpayer properly elects to determine the taxpayer's earned income in accordance with the federal Bipartisan Budget Act of 2018 for purposes of the credit under Section 32 of the Internal Revenue Code for a taxable year beginning after December 31, 2016, the election shall be treated as being made for purposes of the credit under this chapter.

(e) The minimum earned income amounts and phaseout threshold amounts for the credit under this section are subject to



the same cost of living adjustments provided in the Internal Revenue Code.

SECTION 39. IC 6-3.6-5-6, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]:
Sec. 6. (a) This section applies to all counties.

(b) The adopting body may impose a tax rate under this chapter that does not exceed one and twenty-five hundredths percent (1.25%) on the adjusted gross income of local taxpayers in the county served by the adopting body.

(c) Revenues from a tax under this section may be used only for the purpose of funding a property tax credit applied on a percentage basis to reduce the property tax liability of taxpayers with tangible property located in the county as authorized under this section. Property taxes imposed due to a referendum in which a majority of the voters in the taxing unit imposing the property taxes approved the property taxes are not eligible for a credit under this section. **However, IC 6-3.6-11-2 applies in Jasper County.**

(d) The adopting body shall specify by ordinance how the revenue from the tax shall be applied *under subdivisions (1) through (4)* to provide property tax credits in subsequent years. *The allocation must be specified as a percentage of property tax relief revenue for taxpayers within each property category.* The ordinance must be adopted *before July 1 and first applies in the following year and then as provided in IC 6-3.6-3 and takes effect and applies to property taxes as specified in IC 6-3.6-3-3.* *The ordinance continues to apply thereafter until it is rescinded or modified.* The property tax credits may be allocated *to all property categories or among any combination of the following categories:*

- (1) For homesteads eligible for a credit under IC 6-1.1-20.6-7.5 that limits the taxpayer's property tax liability for the property to one percent (1%).
- (2) For residential property, long term care property, agricultural land, and other tangible property (if any) eligible for a credit under IC 6-1.1-20.6-7.5 that limits the taxpayer's property tax liability for the property to two percent (2%).
- (3) *For the following types of property as a single category:*
 - (A) residential property, as defined in IC 6-1.1-20.6-4.*
 - (B) Real property, a mobile home, and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9 (repealed) or the standard deduction under IC 6-1.1-12-37.*



(C) Real property consisting of units that are regularly used to rent or otherwise furnish residential accommodations for periods of at least thirty (30) days, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to:

- (i) residential property; or*
- (ii) commercial property.*

(4) For nonresidential real property, personal property, and other tangible property (if any) eligible for a credit under IC 6-1.1-20.6-7.5 that limits the taxpayer's property tax liability for the property to three percent (3%). However, IC 6-3.6-11-2 applies in Jasper County.

(e) Within a category described in subsection (d) for which an ordinance grants property tax credits, the property tax credit rate must be a uniform percentage for all qualifying taxpayers with property in that category in the county. The credit percentage may be, but does not have to be, uniform for all categories of property listed in subsection (d). *The total of all tax credits granted under this section for a year may not exceed the amount of revenue raised by the tax imposed under this section. If the amount available in a year for property tax credits under this section is less than the amount necessary to provide all the property tax credits authorized by the adopting body, the county auditor shall reduce the property tax credits granted to eliminate the excess. The county auditor shall reduce credits within the categories described in subsection (d)(1) through (d)(4) as follows:*

- (1) First, against property taxes imposed on property described in subsection (d)(4).*
- (2) Second, if an excess remains after applying the reduction as described in subdivision (1), against property taxes imposed on property described in subsection (d)(3).*
- (3) Third, if an excess remains after applying the reduction as described in subdivisions (1) and (2), against property taxes imposed on property described in subsection (d)(2).*
- (4) Fourth, if an excess remains after applying the reduction as described in subdivisions (1) through (3), against property taxes imposed on property described in subsection (d)(1).*

(f) The total of all tax credits granted under this section for a year may not exceed the amount authorized by the adopting body. If the amount available in a year for property tax credits under this section is greater than the amount necessary to provide all the property tax credits authorized by the adopting body, the county auditor shall retain and apply the excess as necessary to provide the property tax credits



authorized by the adopting body for the following year. The adopting body may adopt an ordinance that directs to which categories described in subsection (d) the excess is to be uniformly applied.

~~(g)~~ (f) The county auditor shall allocate the amount of revenue applied as tax credits under this section to the taxing units that imposed the eligible property taxes against which the credits are applied.

~~(h)~~ (g) *If the adopting body adopts an ordinance to reduce or eliminate the property tax relief credits that are in effect in the county under this chapter, the county auditor shall give notice of the adoption of the ordinance in accordance with IC 5-3-1 not later than thirty (30) days after the date on which the ordinance is adopted.*

SECTION 40. IC 6-3.6-11-2, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]: Sec. 2. (a) This section applies to Jasper County's allocation of property tax credits provided by a tax rate under IC 6-3.6-5.

(b) A taxpayer that owns an industrial plant located in Jasper County is ineligible for a credit under IC 6-3.6-5 against the property taxes due on the industrial plant if the assessed value of the industrial plant as of March 1, 2006, exceeded twenty percent (20%) of the total assessed value of all taxable property in the county on that date. The general assembly finds that the provisions of this subsection are necessary because the industrial plant represents such a large percentage of Jasper County's assessed valuation.

(c) The adopting body may adopt an ordinance to provide that property taxes are eligible for a credit under IC 6-3.6-5-6 if the property taxes are imposed due to a referendum in which a majority of the voters in the taxing unit imposing the property taxes approved, before July 1, 2015, the property taxes.

SECTION 41. IC 6-3-4-8.2, AS AMENDED BY P.L.182-2009(ss), SECTION 200, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 8.2. (a) Each person in Indiana who is required under the Internal Revenue Code to withhold federal tax from winnings shall deduct and retain adjusted gross income tax at the time and in the amount described in withholding instructions issued by the department.

(b) In addition to amounts withheld under subsection (a), every person engaged in a gambling operation (as defined in IC 4-33-2-10) or a gambling game (as defined in IC 4-35-2-5) and making a payment in the course of the gambling operation (as defined in IC 4-33-2-10) or a gambling game (as defined in IC 4-35-2-5) of:

(1) winnings (not reduced by the wager) valued at one thousand



two hundred dollars (\$1, 200) or more from slot machine play; or
 (2) winnings (reduced by the wager) valued at one thousand five hundred dollars (\$1,500) or more from a keno game;
 shall deduct and retain adjusted gross income tax at the time and in the amount described in withholding instructions issued by the department. The department's instructions must provide that amounts withheld shall be paid to the department ~~before the close of the business day following the day the winnings are paid, actually or constructively.~~ **on the twenty-fourth calendar day of each month. Any taxes collected during the month after the day on which the taxes are required to be paid shall be paid to the department at the same time the following month's taxes are due.** Slot machine and keno winnings from a gambling operation (as defined in IC 4-33-2-10) or a gambling game (as defined in IC 4-35-2-5) that are reportable for federal income tax purposes shall be treated as subject to withholding under this section, even if federal tax withholding is not required.

- (c) The adjusted gross income tax due on prize money or prizes:
- (1) received from a winning lottery ticket purchased under IC 4-30; and
 - (2) exceeding one thousand two hundred dollars (\$1, 200) in value;

shall be deducted and retained at the time and in the amount described in withholding instructions issued by the department, even if federal withholding is not required.

(d) In addition to the amounts withheld under subsection (a), a qualified organization (as defined in IC 4-32.2-2-24(a)) that awards a prize under IC 4-32.2 exceeding one thousand two hundred dollars (\$1, 200) in value shall deduct and retain adjusted gross income tax at the time and in the amount described in withholding instructions issued by the department. The department's instructions must provide that amounts withheld shall be paid to the department before the close of the business day following the day the winnings are paid, actually or constructively.

SECTION 42. IC 6-5.5-1-2, AS AMENDED BY P.L.250-2015, SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]: Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

- (1) Add the following amounts:
 - (A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal



Revenue Code.

(B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States.

(D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

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

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

~~(I) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable~~



~~year under Section 199 of the Internal Revenue Code for federal income tax purposes.~~

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

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

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

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

(F) The amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in



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

(G) Income that is:

- (i) exempt from taxation under IC 6-3-2-21.7; and
- (ii) included in the taxpayer's taxable income under the Internal Revenue Code.

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income plus the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011, multiplied by the quotient of:

- (1) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of Indiana; divided by
- (2) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

- (1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and
- (2) solicits or receives a payment to be made to itself and issues in exchange for the payment:
 - (A) a so-called bond;
 - (B) a share;
 - (C) a coupon;
 - (D) a certificate of membership;
 - (E) an agreement;



- (F) a pretended agreement; or
- (G) other evidences of obligation;

entitling the holder to anything of value at some future date, if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 43. IC 6-8.1-1-1, AS AMENDED BY P.L.256-2017, SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the ~~riverboat admissions supplemental wagering~~ tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the slot machine wagering tax (IC 4-35-8); the type II gambling game excise tax (IC 4-36-9); the gross income tax (IC 6-2.1) (repealed); the utility receipts and utility services use taxes (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1) (repealed); the county option income tax (IC 6-3.5-6) (repealed); the county economic development income tax (IC 6-3.5-7) (repealed); the local income tax (IC 6-3.6); the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the vehicle excise tax (IC 6-6-5); the aviation fuel excise tax (IC 6-6-13); the commercial vehicle excise tax (IC 6-6-5.5); the excise tax imposed on recreational vehicles and truck campers (IC 6-6-5.1); the hazardous waste disposal tax (IC 6-6-6.6) (repealed); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-20-18); the

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fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-20-18); and any other tax or fee that the department is required to collect or administer."

Page 15, line 7, delete "IC 6-8.1-16" and insert "IC 6-8.1-17".

Page 15, line 10, delete "16." and insert "17."

Page 17, line 5, delete "Commissioner" and insert "**commissioner**".

Page 19, line 9, delete "The" and insert "**Only the**".

Page 19, line 11, delete "or a license may" and insert "**is entitled to**".

Page 19, line 19, after "information." insert "**Only the state or local government agency is entitled to receive the results of all fingerprint investigations conducted under this subsection.**".

Page 19, between lines 33 and 34, begin a new paragraph and insert:
"SECTION 47. IC 16-22-3-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 19. (a) This section applies to a medical care trust board appointed by a county executive to govern a nonexpendable trust fund established under section 17(j) or 18(e) of this chapter.

(b) The county executive may adopt an ordinance providing that the medical care trust board is subject to this section.

(c) After the effective date of an ordinance adopted under subsection (b), the medical care trust board may do the following:

(1) Approve and the treasurer may disburse payment of a claim against the trust for payment of hospital and medical services provided to an indigent person and reasonable administrative expenses, without the necessity of filing a claim with the county auditor for approval by the county executive.

(2) **Except as provided in section 19.5 of this chapter**, invest the funds of the trust:

(A) in accordance with IC 5-13-9 and guidelines adopted by the board under IC 5-13-9-1; and

(B) without being subject to guidelines adopted by the county executive under IC 5-13-9-1.

SECTION 48. IC 16-22-3-19.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 19.5. (a) This section applies to a county that before 1990 sold its hospital property and established an Indiana domestic nonprofit corporation to hold the proceeds from the sale.**

(b) **As used in this section, "corporation" refers to a nonprofit corporation established to hold the proceeds from the sale of a county hospital.**



(c) The corporation shall contract with investment managers, investment advisors, investment counsel, trust companies, banks, or other finance professionals to assist the corporation in an investment program. Money held by the corporation must be invested in accordance with the terms of an investment policy statement developed by the board of directors of the corporation with an investment advisor that:

- (1) is approved by the board of directors; and
- (2) complies with the diversification, risk management, and other fiduciary requirements common to the management of charitable trusts, including that the funds of the corporation must be invested according to the prudent investor rule. The investment policy statement must include the limitation on the investment in equities specified in subsection (e).

(d) Money held by the corporation:

- (1) may be invested in any legal, marketable securities; and
- (2) is not subject to any other investment limitations in the law, other than the limitations under this section and the limitations in the investment policy statement.

(e) The total amount of the funds invested by the corporation in equity securities under this section may not exceed fifty-five percent (55%) of the total value of the portfolio of funds invested by the corporation under this section. However:

- (1) an investment that complies with this subsection when the investment is made remains legal even if a subsequent change in the value of the investment or a change in the value of the total portfolio of funds invested by the corporation causes the percentage of investments in equity securities to exceed the fifty-five percent (55%) limit on equity securities; and
- (2) if the total amount of the funds invested by a corporation in equity securities exceeds the fifty-five percent (55%) limit on equity securities because of a change described in subdivision (1), the investments by the corporation must be rebalanced to comply with the fifty-five percent (55%) limit on equity investments not later than one hundred twenty (120) days after the equity investments first exceed that limit.

(f) The following apply to the corporation:

- (1) The corporation must be audited annually by an independent third party auditor.
- (2) The board of directors of the corporation must meet at least quarterly to receive a quarterly compliance and performance update from the investment advisor.



(3) Three (3) nonvoting advisors who are officers of different county designated depositories shall attend the quarterly meetings in an advisory capacity to assist the board of directors of the corporation:

(A) in reviewing the compliance and performance report from the investment advisor; and

(B) in reviewing the annual audit required by subdivision (1).

The three (3) nonvoting advisors may not vote on any action of the board of directors. The board of directors of the corporation shall by majority vote select the three (3) depositories from which the three (3) nonvoting advisors will be chosen. Each of the three (3) depositories selected under this subdivision shall select an officer of the depository to serve as one (1) of the three (3) nonvoting advisors. Each nonvoting advisor shall serve a term of three (3) years, and the nonvoting advisor shall continue to serve until a successor is selected. However, to provide for staggered terms, the board of directors of the corporation shall provide that the initial term of one (1) nonvoting advisor is one (1) year, the initial term of one (1) nonvoting advisor is two (2) years, and the initial term of one (1) nonvoting advisor is three (3) years. For purposes of avoiding a conflict of interest, a financial institution for which a nonvoting advisor is an officer (and any affiliate of such a financial institution) may not receive a commission or other compensation for investments made by the corporation under this section.

SECTION 49. IC 36-1-14-4 IS REPEALED [EFFECTIVE JULY 1, 2018]. Sec. 4. (a) This section applies to a county that before 1990 sold its hospital property and established a trust to hold the proceeds from the sale:

(b) As used in this section, "trust" refers to a charitable trust established to hold the proceeds from the sale of a county hospital:

(c) The trustees of a trust shall contract with investment managers; investment advisors; investment counsel; trust companies; banks; or other finance professionals to assist the trustees in an investment program. Money held by the trust must be invested in accordance with the terms of an investment policy statement developed by the trustees with an investment advisor that:

(1) is approved by the trustees; and

(2) complies with the diversification; risk management; and other fiduciary requirements common to the management of charitable



trusts; including that the funds of the trust must be invested according to the prudent investor rule. However, the investment policy statement may not allow the trust to invest in any investments in which the political subdivision that established the trust is not permitted to invest under the Constitution of the State of Indiana. The investment policy statement must include the limitation on the investment in equities specified in subsection (e):

(d) Money held by the trust:

- (1) may be invested in any legal, marketable securities; and
- (2) is not subject to any other investment limitations in the law, other than the limitations under this section and the limitations in the investment policy statement.

(e) The total amount of the funds invested by a trust in equity securities under this section may not exceed fifty-five percent (55%) of the total value of the portfolio of funds invested by the trust under this section. However:

- (1) an investment that complies with this subsection when the investment is made remains legal even if a subsequent change in the value of the investment or a change in the value of the total portfolio of funds invested by the trust causes the percentage of investments in equity securities to exceed the fifty-five percent (55%) limit on equity securities; and
- (2) if the total amount of the funds invested by a trust in equity securities exceeds the fifty-five percent (55%) limit on equity securities because of a change described in subdivision (1), the investments by the trust must be rebalanced to comply with the fifty-five percent (55%) limit on equity investments not later than one hundred twenty (120) days after the equity investments first exceed that limit.

(f) The following apply if a trust is established under this section:

- (1) To the extent that investment income earned on the principal amount of the trust during a calendar year exceeds five percent (5%) of the amount of the principal at the beginning of the calendar year, that excess investment income shall, for purposes of this section, be added to and be considered a part of the principal amount of the trust.
- (2) An expenditure or transfer of any money that is part of the principal amount of the trust may be made only upon unanimous approval of the trustees.
- (3) The trust must be audited annually by an independent third party auditor.



(4) The trustees must meet at least quarterly to receive a quarterly compliance and performance update from the investment advisor.

(5) Three (3) nonvoting advisors who are officers of different county designated depositories shall attend the quarterly meetings in an advisory capacity to assist the trustees:

(A) in reviewing the compliance and performance report from the investment advisor; and

(B) in reviewing the annual audit required by subdivision (3).

The three (3) nonvoting advisors may not vote on any action of the board of trustees. The trustees shall by majority vote select the three (3) depositories from which the three (3) nonvoting advisors will be chosen. Each of the three (3) depositories selected under this subdivision shall select an officer of the depository to serve as one (1) of the three (3) nonvoting advisors. Each nonvoting advisor shall serve a term of three (3) years, and the nonvoting advisor shall continue to serve until a successor is selected. However, to provide for staggered terms, the trustees shall provide that the initial term of one (1) nonvoting advisor is one (1) year, the initial term of one (1) nonvoting advisor is two (2) years, and the initial term of one (1) nonvoting advisor is three (3) years. For purposes of avoiding a conflict of interest, a financial institution for which a nonvoting advisor is an officer (and any affiliate of such a financial institution) may not receive a commission or other compensation for investments made by the trust under this section.

SECTION 50. IC 36-7-25-8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 8. (a) A member of a redevelopment commission shall annually present information to the governing body of every school corporation that has territory within an allocation area of the commission. The presentation must include the following:**

- (1) The commission's budget with respect to allocated property tax proceeds.
- (2) The long term plans for the allocation area.
- (3) The impact on the school corporation.

(b) A governing body of the school corporation may adopt a resolution waiving its right to have a presentation by a redevelopment commission under this section.

SECTION 51. IC 36-10-3-38 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 38. (a) This section applies in a county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000).**



(b) This section applies only if a municipality annexes **or has annexed** territory that is part of a district under this chapter **after June 1, 1976**.

(c) Any annexed territory that is in the district before the effective date of the annexation ordinance remains a part of the district, and the property in the annexed territory is subject to the same levy for park and recreational purposes as other property within the district. The annexing municipality may not impose an additional levy on the property in the annexed territory for park and recreational purposes.

(d) Notwithstanding subsection (c), the district's fiscal officer shall semiannually transfer to the annexing municipality's department one-half (1/2) of the property tax revenue attributable to property taxes imposed by the district on property that is within the annexed territory and that was annexed after June 1, 1976, and before March 4, 1988.

(e) The fiscal officer for a district shall make the transfer required under subsection (d) on June 1 and December 1 of each calendar year beginning after December 31, 2018.

SECTION 52. [EFFECTIVE UPON PASSAGE] **(a) For purposes of IC 6-3-4-8.2(b), as amended by this act, the amounts withheld after June 30, 2018, and before July 25, 2018, are required to be paid to the department of revenue on July 24, 2018.**

(b) This SECTION expires July 1, 2019.

SECTION 53. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding the June 30, 2018, date set forth in HEA 1001-2017, SECTION 167, regarding the trustees of Ivy Tech Community College issuing and selling bonds for the Kokomo campus renovation and addition and the Muncie campus renovation and addition, the trustees may instead issue and sell bonds under IC 21-34, subject to the approvals required by IC 21-33-3, after the effective date of this SECTION.**

(b) This SECTION expires June 30, 2019.

SECTION 54. [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)] **(a) IC 6-3-1-3.5, IC 6-3-2-2, IC 6-3-2-2.2, IC 6-3-2-2.5, IC 6-3-2-2.6, IC 6-3-2-4, IC 6-3-2-12, IC 6-3-2-20, and IC 6-5.5-1-2, all as amended by this act, apply to taxable years beginning after December 31, 2017, unless an earlier taxable year**



is specified in any of these provisions.

(b) This SECTION expires June 30, 2021."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 242 as reprinted February 6, 2018.)

BROWN T

Committee Vote: yeas 16, nays 7.

