



Reprinted  
March 2, 2018

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## ENGROSSED SENATE BILL No. 242

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DIGEST OF SB 242 (Updated March 1, 2018 3:32 pm - 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.

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### Holdman, Randolph Lonnie M

(HOUSE SPONSORS — BROWN T, HUSTON)

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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.  
March 1, 2018, read second time, amended, ordered engrossed.

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ES 242—LS 6683/DI 73



## 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. Delays until July 1, 2019, the effective date of provisions concerning the sales taxation of the renting of rooms, lodgings, and accommodations for which a facilitator accepts payment. 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 a county fiscal body may adopt an ordinance to impose (within the local income tax expenditure rate) a tax rate for correctional facilities and rehabilitation facilities in the county. 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 if the credit was applied before January 1, 2017. 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**



Reprinted  
March 2, 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

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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 **daily amount of admissions taxes imposed under section  
27 1 of this chapter (before its repeal on July 1, 2018)** and  
28 supplemental wagering taxes collected to the department. The  
29 licensed owner must report the taxes collected each day for the  
30 preceding day's admissions. **imposed under section 1.5 of this  
31 chapter to the department at the time the taxes are paid under  
32 subsection (b); and**

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

35 **This subsection expires June 30, 2018.**

36 (b) A licensed owner shall pay the admissions taxes imposed under  
37 section 1 of this chapter (before its repeal on July 1, 2018) and  
38 supplemental wagering taxes collected imposed under section 1.5 of  
39 this chapter to the department one (1) day before the last business on  
40 the twenty-fourth calendar day of each month. for the admissions and  
41 supplemental wagering taxes collected that month. Any taxes collected  
42 tax liability incurred during the month but after the day on which the



1 taxes are required to be paid to the department shall be paid to the  
 2 department at the same time the following month's taxes are due. **This**  
 3 **subsection expires June 30, 2018.**

4 **(c) This subsection is effective July 1, 2018. A licensed owner**  
 5 **must report:**

6 **(1) the daily amount of supplemental wagering taxes imposed**  
 7 **under section 1.5 of this chapter to the department at the time**  
 8 **the taxes are paid under subsection (d); and**

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

11 **(d) This subsection is effective July 1, 2018. A licensed owner**  
 12 **shall pay the supplemental wagering taxes imposed under section**  
 13 **1.5 of this chapter to the department on the twenty-fourth calendar**  
 14 **day of each month. Any tax liability incurred during the month but**  
 15 **after the day on which the taxes are required to be paid to the**  
 16 **department shall be paid to the department at the same time the**  
 17 **following month's taxes are due.**

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

20 ~~(f)~~ **(f)** The payment of the tax under this section must be ~~an~~  
 21 ~~electronic funds transfer by automated clearinghouse.~~ **in a manner**  
 22 **prescribed by the department.**

23 SECTION 8. IC 4-33-13-1.5, AS AMENDED BY P.L.268-2017,  
 24 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25 UPON PASSAGE]: Sec. 1.5. (a) This subsection applies only to a  
 26 riverboat that received at least seventy-five million dollars  
 27 (\$75,000,000) of adjusted gross receipts during the preceding state  
 28 fiscal year. A graduated tax is imposed on the adjusted gross receipts  
 29 received from gambling games authorized under this article as follows:

30 (1) Fifteen percent (15%) of the first twenty-five million dollars  
 31 (\$25,000,000) of adjusted gross receipts received during the  
 32 period beginning July 1 of each year and ending June 30 of the  
 33 following year.

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

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



- 1 following year.
- 2 (4) Thirty percent (30%) of the adjusted gross receipts in excess  
3 of seventy-five million dollars (\$75,000,000) but not exceeding  
4 one hundred fifty million dollars (\$150,000,000) received during  
5 the period beginning July 1 of each year and ending June 30 of  
6 the following year.
- 7 (5) Thirty-five percent (35%) of all adjusted gross receipts in  
8 excess of one hundred fifty million dollars (\$150,000,000) but not  
9 exceeding six hundred million dollars (\$600,000,000) received  
10 during the period beginning July 1 of each year and ending June  
11 30 of the following year.
- 12 (6) Forty percent (40%) of all adjusted gross receipts exceeding  
13 six hundred million dollars (\$600,000,000) received during the  
14 period beginning July 1 of each year and ending June 30 of the  
15 following year.
- 16 (b) This subsection applies only to a riverboat that received less than  
17 seventy-five million dollars (\$75,000,000) of adjusted gross receipts  
18 during the preceding state fiscal year. A graduated tax is imposed on  
19 the adjusted gross receipts received from gambling games authorized  
20 under this article as follows:
- 21 (1) Five percent (5%) of the first twenty-five million dollars  
22 (\$25,000,000) of adjusted gross receipts received during the  
23 period beginning July 1 of each year and ending June 30 of the  
24 following year.
- 25 (2) Twenty percent (20%) of the adjusted gross receipts in excess  
26 of twenty-five million dollars (\$25,000,000) but not exceeding  
27 fifty million dollars (\$50,000,000) received during the period  
28 beginning July 1 of each year and ending June 30 of the following  
29 year.
- 30 (3) Twenty-five percent (25%) of the adjusted gross receipts in  
31 excess of fifty million dollars (\$50,000,000) but not exceeding  
32 seventy-five million dollars (\$75,000,000) received during the  
33 period beginning July 1 of each year and ending June 30 of the  
34 following year.
- 35 (4) Thirty percent (30%) of the adjusted gross receipts in excess  
36 of seventy-five million dollars (\$75,000,000) but not exceeding  
37 one hundred fifty million dollars (\$150,000,000) received during  
38 the period beginning July 1 of each year and ending June 30 of  
39 the following year.
- 40 (5) Thirty-five percent (35%) of all adjusted gross receipts in  
41 excess of one hundred fifty million dollars (\$150,000,000) but not  
42 exceeding six hundred million dollars (\$600,000,000) received



1 during the period beginning July 1 of each year and ending June  
2 30 of the following year.

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

7 (c) The licensed owner or operating agent of a riverboat taxed under  
8 subsection (b) shall pay an additional tax of two million five hundred  
9 thousand dollars (\$2,500,000) in any state fiscal year in which the  
10 riverboat's adjusted gross receipts exceed seventy-five million dollars  
11 (\$75,000,000). The additional tax imposed under this subsection is due  
12 before July 1 of the following state fiscal year.

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

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

18 (2) **report gaming activity information to the commission**  
19 **daily on forms prescribed by the commission.**

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

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

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

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

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

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

42 (A) Before July 1, 2021, the first thirty-three million dollars





- 1 (\$33,000,000) of tax revenues collected under this chapter  
 2 shall be set aside for revenue sharing under subsection (e).  
 3 (B) After June 30, 2021, if the total adjusted gross receipts  
 4 received by licensees from gambling games authorized under  
 5 this article during the preceding state fiscal year is equal to or  
 6 greater than the total adjusted gross receipts received by  
 7 licensees from gambling games authorized under this article  
 8 during the state fiscal year ending June 30, 2020, the first  
 9 thirty-three million dollars (\$33,000,000) of tax revenues  
 10 collected under this chapter shall be set aside for revenue  
 11 sharing under subsection (e).  
 12 (C) After June 30, 2021, if the total adjusted gross receipts  
 13 received by ~~licenses~~ **licensees** from gambling games  
 14 authorized under this article during the preceding state fiscal  
 15 year is less than the total adjusted gross receipts received by  
 16 licensees from gambling games authorized under this article  
 17 during the state year ending June 30, 2020, an amount equal  
 18 to the first thirty-three million dollars (\$33,000,000) of tax  
 19 revenues collected under this chapter multiplied by the result  
 20 of:  
 21 (i) the total adjusted gross receipts received by licensees  
 22 from gambling games authorized under this article during  
 23 the preceding state fiscal year; divided by  
 24 (ii) the total adjusted gross receipts received by licensees  
 25 from gambling games authorized under this article during  
 26 the state fiscal year ending June 30, 2020;  
 27 shall be set aside for revenue sharing under subsection (e).  
 28 (2) Subject to subsection (c), twenty-five percent (25%) of the  
 29 remaining tax revenue remitted by each licensed owner shall be  
 30 paid:  
 31 (A) to the city that is designated as the home dock of the  
 32 riverboat from which the tax revenue was collected, in the case  
 33 of:  
 34 (i) a city described in IC 4-33-12-6(b)(1)(A); or  
 35 (ii) a city located in a county having a population of more  
 36 than four hundred thousand (400,000) but less than seven  
 37 hundred thousand (700,000); or  
 38 (B) to the county that is designated as the home dock of the  
 39 riverboat from which the tax revenue was collected, in the case  
 40 of a riverboat whose home dock is not in a city described in  
 41 clause (A).  
 42 (3) Subject to subsection (d), the remainder of the tax revenue



1 remitted by each licensed owner shall be paid to the state general  
 2 fund. In each state fiscal year, the treasurer of state shall make the  
 3 transfer required by this subdivision not later than the last  
 4 business day of the month in which the tax revenue is remitted to  
 5 the state for deposit in the state gaming fund. However, if tax  
 6 revenue is received by the state on the last business day in a  
 7 month, the treasurer of state may transfer the tax revenue to the  
 8 state general fund in the immediately following month.

9 (b) This subsection applies only to tax revenue remitted by an  
 10 operating agent operating a riverboat in a historic hotel district after  
 11 June 30, 2015. After funds are appropriated under section 4 of this  
 12 chapter, each month the treasurer of state shall distribute the tax  
 13 revenue remitted by the operating agent under this chapter as follows:

14 (1) Fifty-six and five-tenths percent (56.5%) shall be paid to the  
 15 state general fund.

16 (2) Forty-three and five-tenths percent (43.5%) shall be paid as  
 17 follows:

18 (A) Twenty-two and four-tenths percent (22.4%) shall be paid  
 19 as follows:

20 (i) Fifty percent (50%) to the fiscal officer of the town of  
 21 French Lick.

22 (ii) Fifty percent (50%) to the fiscal officer of the town of  
 23 West Baden Springs.

24 (B) Fourteen and eight-tenths percent (14.8%) shall be paid to  
 25 the county treasurer of Orange County for distribution among  
 26 the school corporations in the county. The governing bodies  
 27 for the school corporations in the county shall provide a  
 28 formula for the distribution of the money received under this  
 29 clause among the school corporations by joint resolution  
 30 adopted by the governing body of each of the school  
 31 corporations in the county. Money received by a school  
 32 corporation under this clause must be used to improve the  
 33 educational attainment of students enrolled in the school  
 34 corporation receiving the money. Not later than the first  
 35 regular meeting in the school year of a governing body of a  
 36 school corporation receiving a distribution under this clause,  
 37 the superintendent of the school corporation shall submit to  
 38 the governing body a report describing the purposes for which  
 39 the receipts under this clause were used and the improvements  
 40 in educational attainment realized through the use of the  
 41 money. The report is a public record.

42 (C) Thirteen and one-tenth percent (13.1%) shall be paid to the



- 1 county treasurer of Orange County.
- 2 (D) Five and three-tenths percent (5.3%) shall be distributed
- 3 quarterly to the county treasurer of Dubois County for
- 4 appropriation by the county fiscal body after receiving a
- 5 recommendation from the county executive. The county fiscal
- 6 body for the receiving county shall provide for the distribution
- 7 of the money received under this clause to one (1) or more
- 8 taxing units (as defined in IC 6-1.1-1-21) in the county under
- 9 a formula established by the county fiscal body after receiving
- 10 a recommendation from the county executive.
- 11 (E) Five and three-tenths percent (5.3%) shall be distributed
- 12 quarterly to the county treasurer of Crawford County for
- 13 appropriation by the county fiscal body after receiving a
- 14 recommendation from the county executive. The county fiscal
- 15 body for the receiving county shall provide for the distribution
- 16 of the money received under this clause to one (1) or more
- 17 taxing units (as defined in IC 6-1.1-1-21) in the county under
- 18 a formula established by the county fiscal body after receiving
- 19 a recommendation from the county executive.
- 20 (F) Six and thirty-five hundredths percent (6.35%) shall be
- 21 paid to the fiscal officer of the town of Paoli.
- 22 (G) Six and thirty-five hundredths percent (6.35%) shall be
- 23 paid to the fiscal officer of the town of Orleans.
- 24 (H) Twenty-six and four-tenths percent (26.4%) shall be paid
- 25 to the Indiana economic development corporation established
- 26 by IC 5-28-3-1 for transfer as follows:
- 27 (i) Beginning after December 31, 2017, ten percent (10%)
- 28 of the amount transferred under this clause in each calendar
- 29 year shall be transferred to the South Central Indiana
- 30 Regional Economic Development Corporation or a
- 31 successor entity or partnership for economic development
- 32 for the purpose of recruiting new business to Orange County
- 33 as well as promoting the retention and expansion of existing
- 34 businesses in Orange County.
- 35 (ii) The remainder of the amount transferred under this
- 36 clause in each calendar year shall be transferred to Radius
- 37 Indiana or a successor regional entity or partnership for the
- 38 development and implementation of a regional economic
- 39 development strategy to assist the residents of Orange
- 40 County and the counties contiguous to Orange County in
- 41 improving their quality of life and to help promote
- 42 successful and sustainable communities.



1 To the extent possible, the Indiana economic development  
 2 corporation shall provide for the transfer under item (i) to be  
 3 made in four (4) equal installments. However, an amount  
 4 sufficient to meet current obligations to retire or refinance  
 5 indebtedness or leases for which tax revenues under this  
 6 section were pledged before January 1, 2015, by the Orange  
 7 County development commission shall be paid to the Orange  
 8 County development commission before making distributions  
 9 to the South Central Indiana Regional Economic Development  
 10 Corporation and Radius Indiana or their successor entities or  
 11 partnerships. The amount paid to the Orange County  
 12 development commission shall proportionally reduce the  
 13 amount payable to the South Central Indiana Regional  
 14 Economic Development Corporation and Radius Indiana or  
 15 their successor entities or partnerships.

16 (c) For each city and county receiving money under subsection  
 17 (a)(2), the treasurer of state shall determine the total amount of money  
 18 paid by the treasurer of state to the city or county during the state fiscal  
 19 year 2002. The amount determined is the base year revenue for the city  
 20 or county. The treasurer of state shall certify the base year revenue  
 21 determined under this subsection to the city or county. The total  
 22 amount of money distributed to a city or county under this section  
 23 during a state fiscal year may not exceed the entity's base year revenue.  
 24 For each state fiscal year, the treasurer of state shall pay that part of the  
 25 riverboat wagering taxes that:

26 (1) exceeds a particular city's or county's base year revenue; and  
 27 (2) would otherwise be due to the city or county under this  
 28 section;  
 29 to the state general fund instead of to the city or county.

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

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

38 The treasurer of state shall make transfers on a monthly basis as needed  
 39 to meet the obligations of the build Indiana fund. If in any state fiscal  
 40 year insufficient money is transferred to the state general fund under  
 41 subsection (a)(3) to comply with this subsection, the treasurer of state  
 42 shall reduce the amount transferred to the build Indiana fund to the



1 amount available in the state general fund from the transfers under  
2 subsection (a)(3) for the state fiscal year.

3 (e) Except as provided in subsections (l) and (m), before August 15  
4 of each year, the treasurer of state shall distribute the wagering taxes  
5 set aside for revenue sharing under subsection (a)(1) to the county  
6 treasurer of each county that does not have a riverboat according to the  
7 ratio that the county's population bears to the total population of the  
8 counties that do not have a riverboat. Except as provided in subsection  
9 (h), the county auditor shall distribute the money received by the  
10 county under this subsection as follows:

11 (1) To each city located in the county according to the ratio the  
12 city's population bears to the total population of the county.

13 (2) To each town located in the county according to the ratio the  
14 town's population bears to the total population of the county.

15 (3) After the distributions required in subdivisions (1) and (2) are  
16 made, the remainder shall be retained by the county.

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

19 (1) To reduce the property tax levy of the city, town, or county for  
20 a particular year (a property tax reduction under this subdivision  
21 does not reduce the maximum levy of the city, town, or county  
22 under IC 6-1.1-18.5).

23 (2) For deposit in a special fund or allocation fund created under  
24 IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and  
25 IC 36-7-30 to provide funding for debt repayment.

26 (3) To fund sewer and water projects, including storm water  
27 management projects.

28 (4) For police and fire pensions.

29 (5) To carry out any governmental purpose for which the money  
30 is appropriated by the fiscal body of the city, town, or county.  
31 Money used under this subdivision does not reduce the property  
32 tax levy of the city, town, or county for a particular year or reduce  
33 the maximum levy of the city, town, or county under  
34 IC 6-1.1-18.5.

35 (g) Before July 15 of each year, the treasurer of state shall determine  
36 the total amount of money distributed to an entity under IC 4-33-12-6  
37 or IC 4-33-12-8 during the preceding state fiscal year. If the treasurer  
38 of state determines that the total amount of money distributed to an  
39 entity under IC 4-33-12-6 or IC 4-33-12-8 during the preceding state  
40 fiscal year was less than the entity's base year revenue (as determined  
41 under IC 4-33-12-9), the treasurer of state shall make a supplemental  
42 distribution to the entity from taxes collected under this chapter and



1 deposited into the state general fund. Except as provided in subsection  
2 (i), the amount of an entity's supplemental distribution is equal to:

3 (1) the entity's base year revenue (as determined under  
4 IC 4-33-12-9); minus

5 (2) the sum of:

6 (A) the total amount of money distributed to the entity and  
7 constructively received by the entity during the preceding state  
8 fiscal year under IC 4-33-12-6 or IC 4-33-12-8; plus

9 (B) the amount of any admissions taxes deducted under  
10 IC 6-3.1-20-7.

11 (h) This subsection applies only to a county containing a  
12 consolidated city. The county auditor shall distribute the money  
13 received by the county under subsection (e) as follows:

14 (1) To each city, other than a consolidated city, located in the  
15 county according to the ratio that the city's population bears to the  
16 total population of the county.

17 (2) To each town located in the county according to the ratio that  
18 the town's population bears to the total population of the county.

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

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

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

26 (2) After June 30, 2021, if the total adjusted gross receipts  
27 received by licensees from gambling games authorized under this  
28 article during the preceding state fiscal year is equal to or greater  
29 than the total adjusted gross receipts received by licensees from  
30 gambling games authorized under this article during the state  
31 fiscal year ending June 30, 2020, the maximum amount is  
32 forty-eight million dollars (\$48,000,000).

33 (3) After June 30, 2021, if the total adjusted gross receipts  
34 received by licensees from gambling games authorized under this  
35 article during the preceding state fiscal year is less than the total  
36 adjusted gross receipts received by licensees from gambling  
37 games authorized under this article during the state fiscal year  
38 ending June 30, 2020, the maximum amount is equal to the result  
39 of:

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

41 (B) the result of:

42 (i) the total adjusted gross receipts received by licensees



1 from gambling games authorized under this article during  
 2 the preceding state fiscal year; divided by  
 3 (ii) the total adjusted gross receipts received by licensees  
 4 from gambling games authorized under this article during  
 5 the state fiscal year ending June 30, 2020.

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

13 (j) This subsection applies to a supplemental distribution, if any,  
 14 payable to Lake County, Hammond, Gary, or East Chicago under  
 15 subsections (g) and (i). Beginning in July 2016, the treasurer of state  
 16 shall, after making any deductions from the supplemental distribution  
 17 required by IC 6-3.1-20-7, deduct from the remainder of the  
 18 supplemental distribution otherwise payable to the unit under this  
 19 section the lesser of:

- 20 (1) the remaining amount of the supplemental distribution; or
- 21 (2) the difference, if any, between:
  - 22 (A) three million five hundred thousand dollars (\$3,500,000);
  - 23 minus
  - 24 (B) the amount of admissions taxes constructively received by
  - 25 the unit in the previous state fiscal year.

26 The treasurer of state shall distribute the amounts deducted under this  
 27 subsection to the northwest Indiana redevelopment authority  
 28 established under IC 36-7.5-2-1 for deposit in the development  
 29 authority fund established under IC 36-7.5-4-1.

30 (k) Money distributed to a political subdivision under subsection  
 31 (b):

- 32 (1) must be paid to the fiscal officer of the political subdivision
- 33 and may be deposited in the political subdivision's general fund
- 34 or riverboat fund established under IC 36-1-8-9, or both;
- 35 (2) may not be used to reduce the maximum levy under
- 36 IC 6-1.1-18.5 of a county, city, or town or the maximum tax rate
- 37 of a school corporation, but, except as provided in subsection
- 38 (b)(2)(B), may be used at the discretion of the political
- 39 subdivision to reduce the property tax levy of the county, city, or
- 40 town for a particular year;
- 41 (3) except as provided in subsection (b)(2)(B), may be used for
- 42 any legal or corporate purpose of the political subdivision,



1 including the pledge of money to bonds, leases, or other  
 2 obligations under IC 5-1-14-4; and  
 3 (4) is considered miscellaneous revenue.  
 4 Money distributed under subsection (b)(2)(B) must be used for the  
 5 purposes specified in subsection (b)(2)(B).  
 6 (l) After June 30, 2020, the amount of wagering taxes that would  
 7 otherwise be distributed to South Bend under subsection (e) shall be  
 8 deposited as being received from all riverboats whose supplemental  
 9 wagering tax, as calculated under ~~IC 4-33-12-1(c); IC 4-33-12-1(d);~~  
 10 **IC 4-33-12-1.5(b)**, is over three and five-tenths percent (3.5%). The  
 11 amount deposited under this subsection, in each riverboat's account, is  
 12 proportionate to the supplemental wagering tax received from that  
 13 riverboat under ~~IC 4-33-12-1(c); IC 4-33-12-1(d);~~ **IC 4-33-12-1.5** in the  
 14 month of July. The amount deposited under this subsection must be  
 15 distributed in the same manner as the supplemental wagering tax  
 16 collected under ~~IC 4-33-12-1(c); IC 4-33-12-1(d);~~ **IC 4-33-12-1.5**. This  
 17 subsection expires June 30, 2021.  
 18 (m) After June 30, 2021, the amount of wagering taxes that would  
 19 otherwise be distributed to South Bend under subsection (e) shall be  
 20 withheld and deposited in the state general fund.  
 21 SECTION 10. IC 4-35-2-5.5 IS ADDED TO THE INDIANA CODE  
 22 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 23 1, 2018]: **Sec. 5.5. "Gaming activity information" means**  
 24 **information related to table game and slot machine activity used to**  
 25 **determine and confirm revenue and the computation of tax.**  
 26 SECTION 11. IC 4-35-7-12, AS AMENDED BY HEA 1100-2018,  
 27 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 28 JULY 1, 2018]: Sec. 12. (a) The Indiana horse racing commission shall  
 29 enforce the requirements of this section.  
 30 (b) A licensee shall before the fifteenth day of each month distribute  
 31 the following amounts for the support of the Indiana horse racing  
 32 industry:  
 33 (1) An amount equal to ~~fifteen~~ **five-tenths** percent (~~15%~~) **(0.5%)**  
 34 of the adjusted gross receipts of the slot machine wagering from  
 35 the previous month at each casino operated by the licensee with  
 36 respect to adjusted gross receipts received after June 30, ~~2013;~~  
 37 ~~and before January 1, 2014.~~ **2018, which shall be distributed to**  
 38 **the Indiana horse racing commission.**  
 39 (2) The percentage of the adjusted gross receipts of the slot  
 40 machine wagering from the previous month at each casino  
 41 operated by the licensee that is determined under section 16 or 17  
 42 of this chapter with respect to adjusted gross receipts received





1 after ~~December 31, 2013, and before July 1, 2015:~~

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

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

10 ~~(c)~~ **(d)** Except for amounts received by the Indiana horse racing  
11 **commission under subsection (b)(1)**, the Indiana horse racing  
12 commission may not use any of the money distributed under this  
13 section for any administrative purpose or other purpose of the Indiana  
14 horse racing commission.

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

17 (1) Five-tenths percent (0.5%) shall be transferred to horsemen's  
18 associations for equine promotion or welfare according to the  
19 ratios specified in subsection ~~(g)~~: **(h)**.

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

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

25 ~~(e)~~ **(f)** A horsemen's association shall expend the amounts  
26 distributed to the horsemen's association under subsection ~~(d)~~~~(1)~~ **(e)(1)**  
27 through ~~(d)~~~~(2)~~ **(e)(2)** for a purpose promoting the equine industry or  
28 equine welfare or for a benevolent purpose that the horsemen's  
29 association determines is in the best interests of horse racing in Indiana  
30 for the breed represented by the horsemen's association. Expenditures  
31 under this subsection are subject to the regulatory requirements of  
32 subsection ~~(h)~~: **(i)**.

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

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

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

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

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

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

42 (B) Forty-five percent (45%) to the breed development fund



- 1 established for thoroughbreds under IC 4-31-11-10.
- 2 (2) Forty-six percent (46%) for standardbred purposes as follows:
- 3 (A) Three hundred seventy-five thousand dollars (\$375,000)
- 4 to the state fair commission to be used by the state fair
- 5 commission to support standardbred racing and facilities at the
- 6 state fairgrounds.
- 7 (B) One hundred twenty-five thousand dollars (\$125,000) to
- 8 the state fair commission to be used by the state fair
- 9 commission to make grants to county fairs and the department
- 10 of parks and recreation in Johnson County to support
- 11 standardbred racing and facilities at county fair and county
- 12 park tracks. The state fair commission shall establish a review
- 13 committee to include the standardbred association board, the
- 14 Indiana horse racing commission, the Indiana county fair
- 15 association, and a member of the board of directors of a county
- 16 park established under IC 36-10 that provides or intends to
- 17 provide facilities to support standardbred racing, to make
- 18 recommendations to the state fair commission on grants under
- 19 this clause. A grant may be provided to the Johnson County
- 20 fair or department of parks and recreation under this clause
- 21 only if the county fair or department provides matching funds
- 22 equal to one dollar (\$1) for every three dollars (\$3) of grant
- 23 funds provided.
- 24 **(C) Fifty percent (50%) of the amount remaining after the**
- 25 **distributions under clauses (A) and (B) for the following**
- 26 **purposes:**
- 27 (i) **Ninety-six and five-tenths percent (96.5%) for**
- 28 **standardbred purses.**
- 29 (ii) **Three and five-tenths percent (3.5%) to the**
- 30 **horsemen's association representing standardbred**
- 31 **owners and trainers.**
- 32 **(D) Fifty percent (50%) of the amount remaining after the**
- 33 **distributions under clauses (A) and (B) to the breed**
- 34 **development fund established for standardbreds under**
- 35 **IC 4-31-11-10.**
- 36 (3) Eight percent (8%) for quarter horse purposes as follows:
- 37 (A) Seventy percent (70%) for the following purposes:
- 38 (i) Ninety-five percent (95%) for quarter horse purses.
- 39 (ii) Five percent (5%) to the horsemen's association
- 40 representing quarter horse owners and trainers.
- 41 (B) Thirty percent (30%) to the breed development fund
- 42 established for quarter horses under IC 4-31-11-10.



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

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

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

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

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

11 ~~(h)~~ **(i)** Money distributed under this section may not be expended  
12 unless the expenditure is for a purpose authorized in this section and is  
13 either for a purpose promoting the equine industry or equine welfare or  
14 is for a benevolent purpose that is in the best interests of horse racing  
15 in Indiana or the necessary expenditures for the operations of the  
16 horsemen's association required to implement and fulfill the purposes  
17 of this section. The Indiana horse racing commission may review any  
18 expenditure of money distributed under this section to ensure that the  
19 requirements of this section are satisfied. The Indiana horse racing  
20 commission shall adopt rules concerning the review and oversight of  
21 money distributed under this section and shall adopt rules concerning  
22 the enforcement of this section. The following apply to a horsemen's  
23 association receiving a distribution of money under this section:

24 (1) The horsemen's association must annually file a report with  
25 the Indiana horse racing commission concerning the use of the  
26 money by the horsemen's association. The report must include  
27 information as required by the commission.

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

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

34 ~~(i)~~ **(j)** The commission shall provide the Indiana horse racing  
35 commission with the information necessary to enforce this section.

36 ~~(j)~~ **(k)** The Indiana horse racing commission shall investigate any  
37 complaint that a licensee has failed to comply with the horse racing  
38 purse requirements set forth in this section. If, after notice and a  
39 hearing, the Indiana horse racing commission finds that a licensee has  
40 failed to comply with the purse requirements set forth in this section,  
41 the Indiana horse racing commission may:

42 (1) issue a warning to the licensee;



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

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

5 ~~(\*)~~ **(1)** A civil penalty collected under this section must be deposited  
 6 in the state general fund.

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

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

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

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

14 from the amount that must be distributed under section ~~12(b)(3)~~  
 15 **12(b)(2)** of this chapter.

16 (c) A licensee shall transfer the amount withheld under subsection  
 17 (b) to the Indiana horse racing commission for deposit in the gaming  
 18 integrity fund established by IC 4-35-8.7-3. Money transferred under  
 19 this subsection must be used for the purposes described in  
 20 IC 4-35-8.7-3(f)(1).

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

29 (b) Each horsemen's association shall appoint a representative to a  
 30 negotiation committee to negotiate the distribution agreement required  
 31 by subsection (a). If there is an even number of horsemen's associations  
 32 appointing representatives to the committee, the members appointed by  
 33 each horsemen's association shall jointly appoint an at-large member  
 34 of the negotiation committee to represent the interests of all of the  
 35 horsemen's associations. The at-large member is entitled to the same  
 36 rights and privileges of the members appointed by the horsemen's  
 37 associations.

38 (c) Each licensee shall appoint a representative to a negotiation  
 39 committee to negotiate the distribution agreement required by  
 40 subsection (a). If there is an even number of licensees, the members  
 41 appointed by each licensee shall jointly appoint an at-large member of  
 42 the negotiation committee to represent the interests of all of the



1 licensees. The at-large member is entitled to the same rights and  
2 privileges of the members appointed by the licensees.

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

7 (e) The initial distribution agreement entered into by the negotiation  
8 committees:

9 (1) must be in writing;

10 (2) must be submitted to the Indiana horse racing commission  
11 before October 1, 2013;

12 (3) must be approved by the Indiana horse racing commission  
13 before January 1, 2014; and

14 (4) may contain any terms determined to be necessary and  
15 appropriate by the negotiation committees, subject to subsection  
16 (f) and section 12 of this chapter.

17 (f) A distribution agreement must provide that at least ten percent  
18 (10%) and not more than twelve percent (12%) of a licensee's adjusted  
19 gross receipts must be distributed under section ~~12(b)(3)~~ **(12)(b)(2)** of  
20 this chapter. A distribution agreement applies to adjusted gross receipts  
21 received by the licensee after December 31 of the calendar year in  
22 which the distribution agreement is approved by the Indiana horse  
23 racing commission.

24 (g) A distribution agreement may expire on December 31 of a  
25 particular calendar year if a subsequent distribution agreement will take  
26 effect on January 1 of the following calendar year. A subsequent  
27 distribution agreement:

28 (1) is subject to the approval of the Indiana horse racing  
29 commission; and

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

33 (h) The Indiana horse racing commission shall annually report to the  
34 budget committee on the effect of each distribution agreement on the  
35 Indiana horse racing industry before January 1 of the following  
36 calendar year.

37 SECTION 14. IC 4-35-8-1, AS AMENDED BY P.L.255-2015,  
38 SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
39 JULY 1, 2018]: Sec. 1. (a) A graduated slot machine wagering tax is  
40 imposed as follows on ninety-nine percent (99%) of the adjusted gross  
41 receipts received after June 30, 2012, and before July 1, 2013, on  
42 ninety-one and five-tenths percent (91.5%) of the adjusted gross



1 receipts received after June 30, 2013, and before July 1, 2015, and on  
 2 eighty-eight percent (88%) of the adjusted gross receipts received after  
 3 June 30, 2015, from wagering on gambling games authorized by this  
 4 article:

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

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

14 (3) Thirty-five percent (35%) of the adjusted gross receipts in  
 15 excess of two hundred million dollars (\$200,000,000) received  
 16 during the period beginning July 1 of each year and ending June  
 17 30 of the following year.

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

19 (1) Remit the **daily amount** of tax imposed by this section to the  
 20 department ~~before the close of the business day following the day~~  
 21 ~~the wagers are made: on the twenty-fourth calendar day of each~~  
 22 **month. Any taxes collected during the month after the day on**  
 23 **which the taxes are required to be paid shall be paid to the**  
 24 **department at the same time the following month's taxes are**  
 25 **due.**

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

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

32 (d) If the department requires taxes to be remitted under this chapter  
 33 through electronic funds transfer, the department may allow the  
 34 licensee to file a monthly report to reconcile the amounts remitted to  
 35 the department.

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

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



1 (b) The fund shall be administered by the Indiana horse racing  
2 commission.

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

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

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

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

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

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

18 (f) Money in the fund may be used by the Indiana horse racing  
19 commission only for the following purposes:

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

23 (2) To pay dues to the Drug Testing Standards and Practices  
24 (DTSP) Committee of the Association of Racing Commissioners  
25 International.

26 (3) To provide grants for research for the advancement of equine  
27 drug testing. Grants under this subdivision must be approved by  
28 the Drug Testing Standards and Practices (DTSP) Committee of  
29 the Association of Racing Commissioners International or by the  
30 Racing Mediation and Testing Consortium.

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

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

35 (g) *Money in the fund is continuously appropriated to the Indiana*  
36 *horse racing commission to carry out the purposes described in*  
37 *subsection (f).*

38 SECTION 16. IC 5-10-1.1-4.5, AS AMENDED BY THE  
39 TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL  
40 ASSEMBLY, IS REPEALED [EFFECTIVE JULY 1, 2018]. ~~Sec. 4.5.~~  
41 ~~(a) As used in this section, "next level Indiana fund" refers to the next~~  
42 ~~level Indiana innovation and entrepreneurial fund established by~~



- 1 subsection (b):
- 2 (b) After December 31, 2017, the deferred compensation committee
- 3 shall establish and maintain:
- 4 (1) an investment product for the state employees' deferred
- 5 compensation plan; and
- 6 (2) a funding offering for the defined contribution plan
- 7 established under section 1.5 of this chapter;
- 8 named the next level Indiana innovation and entrepreneurial fund. The
- 9 deferred compensation committee shall consult with the board of
- 10 trustees of the next level Indiana trust fund established under
- 11 IC 8-14-15.1 and the board of trustees of the Indiana public retirement
- 12 system established under IC 5-10.5-3-1 in establishing the investment
- 13 objectives and policies for the next level Indiana fund. Not more than
- 14 twenty-five million dollars (\$25,000,000) of the assets of the next level
- 15 Indiana fund may be invested in any one (1) particular investment fund
- 16 or investment firm.
- 17 (c) The following apply to a state employee who selects the next
- 18 level Indiana fund:
- 19 (1) The state employee's initial transfer into the next level Indiana
- 20 fund may not exceed twenty percent (20%) of the balance in the
- 21 state employee's account in the state employees' deferred
- 22 compensation plan, as of the day before the effective date of the
- 23 state employee's selection of the next level Indiana fund.
- 24 (2) After the state employee's initial transfer into the next level
- 25 Indiana fund, contributions made by the state employee, or on the
- 26 state employee's behalf, into the next level Indiana fund each year
- 27 may not exceed twenty percent (20%) of the total contributions to
- 28 the state employee's account in the state employees' deferred
- 29 compensation plan for that year.
- 30 (3) If a state employee:
- 31 (A) contributes not less than the amount the state employee
- 32 initially designated to the next level Indiana fund in the state
- 33 employees' deferred compensation plan for at least thirty-six
- 34 (36) consecutive months; and
- 35 (B) maintains in the next level Indiana fund in the state
- 36 employees' deferred compensation plan the amounts
- 37 transferred and contributed during that period;
- 38 the state shall contribute on the state employee's behalf to the next
- 39 level Indiana fund offering in the defined contribution plan
- 40 established under section 1.5 of this chapter as a match ten
- 41 percent (10%) of the total amount contributed by the state
- 42 employee or on the state employee's behalf to the next level





1 Indiana fund in the state employees' deferred compensation plan  
 2 during that thirty-six (36) month period:

3 (4) After the period described in subdivision (3), for each  
 4 additional twelve (12) consecutive months that a state employee:

5 (A) contributes not less than the amount the state employee  
 6 initially designated to the next level Indiana fund in the state  
 7 employees' deferred compensation plan; and

8 (B) maintains in the next level Indiana fund in the state  
 9 employees' deferred compensation plan the amounts  
 10 transferred and contributed during that period;

11 the state shall contribute on the state employees' behalf to the next  
 12 level Indiana fund offering in the defined contribution plan  
 13 established under section 1-5 of this chapter as a match ten  
 14 percent (10%) of the total amount contributed by the state  
 15 employee or on the state employee's behalf to the next level  
 16 Indiana fund in the state employees' deferred compensation plan  
 17 during that twelve (12) month period. In determining the state's  
 18 match under this subdivision, the total amount contributed by the  
 19 state employee or on the state employee's behalf excludes the  
 20 amount of any state match under this subdivision or subdivision  
 21 (3).

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

24 (e) The deferred compensation committee shall report to the budget  
 25 committee every six (6) months concerning the following:

26 (1) The number of state employees that have funds invested in the  
 27 next level Indiana fund under this section.

28 (2) The total amounts invested in the next level Indiana fund  
 29 under this section, including the amount of any state match under  
 30 this section.

31 SECTION 17. IC 5-10.2-2-3, AS AMENDED BY THE  
 32 TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL  
 33 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 34 JULY 1, 2018]: Sec. 3. (a) The annuity savings account consists of:

35 (1) the members' contributions; and

36 (2) the interest credits on these contributions in the guaranteed  
 37 fund (before January 1, 2017), the gain or loss in the balance of  
 38 the member's account in the stable value fund (after December 31,  
 39 2016), or the gain or loss in market value on these contributions  
 40 in the alternative investment program, as specified in section 4 of  
 41 this chapter **(before its expiration)**.

42 Each member shall be credited individually with the amount of the



1 member's contributions and interest credits.

2 (b) The board shall maintain the investment program in effect on  
 3 December 31, 1995, (referred to in this chapter as the guaranteed  
 4 program) within the annuity savings account until January 1, 2017. In  
 5 addition, the board shall establish and maintain a guaranteed program  
 6 within the 1996 account until January 1, 2017. After December 31,  
 7 2016, the board shall establish an investment fund (referred to in this  
 8 chapter as the stable value fund) that has preservation of capital as the  
 9 primary investment objective. The board may establish investment  
 10 guidelines and limits on all types of investments (including, but not  
 11 limited to, stocks and bonds) and take other actions necessary to fulfill  
 12 its duty as a fiduciary of the annuity savings account, subject to the  
 13 limitations and restrictions set forth in IC 5-10.3-5-3, IC 5-10.4-3-10,  
 14 and IC 5-10.5-5.

15 (c) The board shall establish alternative investment programs within  
 16 the annuity savings account of the public employees' retirement fund,  
 17 the pre-1996 account, and the 1996 account, based on the following  
 18 requirements:

19 (1) The board shall maintain at least one (1) alternative  
 20 investment program that is an indexed stock fund and one (1)  
 21 alternative investment program that is a bond fund. The board  
 22 may maintain one (1) or more alternative investment programs  
 23 that:

24 (A) invest in one (1) or more commingled or pooled funds that  
 25 consist in part or entirely of mortgages that qualify as five star  
 26 mortgages under the program established by IC 24-5-23.6; or

27 (B) otherwise invest in mortgages that qualify as five star  
 28 mortgages under the program established by IC 24-5-23.6.

29 (2) The programs should represent a variety of investment  
 30 objectives under IC 5-10.3-5-3.

31 (3) No program may permit a member to withdraw money from  
 32 the member's account except as provided in IC 5-10.2-3 and  
 33 IC 5-10.2-4.

34 (4) All administrative costs of each alternative program shall be  
 35 paid from the earnings on that program or as may be determined  
 36 by the rules of the board.

37 (5) Except as provided in section 4(e) of this chapter (**before its**  
 38 **expiration**), a valuation of each member's account must be  
 39 completed as of:

40 (A) the last day of each quarter; or

41 (B) another time as the board may specify by rule.

42 (6) The board shall maintain as an alternative investment program



- 1           the fund described in section 3.5 of this chapter.
- 2           (d) The board must prepare, at least annually, an analysis of the
- 3 guaranteed program (before January 1, 2017), the stable value fund
- 4 (after December 31, 2016), and each alternative investment program.
- 5 This analysis must:
- 6           (1) include a description of the procedure for selecting an
- 7 alternative investment program;
- 8           (2) be understandable by the majority of members; and
- 9           (3) include a description of prior investment performance.
- 10          (e) A member may direct the allocation of the amount credited to
- 11 the member among the guaranteed fund (before January 1, 2017), the
- 12 stable value fund (after December 31, 2016), and any available
- 13 alternative investment funds, subject to the following conditions:
- 14          (1) A member may make a selection or change an existing
- 15 selection under rules established by the board. The board shall
- 16 allow a member to make a selection or change any existing
- 17 selection at least once each quarter.
- 18          (2) The board shall implement the member's selection beginning
- 19 on the first day of the next calendar quarter that begins at least
- 20 thirty (30) days after the selection is received by the board or on
- 21 an alternate date established by the rules of the board. This date
- 22 is the effective date of the member's selection.
- 23          (3) A member may select any combination of the guaranteed fund
- 24 (before January 1, 2017), the stable value fund (after December
- 25 31, 2016), or any available alternative investment funds, in ten
- 26 percent (10%) increments or smaller increments that may be
- 27 established by the rules of the board.
- 28          (4) A member's selection remains in effect until a new selection
- 29 is made.
- 30          (5) On the effective date of a member's selection, the board shall
- 31 reallocate the member's existing balance or balances in
- 32 accordance with the member's direction, based on:
- 33           (A) for an alternative investment program balance, the market
- 34 value on the effective date;
- 35           (B) for any guaranteed program balance, the account balance
- 36 on the effective date; and
- 37           (C) for any stable value fund program balance, the balance of
- 38 the member's account on the effective date.
- 39 All contributions to the member's account shall be allocated as of
- 40 the last day of that quarter or at an alternate time established by
- 41 the rules of the board in accordance with the member's most
- 42 recent effective direction. The board shall not reallocate the



- 1 member's account at any other time.
- 2 (6) The provisions concerning the transition from the guaranteed  
3 program to the stable value fund program are met, as set forth in  
4 section 24 of this chapter.
- 5 (f) When a member who participates in an alternative investment  
6 program transfers the amount credited to the member from one (1)  
7 alternative investment program to another alternative investment  
8 program, to the guaranteed program (before January 1, 2017), or to the  
9 stable value fund program (after December 31, 2016), the amount  
10 credited to the member shall be valued at the market value of the  
11 member's investment, as of the day before the effective date of the  
12 member's selection or at an alternate time established by the rules of  
13 the board. When a member who participates in an alternative  
14 investment program retires, becomes disabled, dies, or suspends  
15 membership and withdraws from the fund, the amount credited to the  
16 member shall be the market value of the member's investment as of the  
17 last day of the quarter preceding the member's distribution or  
18 annuitization at retirement, disability, death, or suspension and  
19 withdrawal, plus contributions received after that date or at an alternate  
20 time established by the rules of the board.
- 21 (g) This subsection applies before January 1, 2017. When a member  
22 who participates in the guaranteed program transfers the amount  
23 credited to the member to an alternative investment program, the  
24 amount credited to the member in the guaranteed program is computed  
25 without regard to market value and is based on the balance of the  
26 member's account in the guaranteed program as of the last day of the  
27 quarter preceding the effective date of the transfer. However, the board  
28 may by rule provide for an alternate valuation date. When a member  
29 who participates in the guaranteed program retires, becomes disabled,  
30 dies, or suspends membership and withdraws from the fund, the  
31 amount credited to the member shall be computed without regard to  
32 market value and is based on the balance of the member's account in  
33 the guaranteed program as of the last day of the quarter preceding the  
34 member's distribution or annuitization at retirement, disability, death,  
35 or suspension and withdrawal, plus any contributions received since  
36 that date plus interest since that date. However, the board may by rule  
37 provide for an alternate valuation date.
- 38 (h) This subsection applies after December 31, 2016. When a  
39 member who participates in the stable value fund program transfers the  
40 amount credited to the member from the stable value fund program to  
41 an alternative investment program, the amount credited to the member  
42 shall be the balance of the member's account, as of the day before the



1 effective date of the member's selection or at an alternate time  
 2 established by the rules of the board. When a member who participates  
 3 in the stable value fund program retires, becomes disabled, dies, or  
 4 suspends membership and withdraws from the fund, the amount  
 5 credited to the member shall be the balance of the member's account as  
 6 of the last day of the quarter preceding the member's distribution or  
 7 annuitization at retirement, disability, death, or suspension and  
 8 withdrawal, plus contributions received after that date or at an alternate  
 9 time established by the rules of the board.

10 SECTION 18. IC 5-10.2-2-3.5, AS AMENDED BY THE  
 11 TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL  
 12 ASSEMBLY, IS REPEALED [EFFECTIVE JULY 1, 2018]. See: 3-5:  
 13 (a) As used in this section, "next level Indiana fund" refers to the next  
 14 level Indiana innovation and entrepreneurial fund established by  
 15 subsection (b):

16 (b) After December 31, 2017, the board shall establish and maintain  
 17 an alternative investment program within the annuity savings account  
 18 of the public employees' retirement fund, the pre-1996 account, and the  
 19 1996 account named the next level Indiana innovation and  
 20 entrepreneurial fund. The board shall consult with the board of trustees  
 21 of the next level Indiana trust fund established under IC 8-14-15.1 and  
 22 the deferred compensation committee established under IC 5-10-1.1-4  
 23 in establishing the investment objectives and policies for the next level  
 24 Indiana fund:

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

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

31 (2) After the member's initial transfer into the next level Indiana  
 32 fund, contributions made by the member, or on the member's  
 33 behalf, into the next level Indiana fund each year may not exceed  
 34 twenty percent (20%) of the total contributions to the member's  
 35 account for that year:

36 (3) If a member:

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

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

42 the state shall contribute on the member's behalf to the next level



1 Indiana fund as a match ten percent (10%) of the total amount  
 2 contributed by or on the member's behalf to the next level Indiana  
 3 fund during that thirty-six (36) month period:

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

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

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

10 the state shall contribute on the member's behalf to the next level  
 11 Indiana fund as a match ten percent (10%) of the total amount  
 12 contributed by or on the member's behalf to the next level Indiana  
 13 fund during that twelve (12) month period. In determining the  
 14 state's match under this subdivision; the total amount contributed  
 15 by or on the member's behalf excludes the amount of any state  
 16 match under this subdivision or subdivision (3):

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

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

24 (b) The school corporation governing body may adopt a  
 25 resolution authorizing the submission of a petition to the  
 26 department requesting approval to use a modified capital projects  
 27 fund levy for the purpose of determining the school corporation's  
 28 2019 maximum permissible ad valorem property tax levy for its  
 29 operations fund for purposes of IC 20-46-8. The petition must be  
 30 submitted before October 1, 2018.

31 (c) If a petition is submitted with the department, the  
 32 department shall determine the school corporation's 2019  
 33 maximum permissible ad valorem property tax levy for its  
 34 operations fund for 2019 by using a replacement amount for the  
 35 capital projects fund component for purposes of IC 20-46-8-1(b),  
 36 STEP ONE (C), instead of the amount specified in IC 20-46-8-1(b),  
 37 STEP ONE (C). The department shall determine the replacement  
 38 amount as follows:

39 (1) Determine the school corporation's maximum capital  
 40 projects fund rate that the school corporation was authorized  
 41 to use for 2017 (including any part of the rate imposed for  
 42 qualified utility and insurance costs in 2017), regardless of



1           **whether the maximum rate was actually used.**

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

4           **(3) Multiply the subdivision (1) amount by the subdivision (2)**  
 5           **amount.**

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

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

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

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

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

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

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

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

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

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

37           (b) The statement of benefits may contain any other information  
 38           required by the commission. If the person is requesting or will be  
 39           requesting the designation of a district, the statement of benefits must  
 40           be submitted at the same time as the request for designation is  
 41           submitted.

42           (c) The commission shall review the statement of benefits if



1 required under subsection (b) **and subject to subsection (d)**. The  
 2 commission shall make findings determining whether the estimate of:  
 3 (1) the number of individuals who will be employed or whose  
 4 employment will be retained;  
 5 (2) the annual salaries of those individuals;  
 6 (3) the value of the new manufacturing equipment; and  
 7 (4) any other benefits about which the commission requires  
 8 information;  
 9 are benefits that can be reasonably expected to result from the  
 10 installation of the new manufacturing equipment.

11 **(d) The commission shall not review a statement of benefits for**  
 12 **new manufacturing equipment installed in a district after June 30,**  
 13 **2018.**

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

19 ~~(a)~~ **(b)** Subject to subsection ~~(d)~~; **(e)**, an owner of new  
 20 manufacturing equipment whose statement of benefits is approved is  
 21 entitled to a deduction from the assessed value of that equipment for a  
 22 period of ten (10) years. Except as provided in subsections ~~(b)~~ **and** ~~(c)~~  
 23 **and (d)**, and subject to subsection ~~(d)~~ **(e)** and section 14 of this chapter,  
 24 for the first five (5) years, the amount of the deduction for new  
 25 manufacturing equipment that an owner is entitled to for a particular  
 26 year equals the assessed value of the new manufacturing equipment.  
 27 Subject to subsection ~~(d)~~ **(e)** and section 14 of this chapter, for the sixth  
 28 through the tenth year, the amount of the deduction equals the product  
 29 of:

30 (1) the assessed value of the new manufacturing equipment;  
 31 multiplied by

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

33 YEAR OF DEDUCTION	PERCENTAGE
34 6th	100%
35 7th	95%
36 8th	80%
37 9th	65%
38 10th	50%
39 11th and thereafter	0%

40 ~~(b)~~ **(c)** A deduction under this section is not allowed in the first year  
 41 the deduction is claimed for new manufacturing equipment to the  
 42 extent that it would cause the assessed value of all of the personal





1 property of the owner in the taxing district in which the equipment is  
 2 located to be less than the assessed value of all of the personal property  
 3 of the owner in that taxing district in the immediately preceding year.

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

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

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

17 (2) the quotient of:

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

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

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

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

30 SECTION 23. IC 6-1.1-40-15 IS ADDED TO THE INDIANA  
 31 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 32 [EFFECTIVE JULY 1, 2018]: **Sec. 15. This chapter expires January**  
 33 **1, 2032.**

34 SECTION 24. IC 6-2.5-5-52 IS ADDED TO THE INDIANA CODE  
 35 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 36 1, 2018]: **Sec. 52. Transactions involving the following tangible**  
 37 **personal property that is purchased and used by a person that**  
 38 **operates a hot mix asphalt plant are exempt from the state gross**  
 39 **retail tax:**

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

42 **(2) Pavers that are used to spread that person's hot mix**



- 1           **asphalt.**  
 2           **(3) Plant equipment directly used to directly produce that**  
 3           **person's hot mix asphalt.**  
 4           **(4) Fuel used to operate trucks, pavers, or equipment**  
 5           **described in subdivisions (1) through (3).**  
 6           **(5) Repair parts installed on trucks, pavers, or equipment**  
 7           **described in subdivisions (1) through (3).**

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

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

19          (c) The retail merchant shall list on the application the location  
 20          (including the township) of each place of business where the retail  
 21          merchant makes retail transactions. However, if the retail merchant  
 22          does not have a fixed place of business, the retail merchant shall list the  
 23          retail merchant's residence as the retail merchant's place of business. In  
 24          addition, a public utility may list only its principal Indiana office as its  
 25          place of business for sales of public utility commodities or service, but  
 26          the utility must also list on the application the places of business where  
 27          it makes retail transactions other than sales of public utility  
 28          commodities or service.

29          (d) Upon receiving a proper application, the correct fee, and the  
 30          security for payment, if required, the department shall issue to the retail  
 31          merchant a separate registered retail merchant's certificate for each  
 32          place of business listed on the application. Each certificate shall bear  
 33          a serial number and the location of the place of business for which it is  
 34          issued.

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

39          (f) Except as provided in subsection (h), a registered retail  
 40          merchant's certificate is valid for two (2) years after the date the  
 41          registered retail merchant's certificate is originally issued or renewed.  
 42          If the retail merchant has filed all returns and remitted all taxes the



1 retail merchant is currently obligated to file or remit, the department  
 2 shall renew the registered retail merchant's certificate within thirty (30)  
 3 days after the expiration date, at no cost to the retail merchant. **Before**  
 4 **issuing or renewing the registered retail merchant certification, the**  
 5 **department may require the following to be provided:**

6 (1) **The names and addresses of the retail merchant's**  
 7 **principal employees, agents, or representatives who engage in**  
 8 **Indiana in the solicitation or negotiation of the retail**  
 9 **transaction.**

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

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

13 (g) The department may not renew a registered retail merchant  
 14 certificate of a retail merchant who is delinquent in remitting  
 15 withholding taxes required to be remitted under IC 6-3-4 or sales or use  
 16 tax. The department, at least sixty (60) days before the date on which  
 17 a retail merchant's registered retail merchant's certificate expires, shall  
 18 notify a retail merchant who is delinquent in remitting withholding  
 19 taxes required to be remitted under IC 6-3-4 or sales or use tax that the  
 20 department will not renew the retail merchant's registered retail  
 21 merchant's certificate.

22 (h) If:

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

26 (2) the retail merchant pays the outstanding liability before the  
 27 expiration of the retail merchant's registered retail merchant's  
 28 certificate;

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

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

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

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



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

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

4 (j) The department may permit an out-of-state retail merchant to  
 5 collect the use tax. However, before the out-of-state retail merchant  
 6 may collect the tax, the out-of-state retail merchant must obtain a  
 7 registered retail merchant's certificate in the manner provided by this  
 8 section. Upon receiving the certificate, the out-of-state retail merchant  
 9 becomes subject to the same conditions and duties as an Indiana retail  
 10 merchant and must then collect the use tax due on all sales of tangible  
 11 personal property that the out-of-state retail merchant knows is  
 12 intended for use in Indiana.

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

- 16 (1) the name of each retail merchant that has newly obtained a  
 17 registered retail merchant's certificate during the preceding year  
 18 for a place of business located in the township or county; and  
 19 (2) the address of each place of business of the taxpayer in the  
 20 township or county.

21 (l) If the duties of the township assessor have been transferred to the  
 22 county assessor as described in IC 6-1.1-1-24, the department shall  
 23 submit the information listed in subsection (k) to the county assessor.

24 SECTION 26. IC 6-3-1-3.5, AS AMENDED BY THE TECHNICAL  
 25 CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS  
 26 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,  
 27 2018 (RETROACTIVE)]: Sec. 3.5. When used in this article, the term  
 28 "adjusted gross income" shall mean the following:

29 (a) In the case of all individuals, "adjusted gross income" (as  
 30 defined in Section 62 of the Internal Revenue Code), modified as  
 31 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) *Except as provided in subsection (c)*, add an amount equal to  
 35 any deduction or deductions allowed or allowable pursuant to  
 36 Section 62 of the Internal Revenue Code for taxes based on or  
 37 measured by income and levied at the state level by any state of  
 38 the United States.  
 39 (3) Subtract one thousand dollars (\$1,000), or in the case of a  
 40 joint return filed by a husband and wife, subtract for each spouse  
 41 one thousand dollars (\$1,000).  
 42 (4) Subtract one thousand dollars (\$1,000) for:



- 1 (A) each of the exemptions provided by Section 151(c) of the  
 2 Internal Revenue Code **(as effective January 1, 2017)**;  
 3 (B) each additional amount allowable under Section 63(f) of the  
 4 Internal Revenue Code; and  
 5 (C) the spouse of the taxpayer if a separate return is made by  
 6 the taxpayer and if the spouse, for the calendar year in which  
 7 the taxable year of the taxpayer begins, has no gross income  
 8 and is not the dependent of another taxpayer.
- 9 (5) Subtract:
- 10 (A) one thousand five hundred dollars (\$1,500) for each of the  
 11 exemptions allowed under Section 151(c)(1)(B) of the Internal  
 12 Revenue Code (as effective January 1, 2004);  
 13 (B) ~~for taxable years beginning after December 31, 2017~~, one  
 14 thousand five hundred dollars (\$1,500) for each exemption  
 15 allowed under Section 151(c) of the Internal Revenue Code **(as**  
 16 **effective January 1, 2017)** for an individual:  
 17 (i) who is less than nineteen (19) years of age or is a full-time  
 18 student who is less than twenty-four (24) years of age;  
 19 (ii) for whom the taxpayer is the legal guardian; and  
 20 (iii) for whom the taxpayer does not claim an exemption  
 21 under clause (A); and  
 22 (C) five hundred dollars (\$500) for each additional amount  
 23 allowable under Section 63(f)(1) of the Internal Revenue Code  
 24 if the adjusted gross income of the taxpayer, or the taxpayer and  
 25 the taxpayer's spouse in the case of a joint return, is less than  
 26 forty thousand dollars (\$40,000).
- 27 This amount is in addition to the amount subtracted under  
 28 subdivision (4).
- 29 (6) Subtract any amounts included in federal adjusted gross  
 30 income under Section 111 of the Internal Revenue Code as a  
 31 recovery of items previously deducted as an itemized deduction  
 32 from adjusted gross income.
- 33 (7) Subtract any amounts included in federal adjusted gross  
 34 income under the Internal Revenue Code which amounts were  
 35 received by the individual as supplemental railroad retirement  
 36 annuities under 45 U.S.C. 231 and which are not deductible under  
 37 subdivision (1).
- 38 (8) Subtract an amount equal to the amount of federal Social  
 39 Security and Railroad Retirement benefits included in a taxpayer's  
 40 federal gross income by Section 86 of the Internal Revenue Code.
- 41 (9) In the case of a nonresident taxpayer or a resident taxpayer  
 42 residing in Indiana for a period of less than the taxpayer's entire



- 1 taxable year, the total amount of the deductions allowed pursuant  
 2 to subdivisions (3), (4), and (5) shall be reduced to an amount  
 3 which bears the same ratio to the total as the taxpayer's income  
 4 taxable in Indiana bears to the taxpayer's total income.
- 5 (10) In the case of an individual who is a recipient of assistance  
 6 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,  
 7 subtract an amount equal to that portion of the individual's  
 8 adjusted gross income with respect to which the individual is not  
 9 allowed under federal law to retain an amount to pay state and  
 10 local income taxes.
- 11 (11) In the case of an eligible individual, subtract the amount of  
 12 a Holocaust victim's settlement payment included in the  
 13 individual's federal adjusted gross income.
- 14 (12) Subtract an amount equal to the portion of any premiums  
 15 paid during the taxable year by the taxpayer for a qualified long  
 16 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer  
 17 or the taxpayer's spouse, or both.
- 18 (13) Subtract an amount equal to the lesser of:  
 19 (A) two thousand five hundred dollars (\$2,500); or  
 20 (B) the amount of property taxes that are paid during the  
 21 taxable year in Indiana by the individual on the individual's  
 22 principal place of residence.
- 23 (14) Subtract an amount equal to the amount of a September 11  
 24 terrorist attack settlement payment included in the individual's  
 25 federal adjusted gross income.
- 26 (15) Add or subtract the amount necessary to make the adjusted  
 27 gross income of any taxpayer that owns property for which bonus  
 28 depreciation was allowed in the current taxable year or in an  
 29 earlier taxable year equal to the amount of adjusted gross income  
 30 that would have been computed had an election not been made  
 31 under Section 168(k) of the Internal Revenue Code to apply bonus  
 32 depreciation to the property in the year that it was placed in  
 33 service.
- 34 (16) Add an amount equal to any deduction allowed under  
 35 Section 172 of the Internal Revenue Code (**concerning net**  
 36 **operating losses**).
- 37 (17) Add or subtract the amount necessary to make the adjusted  
 38 gross income of any taxpayer that placed Section 179 property (as  
 39 defined in Section 179 of the Internal Revenue Code) in service  
 40 in the current taxable year or in an earlier taxable year equal to  
 41 the amount of adjusted gross income that would have been  
 42 computed had an election for federal income tax purposes not



- 1           been made for the year in which the property was placed in  
2           service to take deductions under Section 179 of the Internal  
3           Revenue Code in a total amount exceeding twenty-five thousand  
4           dollars (\$25,000).
- 5           ~~(18)~~ Add an amount equal to the amount that a taxpayer claimed  
6           as a deduction for domestic production activities for the taxable  
7           year under Section ~~199~~ of the Internal Revenue Code for federal  
8           income tax purposes.
- 9           ~~(19)~~ **(18)** Subtract an amount equal to the amount of the taxpayer's  
10          qualified military income that was not excluded from the  
11          taxpayer's gross income for federal income tax purposes under  
12          Section 112 of the Internal Revenue Code.
- 13          ~~(20)~~ **(19)** Subtract income that is:
- 14               (A) exempt from taxation under IC 6-3-2-21.7 (**certain income**  
15               **derived from patents**); and
- 16               (B) included in the individual's federal adjusted gross income  
17               under the Internal Revenue Code.
- 18          ~~(21)~~ **(20)** Add an amount equal to any income not included in  
19          gross income as a result of the deferral of income arising from  
20          business indebtedness discharged in connection with the  
21          reacquisition after December 31, 2008, and before January 1,  
22          2011, of an applicable debt instrument, as provided in Section  
23          108(i) of the Internal Revenue Code. Subtract the amount  
24          necessary from the adjusted gross income of any taxpayer that  
25          added an amount to adjusted gross income in a previous year to  
26          offset the amount included in federal gross income as a result of  
27          the deferral of income arising from business indebtedness  
28          discharged in connection with the reacquisition after December  
29          31, 2008, and before January 1, 2011, of an applicable debt  
30          instrument, as provided in Section 108(i) of the Internal Revenue  
31          Code.
- 32          ~~(22)~~ **(21)** Add the amount excluded from federal gross income  
33          under Section 103 of the Internal Revenue Code for interest  
34          received on an obligation of a state other than Indiana, or a  
35          political subdivision of such a state, that is acquired by the  
36          taxpayer after December 31, 2011.
- 37          ~~(23)~~ **(22)** *Subtract an amount as described in Section 1341(a)(2)*  
38          *of the Internal Revenue Code to the extent, if any, that the amount*  
39          *was previously included in the taxpayer's adjusted gross income*  
40          *for a prior taxable year.*
- 41          **(23)** Add an amount equal to the reduction for deferred  
42          foreign income that was claimed by the taxpayer for the



1           **taxable year under Section 965 of the Internal Revenue Code.**  
 2           **Notwithstanding the general application of this section to**  
 3           **taxable years beginning after December 31, 2017, the addition**  
 4           **under this subdivision is to be made in the same taxable year**  
 5           **that the taxpayer takes into account the increase in Subpart**  
 6           **F income under Section 965(a) of the Internal Revenue Code**  
 7           **and uses the reduction for deferred foreign income under**  
 8           **Section 965 of the Internal Revenue Code, including a taxable**  
 9           **year that begins before January 1, 2018. This subdivision does**  
 10           **not apply to a deduction under Section 965 of the Internal**  
 11           **Revenue Code as it existed before its amendment by the**  
 12           **federal Tax Cuts and Jobs Act of 2017.**

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

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

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

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

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

28           (4) Subtract an amount equal to the amount included in the  
 29           corporation's taxable income under Section 78 of the Internal  
 30           Revenue Code **(concerning foreign tax credits).**

31           (5) Add or subtract the amount necessary to make the adjusted  
 32           gross income of any taxpayer that owns property for which bonus  
 33           depreciation was allowed in the current taxable year or in an  
 34           earlier taxable year equal to the amount of adjusted gross income  
 35           that would have been computed had an election not been made  
 36           under Section 168(k) of the Internal Revenue Code to apply bonus  
 37           depreciation to the property in the year that it was placed in  
 38           service.

39           (6) Add an amount equal to any deduction allowed under Section  
 40           172 of the Internal Revenue Code **(concerning net operating**  
 41           **losses).**

42           (7) Add or subtract the amount necessary to make the adjusted





- 1 gross income of any taxpayer that placed Section 179 property (as  
 2 defined in Section 179 of the Internal Revenue Code) in service  
 3 in the current taxable year or in an earlier taxable year equal to  
 4 the amount of adjusted gross income that would have been  
 5 computed had an election for federal income tax purposes not  
 6 been made for the year in which the property was placed in  
 7 service to take deductions under Section 179 of the Internal  
 8 Revenue Code in a total amount exceeding twenty-five thousand  
 9 dollars (\$25,000).
- 10 ~~(8)~~ Add an amount equal to the amount that a taxpayer claimed as  
 11 a deduction for domestic production activities for the taxable year  
 12 under Section 199 of the Internal Revenue Code for federal  
 13 income tax purposes.
- 14 ~~(9)~~ (8) Add to the extent required by IC 6-3-2-20 the amount of  
 15 intangible expenses (as defined in IC 6-3-2-20) and any directly  
 16 related interest expenses (as defined in IC 6-3-2-20) for the  
 17 taxable year that reduced the corporation's taxable income (as  
 18 defined in Section 63 of the Internal Revenue Code) for federal  
 19 income tax purposes.
- 20 ~~(10)~~ (9) Add an amount equal to any deduction for dividends paid  
 21 (as defined in Section 561 of the Internal Revenue Code) to  
 22 shareholders of a captive real estate investment trust (as defined  
 23 in section 34.5 of this chapter).
- 24 ~~(11)~~ (10) Subtract income that is:
- 25 (A) exempt from taxation under IC 6-3-2-21.7 (**certain income**  
 26 **derived from patents**); and
- 27 (B) included in the corporation's taxable income under the  
 28 Internal Revenue Code.
- 29 ~~(12)~~ (11) 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 the  
 37 amount included in federal gross income as a result of the deferral  
 38 of income arising from business indebtedness discharged in  
 39 connection with the reacquisition after December 31, 2008, and  
 40 before January 1, 2011, of an applicable debt instrument, as  
 41 provided in Section 108(i) of the Internal Revenue Code.
- 42 ~~(13)~~ (12) Add the amount excluded from federal gross income



1 under Section 103 of the Internal Revenue Code for interest  
 2 received on an obligation of a state other than Indiana, or a  
 3 political subdivision of such a state, that is acquired by the  
 4 taxpayer after December 31, 2011.

5 **(13) Add an amount equal to the reduction for deferred**  
 6 **foreign income that was claimed by the taxpayer for the**  
 7 **taxable year under Section 965 of the Internal Revenue Code.**  
 8 **Notwithstanding the general application of this section to**  
 9 **taxable years beginning after December 31, 2017, the addition**  
 10 **under this subdivision is to be made in the same taxable year**  
 11 **that the taxpayer takes into account the increase in Subpart**  
 12 **F income under Section 965(a) of the Internal Revenue Code**  
 13 **and uses the reduction for deferred foreign income under**  
 14 **Section 965 of the Internal Revenue Code, including a taxable**  
 15 **year that begins before January 1, 2018. This subdivision does**  
 16 **not apply to a deduction under Section 965 of the Internal**  
 17 **Revenue Code as it existed before its amendment by the**  
 18 **federal Tax Cuts and Jobs Act of 2017.**

19 **(14) Add an amount equal to the deduction that was claimed**  
 20 **by the taxpayer for the taxable year under Section**  
 21 **250(a)(1)(B)(ii) of the Internal Revenue Code (attributable to**  
 22 **global intangible low-taxed income).**

23 ~~(15)~~ **(15) Add or subtract any other amounts the taxpayer is:**

24 (A) required to add or subtract; or

25 (B) entitled to deduct;

26 under IC 6-3-2.

27 (c) *The following apply to taxable years beginning after December*  
 28 *31, 2018, for purposes of the add back of any deduction allowed on the*  
 29 *taxpayer's federal income tax return for wagering taxes, as provided*  
 30 *in subsection (a)(2) if the taxpayer is an individual or subsection (b)(3)*  
 31 *if the taxpayer is a corporation:*

32 (1) *For taxable years beginning after December 31, 2018, and*  
 33 *before January 1, 2020, a taxpayer is required to add back under*  
 34 *this section eighty-seven and five-tenths percent (87.5%) of any*  
 35 *deduction allowed on the taxpayer's federal income tax return for*  
 36 *wagering taxes.*

37 (2) *For taxable years beginning after December 31, 2019, and*  
 38 *before January 1, 2021, a taxpayer is required to add back under*  
 39 *this section seventy-five percent (75%) of any deduction allowed*  
 40 *on the taxpayer's federal income tax return for wagering taxes.*

41 (3) *For taxable years beginning after December 31, 2020, and*  
 42 *before January 1, 2022, a taxpayer is required to add back under*



- 1            *this section sixty-two and five-tenths percent (62.5%) of any*  
 2            *deduction allowed on the taxpayer's federal income tax return for*  
 3            *wagering taxes.*  
 4            *(4) For taxable years beginning after December 31, 2021, and*  
 5            *before January 1, 2023, a taxpayer is required to add back under*  
 6            *this section fifty percent (50%) of any deduction allowed on the*  
 7            *taxpayer's federal income tax return for wagering taxes.*  
 8            *(5) For taxable years beginning after December 31, 2022, and*  
 9            *before January 1, 2024, a taxpayer is required to add back under*  
 10           *this section thirty-seven and five-tenths percent (37.5%) of any*  
 11           *deduction allowed on the taxpayer's federal income tax return for*  
 12           *wagering taxes.*  
 13           *(6) For taxable years beginning after December 31, 2023, and*  
 14           *before January 1, 2025, a taxpayer is required to add back under*  
 15           *this section twenty-five percent (25%) of any deduction allowed*  
 16           *on the taxpayer's federal income tax return for wagering taxes.*  
 17           *(7) For taxable years beginning after December 31, 2024, and*  
 18           *before January 1, 2026, a taxpayer is required to add back under*  
 19           *this section twelve and five-tenths percent (12.5%) of any*  
 20           *deduction allowed on the taxpayer's federal income tax return for*  
 21           *wagering taxes.*  
 22           *(8) For taxable years beginning after December 31, 2025, a*  
 23           *taxpayer is not required to add back under this section any*  
 24           *amount of a deduction allowed on the taxpayer's federal income*  
 25           *tax return for wagering taxes.*  
 26           ~~(c)~~ *(d) In the case of life insurance companies (as defined in Section*  
 27           *816(a) of the Internal Revenue Code) that are organized under Indiana*  
 28           *law, the same as "life insurance company taxable income" (as defined*  
 29           *in Section 801 of the Internal Revenue Code), adjusted as follows:*  
 30                  (1) Subtract income that is exempt from taxation under this article  
 31                  by the Constitution and statutes of the United States.  
 32                  (2) Add an amount equal to any deduction allowed or allowable  
 33                  under Section 170 of the Internal Revenue Code **(concerning**  
 34                  **charitable contributions)**.  
 35                  (3) Add an amount equal to a deduction allowed or allowable  
 36                  under Section 805 or Section 832(c) of the Internal Revenue Code  
 37                  for taxes based on or measured by income and levied at the state  
 38                  level by any state.  
 39                  (4) Subtract an amount equal to the amount included in the  
 40                  company's taxable income under Section 78 of the Internal  
 41                  Revenue Code **(concerning foreign tax credits)**.  
 42                  (5) Add or subtract the amount necessary to make the adjusted



1 gross income of any taxpayer that owns property for which bonus  
 2 depreciation was allowed in the current taxable year or in an  
 3 earlier taxable year equal to the amount of adjusted gross income  
 4 that would have been computed had an election not been made  
 5 under Section 168(k) of the Internal Revenue Code to apply bonus  
 6 depreciation to the property in the year that it was placed in  
 7 service.

8 (6) Add an amount equal to any deduction allowed under Section  
 9 172 ~~or Section 810~~ of the Internal Revenue Code (**concerning net**  
 10 **operating losses**).

11 (7) Add or subtract the amount necessary to make the adjusted  
 12 gross income of any taxpayer that placed Section 179 property (as  
 13 defined in Section 179 of the Internal Revenue Code) in service  
 14 in the current taxable year or in an earlier taxable year equal to  
 15 the amount of adjusted gross income that would have been  
 16 computed had an election for federal income tax purposes not  
 17 been made for the year in which the property was placed in  
 18 service to take deductions under Section 179 of the Internal  
 19 Revenue Code in a total amount exceeding twenty-five thousand  
 20 dollars (\$25,000).

21 ~~(8) Add an amount equal to the amount that a taxpayer claimed as~~  
 22 ~~a deduction for domestic production activities for the taxable year~~  
 23 ~~under Section 199 of the Internal Revenue Code for federal~~  
 24 ~~income tax purposes.~~

25 ~~(9)~~ (8) Subtract income that is:

- 26 (A) exempt from taxation under IC 6-3-2-21.7 (**certain income**
- 27 **derived from patents**); and
- 28 (B) included in the insurance company's taxable income under
- 29 the Internal Revenue Code.

30 ~~(10)~~ (9) Add an amount equal to any income not included in gross  
 31 income as a result of the deferral of income arising from business  
 32 indebtedness discharged in connection with the reacquisition after  
 33 December 31, 2008, and before January 1, 2011, of an applicable  
 34 debt instrument, as provided in Section 108(i) of the Internal  
 35 Revenue Code. Subtract from the adjusted gross income of any  
 36 taxpayer that added an amount to adjusted gross income in a  
 37 previous year the amount necessary to offset the amount included  
 38 in federal gross income as a result of the deferral of income  
 39 arising from business indebtedness discharged in connection with  
 40 the reacquisition after December 31, 2008, and before January 1,  
 41 2011, of an applicable debt instrument, as provided in Section  
 42 108(i) of the Internal Revenue Code.



- 1           ~~(H)~~ **(10)** Add an amount equal to any exempt insurance income  
 2           under Section 953(e) of the Internal Revenue Code that is active  
 3           financing income under Subpart F of Subtitle A, Chapter 1,  
 4           Subchapter N of the Internal Revenue Code.
- 5           ~~(I)~~ **(11)** Add the amount excluded from federal gross income  
 6           under Section 103 of the Internal Revenue Code for interest  
 7           received on an obligation of a state other than Indiana, or a  
 8           political subdivision of such a state, that is acquired by the  
 9           taxpayer after December 31, 2011.
- 10          **(12) Add an amount equal to the reduction for deferred**  
 11          **foreign income that was claimed by the taxpayer for the**  
 12          **taxable year under Section 965 of the Internal Revenue Code.**  
 13          **Notwithstanding the general application of this section to**  
 14          **taxable years beginning after December 31, 2017, the addition**  
 15          **under this subdivision is to be made in the same taxable year**  
 16          **that the taxpayer takes into account the increase in Subpart**  
 17          **F income under Section 965(a) of the Internal Revenue Code**  
 18          **and uses the reduction for deferred foreign income under**  
 19          **Section 965 of the Internal Revenue Code, including a taxable**  
 20          **year that begins before January 1, 2018. This subdivision does**  
 21          **not apply to a deduction under Section 965 of the Internal**  
 22          **Revenue Code as it existed before its amendment by the**  
 23          **federal Tax Cuts and Jobs Act of 2017.**
- 24          **(13) Add an amount equal to the deduction that was claimed**  
 25          **by the taxpayer for the taxable year under Section**  
 26          **250(a)(1)(B)(ii) of the Internal Revenue Code (attributable to**  
 27          **global intangible low-taxed income).**
- 28          ~~(J)~~ **(14)** *Add or subtract any other amounts the taxpayer is:*  
 29                  *(A) required to add or subtract; or*  
 30                  *(B) entitled to deduct;*  
 31          *under IC 6-3-2.*
- 32          ~~(K)~~ *(e)* In the case of insurance companies subject to tax under  
 33          Section 831 of the Internal Revenue Code and organized under Indiana  
 34          law, the same as "taxable income" (as defined in Section 832 of the  
 35          Internal Revenue Code), adjusted as follows:
- 36                  (1) Subtract income that is exempt from taxation under this article  
 37                  by the Constitution and statutes of the United States.  
 38                  (2) Add an amount equal to any deduction allowed or allowable  
 39                  under Section 170 of the Internal Revenue Code (**concerning**  
 40                  **charitable contributions**).  
 41                  (3) Add an amount equal to a deduction allowed or allowable  
 42                  under Section 805 or Section 832(c) of the Internal Revenue Code



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



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

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

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

16 **(12)** Add an amount equal to the reduction for deferred  
 17 foreign income that was claimed by the taxpayer for the  
 18 taxable year under Section 965 of the Internal Revenue Code.  
 19 Notwithstanding the general application of this section to  
 20 taxable years beginning after December 31, 2017, the addition  
 21 under this subdivision is to be made in the same taxable year  
 22 that the taxpayer takes into account the increase in Subpart  
 23 F income under Section 965(a) of the Internal Revenue Code  
 24 and uses the reduction for deferred foreign income under  
 25 Section 965 of the Internal Revenue Code, including a taxable  
 26 year that begins before January 1, 2018. This subdivision does  
 27 not apply to a deduction under Section 965 of the Internal  
 28 Revenue Code as it existed before its amendment by the  
 29 federal Tax Cuts and Jobs Act of 2017.

30 **(13)** Add an amount equal to the deduction that was claimed  
 31 by the taxpayer for the taxable year under Section  
 32 250(a)(1)(B)(ii) of the Internal Revenue Code (attributable to  
 33 global intangible low-taxed income).

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

35 (A) required to add or subtract; or

36 (B) entitled to deduct;

37 under IC 6-3-2.

38 ~~(e)~~ (f) In the case of trusts and estates, "taxable income" (as defined  
 39 for trusts and estates in Section 641(b) of the Internal Revenue Code)  
 40 adjusted as follows:

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



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





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

7 ~~(9)~~ **(8)** Add the amount excluded from federal gross income under  
 8 Section 103 of the Internal Revenue Code for interest received on  
 9 an obligation of a state other than Indiana, or a political  
 10 subdivision of such a state, that is acquired by the taxpayer after  
 11 December 31, 2011.

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

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

22 ~~(10)~~ **(11)** Add or subtract any other amounts the taxpayer is:

23 (A) required to add or subtract; or

24 (B) entitled to deduct;

25 under IC 6-3-2.

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

30 **(h)** For purposes of determining adjusted gross income under  
 31 this section, the following apply:

32 **(1)** Any interest paid by the taxpayer to an entity, other than  
 33 directly related interest expenses (as defined by IC 6-3-2-20):

34 **(A)** shall be allowed as a deduction to the same extent the  
 35 interest was deducted in a taxable year by the taxpayer  
 36 under the Internal Revenue Code;

37 **(B)** shall be disallowed as a deduction to the same extent  
 38 that the interest is disallowed as a deduction for the taxable  
 39 year under the Internal Revenue Code; and

40 **(C)** to the extent disallowed for a taxable year under Section  
 41 163(j) of the Internal Revenue Code, the interest expense  
 42 shall be carried forward in the same manner as provided in



- 1           **Section 163(j) of the Internal Revenue Code.**  
 2           **For purposes of this subdivision, if the computation of the**  
 3           **limitation under Section 163(j) of the Internal Revenue Code**  
 4           **is determined for a federal affiliated group as opposed to**  
 5           **being determined on an entity by entity basis, any interest**  
 6           **allowed or disallowed as a deduction for a taxpayer is the**  
 7           **amount actually deducted by or disallowed for that taxpayer,**  
 8           **even if the taxpayer may have otherwise been permitted an**  
 9           **interest deduction or been disallowed an interest deduction**  
 10           **without regard to the affiliated group.**  
 11           **(2) To the extent that an interest expense is a directly related**  
 12           **interest expense under IC 6-3-2-20, any interest expense that**  
 13           **is determined to be directly related interest expense:**  
 14               **(A) shall be added back unless it satisfies an exception**  
 15               **under IC 6-3-2-20(c);**  
 16               **(A) shall be determined in the taxable year in which the**  
 17               **interest expense is incurred; and**  
 18               **(B) shall be carried forward to future taxable years if any**  
 19               **interest expense that is disallowed by Section 163(j) of the**  
 20               **Internal Revenue Code may be carried forward.**  
 21           **(3) The department may adopt rules or issue guidelines with**  
 22           **regard to the allowance, disallowance, and carry forward of:**  
 23               **(A) directly related interest expenses that also constitute**  
 24               **business interest otherwise subject to the limitations of**  
 25               **Section 163(j)(1) of the Internal Revenue Code;**  
 26               **(B) interest attributable to individuals or entities from**  
 27               **partnerships or S corporations; and**  
 28               **(C) any other circumstances in which the application of**  
 29               **Section 163(j) of the Internal Revenue Code may lead to**  
 30               **ambiguous, indeterminate, or inconsistent results.**  
 31           **SECTION 27. IC 6-3-1-11, AS AMENDED BY P.L.204-2016,**  
 32           **SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**  
 33           **JANUARY 1, 2018 (RETROACTIVE)]: Sec. 11. (a) The term "Internal**  
 34           **Revenue Code" means the Internal Revenue Code of 1986 of the**  
 35           **United States as amended and in effect on ~~January 1, 2016~~; **February****  
 36           ****11, 2018.****  
 37               **(b) Whenever the Internal Revenue Code is mentioned in this**  
 38               **article, the particular provisions that are referred to, together with all**  
 39               **the other provisions of the Internal Revenue Code in effect on ~~January~~**  
 40               **~~1, 2016~~; **February 11, 2018**, that pertain to the provisions specifically**  
 41               **mentioned, shall be regarded as incorporated in this article by reference**  
 42               **and have the same force and effect as though fully set forth in this**



1 article. To the extent the provisions apply to this article, regulations  
 2 adopted under Section 7805(a) of the Internal Revenue Code and in  
 3 effect on ~~January 1, 2016~~, **February 11, 2018**, shall be regarded as  
 4 rules adopted by the department under this article, unless the  
 5 department adopts specific rules that supersede the regulation.

6 (c) An amendment to the Internal Revenue Code made by an act  
 7 passed by Congress before ~~January 1, 2016~~, **February 11, 2018**, **other**  
 8 **than the federal 21st Century Cures Act (P.L. 114-255) and the**  
 9 **federal Disaster Tax Relief and Airport and Airway Extension Act**  
 10 **of 2017 (P.L. 115-63)**, that is effective for any taxable year that began  
 11 before ~~January 1, 2016~~, **February 11, 2018**, and that affects:

- 12 (1) individual adjusted gross income (as defined in Section 62 of
- 13 the Internal Revenue Code);
- 14 (2) corporate taxable income (as defined in Section 63 of the
- 15 Internal Revenue Code);
- 16 (3) trust and estate taxable income (as defined in Section 641(b)
- 17 of the Internal Revenue Code);
- 18 (4) life insurance company taxable income (as defined in Section
- 19 801(b) of the Internal Revenue Code);
- 20 (5) mutual insurance company taxable income (as defined in
- 21 Section 821(b) of the Internal Revenue Code); or
- 22 (6) taxable income (as defined in Section 832 of the Internal
- 23 Revenue Code);

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

26 (d) This subsection applies to a taxable year ending before January  
 27 1, 2013. The following provisions of the Internal Revenue Code that  
 28 were amended by the Tax Relief Act, Unemployment Insurance  
 29 Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) are  
 30 treated as though they were not amended by the Tax Relief Act,  
 31 Unemployment Insurance Reauthorization, and Job Creation Act of  
 32 2010 (P.L. 111-312):

- 33 (1) Section 1367(a)(2) of the Internal Revenue Code pertaining to
- 34 an adjustment of basis of the stock of shareholders.
- 35 (2) Section 871(k)(1)(C) and 871(k)(2)(C) of the Internal
- 36 Revenue Code pertaining to the treatment of certain dividends of
- 37 regulated investment companies.
- 38 (3) Section 897(h)(4)(A)(ii) of the Internal Revenue Code
- 39 pertaining to regulated investment companies qualified entity
- 40 treatment.
- 41 (4) Section 512(b)(13)(E)(iv) of the Internal Revenue Code
- 42 pertaining to the modification of tax treatment of certain



- 1 payments to controlling exempt organizations.  
 2 (5) Section 613A(c)(6)(H)(ii) of the Internal Revenue Code  
 3 pertaining to the limitations on percentage depletion in the case  
 4 of oil and gas wells.  
 5 (6) Section 451(i)(3) of the Internal Revenue Code pertaining to  
 6 special rule for sales or dispositions to implement Federal Energy  
 7 Regulatory Commission or state electric restructuring policy for  
 8 qualified electric utilities.  
 9 (7) Section 954(c)(6) of the Internal Revenue Code pertaining to  
 10 the look-through treatment of payments between related  
 11 controlled foreign corporation under foreign personal holding  
 12 company rules.

13 The department shall develop forms and adopt any necessary rules  
 14 under IC 4-22-2 to implement this subsection.

15 SECTION 28. IC 6-3-2-1, AS AMENDED BY P.L.80-2014,  
 16 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 1. (a) Each taxable year,  
 18 a tax at the following rate of adjusted gross income is imposed upon the  
 19 adjusted gross income of every resident person, and on that part of the  
 20 adjusted gross income derived from sources within Indiana of every  
 21 nonresident person:

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

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

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

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

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

33 (2) After June 30, 2012, and before July 1, 2013, eight percent  
 34 (8.0%).

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

37 (4) After June 30, 2014, and before July 1, 2015, seven percent  
 38 (7.0%).

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

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



- 1 (7) After June 30, 2017, and before July 1, 2018, six percent  
 2 (6.0%).
- 3 (8) After June 30, 2018, and before July 1, 2019, five and  
 4 seventy-five hundredths percent (5.75%).
- 5 (9) After June 30, 2019, and before July 1, 2020, five and  
 6 five-tenths percent (5.5%).
- 7 (10) After June 30, 2020, and before July 1, 2021, five and  
 8 twenty-five hundredths percent (5.25%).
- 9 (11) After June 30, 2021, four and nine-tenths percent (4.9%).
- 10 (c) If for any taxable year a taxpayer is subject to different tax rates  
 11 under subsection (b), the taxpayer's tax rate for that taxable year is the  
 12 rate determined in the last STEP of the following STEPS:
- 13 STEP ONE: Multiply the number of ~~months days~~ in the taxpayer's  
 14 taxable year that precede the ~~month day~~ the rate changed by the  
 15 rate in effect before the rate change.
- 16 STEP TWO: Multiply the number of ~~months days~~ in the  
 17 taxpayer's taxable year that follow the ~~month day~~ before the rate  
 18 changed by the rate in effect after the rate change.
- 19 STEP THREE: Divide the sum of the amounts determined under  
 20 STEPS ONE and TWO by ~~twelve (12):~~ **the number of days in**  
 21 **the taxpayer's tax period.**
- 22 However, the rate determined under this subsection shall be rounded  
 23 to the nearest one-hundredth of one percent (0.01%).
- 24 SECTION 29. IC 6-3-2-1.5, AS AMENDED BY P.L.288-2013,  
 25 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 26 JULY 1, 2018]: Sec. 1.5. (a) As used in this section, "qualified area"  
 27 means:
- 28 (1) a military base (as defined in IC 36-7-30-1(c));  
 29 (2) a military base reuse area established under IC 36-7-30;  
 30 (3) the part of an economic development area established under  
 31 IC 36-7-14.5-12.5 that is or formerly was a military base (as  
 32 defined in IC 36-7-30-1(c)); or  
 33 (4) a qualified military base enhancement area established under  
 34 IC 36-7-34.
- 35 (b) Except as provided in ~~subsection (e),~~ **subsections (e) and (h),**  
 36 a tax at the rate of five percent (5%) of adjusted gross income is  
 37 imposed on that part of the adjusted gross income of a corporation that  
 38 is derived from sources within a qualified area if the corporation  
 39 locates all or part of its operations in a qualified area during the taxable  
 40 year, as determined under subsection (g). The tax rate under this  
 41 section applies to the taxable year in which the corporation locates its  
 42 operations in the qualified area and to the next succeeding four (4)



1 taxable years.

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

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

10 (2) The corporation is a United States Department of Defense  
11 contractor.

12 (3) The corporation and the qualified military base have a  
13 mutually beneficial relationship evidenced by a memorandum of  
14 understanding between the corporation and the United States  
15 Department of Defense.

16 (d) In the case of a business that uses the services or commodities  
17 in a qualified military base enhancement area established under  
18 IC 36-7-34-4(2), the business must satisfy at least one (1) of the  
19 following criteria:

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

23 (2) The business and the qualified military base have a mutually  
24 beneficial relationship evidenced by a memorandum of  
25 understanding between the business and the qualified military  
26 base (as defined in IC 36-7-34-3).

27 (e) A taxpayer is not entitled to the tax rate described in subsection  
28 (b) to the extent that the taxpayer substantially reduces or ceases its  
29 operations at another location in Indiana in order to relocate its  
30 operations within the qualified area, unless:

31 (1) the taxpayer had existing operations in the qualified area; and

32 (2) the operations relocated to the qualified area are an expansion  
33 of the taxpayer's operations in the qualified area.

34 (f) A determination under subsection (e) that a taxpayer is not  
35 entitled to the tax rate provided by this section as a result of a  
36 substantial reduction or cessation of operations applies to the taxable  
37 year in which the substantial reduction or cessation occurs and in all  
38 subsequent years. Determinations under this section shall be made by  
39 the department of state revenue.

40 (g) The department of state revenue:

41 (1) shall adopt rules under IC 4-22-2 to establish a procedure for  
42 determining the part of a corporation's adjusted gross income that



1 was derived from sources within a qualified area; and  
 2 (2) may adopt other rules that the department considers necessary  
 3 for the implementation of this chapter.

4 **(h) The tax rate under this section applies only to a corporation**  
 5 **that locates all or part of its operations in a qualified area before**  
 6 **January 1, 2019. However, this subsection may not be construed to**  
 7 **prevent the tax rate from applying to succeeding taxable years of**  
 8 **a corporation after December 31, 2018, if the corporation locates**  
 9 **all or part of its operations in a qualified area before January 1,**  
 10 **2019.**

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

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

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

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



1 deemed to be derived from sources within the state of Indiana. In the  
 2 case of compensation of a team member (as defined in section 2.7 of  
 3 this chapter), only the portion of income determined to be Indiana  
 4 income under section 2.7 of this chapter is considered derived from  
 5 sources within Indiana. In the case of a corporation that is a life  
 6 insurance company (as defined in Section 816(a) of the Internal  
 7 Revenue Code) or an insurance company that is subject to tax under  
 8 Section 831 of the Internal Revenue Code, only so much of the income  
 9 as is apportioned to Indiana under subsection (r) is considered derived  
 10 from sources within Indiana.

11 (b) Except as provided in subsection (l), if business income of a  
 12 corporation or a nonresident person is derived from sources within the  
 13 state of Indiana and from sources without the state of Indiana, the  
 14 business income derived from sources within this state shall be  
 15 determined by multiplying the business income derived from sources  
 16 both within and without the state of Indiana by the following:

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

19 (A) numerator of the fraction is the sum of the property factor  
 20 plus the payroll factor plus the product of the sales factor  
 21 multiplied by three (3); and

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

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

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

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

30 (3) For all taxable years beginning after December 31, 2008, and  
 31 before January 1, 2010, 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 eight (8); and

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

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

38 (A) numerator of the fraction is the property factor plus the  
 39 payroll factor plus the product of the sales factor multiplied by  
 40 eighteen (18); and

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

42 (5) For all taxable years beginning after December 31, 2010, the





1 sales factor.

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

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

26 (1) the individual's service is performed entirely within the state;  
 27 (2) the individual's service is performed both within and without  
 28 this state, but the service performed without this state is incidental  
 29 to the individual's service within this state; or

30 (3) some of the service is performed in this state and:  
 31 (A) the base of operations or, if there is no base of operations,  
 32 the place from which the service is directed or controlled is in  
 33 this state; or  
 34 (B) the base of operations or the place from which the service  
 35 is directed or controlled is not in any state in which some part  
 36 of the service is performed, but the individual is a resident of  
 37 this state.

38 (e) The sales factor is a fraction, the numerator of which is the total  
 39 sales of the taxpayer in this state during the taxable year, and the  
 40 denominator of which is the total sales of the taxpayer everywhere  
 41 during the taxable year. Sales include receipts from intangible property  
 42 and receipts from the sale or exchange of intangible property. However,



1 with respect to a foreign corporation, the denominator does not include  
 2 sales made in a place that is outside the United States. Receipts from  
 3 intangible personal property are derived from sources within Indiana  
 4 if the receipts from the intangible personal property are attributable to  
 5 Indiana under section 2.2 of this chapter. Regardless of the f.o.b. point  
 6 or other conditions of the sale, sales of tangible personal property are  
 7 in this state if:

8 (1) the property is delivered or shipped to a purchaser that is  
 9 within Indiana, other than the United States government; or

10 (2) the property is shipped from an office, a store, a warehouse, a  
 11 factory, or other place of storage in this state and the purchaser is  
 12 the United States government.

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

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

33 (1) the income-producing activity is performed in this state; or

34 (2) the income-producing activity is performed both within and  
 35 without this state and a greater proportion of the  
 36 income-producing activity is performed in this state than in any  
 37 other state, based on costs of performance.

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

42 (h)(1) Net rents and royalties from real property located in this state



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



1 taxpayer's commercial domicile is located.

2 (3) A copyright is utilized in a state to the extent that printing or  
3 other publication originates in the state. If the basis of receipts  
4 from copyright royalties does not permit allocation to states or if  
5 the accounting procedures do not reflect states of utilization, the  
6 copyright is utilized in the state in which the taxpayer's  
7 commercial domicile is located.

8 (l) If the allocation and apportionment provisions of this article do  
9 not fairly represent the taxpayer's income derived from sources within  
10 the state of Indiana, the taxpayer may petition for or the department  
11 may require, in respect to all or any part of the taxpayer's business  
12 activity, if reasonable:

13 (1) separate accounting;

14 (2) for a taxable year beginning before January 1, 2011, the  
15 exclusion of any one (1) or more of the factors, except the sales  
16 factor;

17 (3) the inclusion of one (1) or more additional factors which will  
18 fairly represent the taxpayer's income derived from sources within  
19 the state of Indiana; or

20 (4) the employment of any other method to effectuate an equitable  
21 allocation and apportionment of the taxpayer's income.

22 Notwithstanding IC 6-8.1-5-1(c), a taxpayer petitioning for, or the  
23 department requiring, the use of an alternative method to effectuate an  
24 equitable allocation and apportionment of the taxpayer's income under  
25 this subsection bears the burden of proof that the allocation and  
26 apportionment provisions of this article do not fairly represent the  
27 taxpayer's income derived from sources within this state and that the  
28 alternative method to the allocation and apportionment provisions of  
29 this article is reasonable.

30 (m) In the case of two (2) or more organizations, trades, or  
31 businesses owned or controlled directly or indirectly by the same  
32 interests, the department shall distribute, apportion, or allocate the  
33 income derived from sources within the state of Indiana between and  
34 among those organizations, trades, or businesses in order to fairly  
35 reflect and report the income derived from sources within the state of  
36 Indiana by various taxpayers.

37 (n) For purposes of allocation and apportionment of income under  
38 this article, a taxpayer is taxable in another state if:

39 (1) in that state the taxpayer is subject to a net income tax, a  
40 franchise tax measured by net income, a franchise tax for the  
41 privilege of doing business, or a corporate stock tax; or

42 (2) that state has jurisdiction to subject the taxpayer to a net



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



1 (1) Any purse, prize money, or other amounts earned for  
 2 placement or participation in a race or portion thereof, including  
 3 qualification, shall be attributed to Indiana if the race is conducted  
 4 in Indiana.

5 (2) Any amounts received from an individual or entity as a result  
 6 of sponsorship or similar promotional consideration for one (1) or  
 7 more races shall be in this state in the amount received, multiplied  
 8 by the following fraction:

9 (A) The numerator of the fraction is the number of racing  
 10 events for which sponsorship or similar promotional  
 11 consideration has been paid in a taxable year and that occur in  
 12 Indiana.

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

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

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

23 SECTION 31. IC 6-3-2-2.2 IS AMENDED TO READ AS  
 24 FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]:

25 Sec. 2.2. (a) Interest income and other receipts from assets in the nature  
 26 of loans or installment sales contracts that are primarily secured by or  
 27 deal with real or tangible personal property are attributable to this state  
 28 if the security or sale property is located in Indiana.

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

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

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1 (d) Interest income, merchant discount, and other receipts including  
 2 service charges from financial institution credit card and travel and  
 3 entertainment credit card receivables and credit card holders' fees are  
 4 attributable to the state to which the card charges and fees are regularly  
 5 billed.

6 (e) Receipts from the performance of fiduciary and other services  
 7 are attributable to the state in which the benefits of the services are  
 8 consumed. If the benefits are consumed in more than one (1) state, the  
 9 receipts from those benefits are attributable to this state on a pro rata  
 10 basis according to the portion of the benefits consumed in Indiana.

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

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

25 SECTION 32. IC 6-3-2-2.5, AS AMENDED BY THE TECHNICAL  
 26 CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS  
 27 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,  
 28 2018 (RETROACTIVE)]: Sec. 2.5. (a) This section applies to a  
 29 resident person.

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

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

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

40 (1) The modifications that are to be applied are those  
 41 modifications required under IC 6-3-1-3.5 for the same taxable  
 42 year in which each net operating loss was incurred, except that the



1 modifications do not include the modifications required under:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41 SECTION 33. IC 6-3-2-2.6, AS AMENDED BY THE TECHNICAL  
42 CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS

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1 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,  
2 2018 (RETROACTIVE)]: Sec. 2.6. (a) This section applies to a  
3 corporation or a nonresident person.

4 (b) Corporations and nonresident persons are entitled to a net  
5 operating loss deduction. The amount of the deduction taken in a  
6 taxable year may not exceed the taxpayer's unused Indiana net  
7 operating losses carried over to that year. A taxpayer is not entitled to  
8 carryback any net operating losses after December 31, 2011.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32 (2) The amount of the taxpayer's net operating loss that is derived  
33 from sources within Indiana shall be determined in the same  
34 manner that the amount of the taxpayer's adjusted **gross** income  
35 derived from sources within Indiana is determined under section  
36 2 of this chapter for the same taxable year during which each loss  
37 was incurred.

38 (3) An Indiana net operating loss includes a net operating loss that  
39 arises when the applicable modifications required by IC 6-3-1-3.5  
40 as set forth in subdivision (1) exceed the taxpayer's federal  
41 taxable income (as defined in Section 63 of the Internal Revenue  
42 Code), if the taxpayer is a corporation, or when the applicable



- 1 modifications required by IC 6-3-1-3.5 as set forth in subdivision  
 2 (1) exceed the taxpayer's federal adjusted gross income (as  
 3 defined by Section 62 of the Internal Revenue Code), if the  
 4 taxpayer is a nonresident person, for the taxable year in which the  
 5 Indiana net operating loss is determined.
- 6 (e) Subject to the limitations contained in subsection (g), an Indiana  
 7 net operating loss carryover shall be available as a deduction from the  
 8 taxpayer's adjusted gross income derived from sources within Indiana  
 9 (as defined in section 2 of this chapter) in the carryover year provided  
 10 in subsection (f).
- 11 (f) Carryovers shall be determined under this subsection as follows:
- 12 (1) An Indiana net operating loss shall be an Indiana net operating  
 13 loss carryover to each of the carryover years following the taxable  
 14 year of the loss.
- 15 (2) ~~Carryover years shall be determined by reference to the~~  
 16 ~~number of years allowed for carrying over net operating losses~~  
 17 ~~under Section 172(b) of the Internal Revenue Code. **An Indiana**~~  
 18 ~~**net operating loss may not be carried over for more than**~~  
 19 ~~**twenty (20) taxable years after the taxable year of the loss.**~~
- 20 (g) The entire amount of the Indiana net operating loss for any  
 21 taxable year shall be carried to the earliest of the taxable years to which  
 22 (as determined under subsection (f)) the loss may be carried. The  
 23 amount of the Indiana net operating loss remaining after the deduction  
 24 is taken under this section in a taxable year may be carried over as  
 25 provided in subsection (f). The amount of the Indiana net operating loss  
 26 carried over from year to year shall be reduced to the extent that the  
 27 Indiana net operating loss carryover is used by the taxpayer to obtain  
 28 a deduction in a taxable year until the occurrence of the earlier of the  
 29 following:
- 30 (1) The entire amount of the Indiana net operating loss has been  
 31 used as a deduction.
- 32 (2) The Indiana net operating loss has been carried over to each  
 33 of the carryover years provided by subsection (f).
- 34 (h) An Indiana net operating loss deduction determined under this  
 35 section shall be allowed notwithstanding the fact that in the year the  
 36 taxpayer incurred the net operating loss the taxpayer was not subject to  
 37 the tax imposed under section 1 of this chapter because the taxpayer  
 38 was:
- 39 (1) a life insurance company (as defined in Section 816(a) of the  
 40 Internal Revenue Code); or  
 41 (2) an insurance company subject to tax under Section 831 of the  
 42 Internal Revenue Code.



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

4 ~~(1) substituting the corresponding provisions of Section 810 of the~~  
 5 ~~Internal Revenue Code in place of references to Section 172 of~~  
 6 ~~the Internal Revenue Code; and~~

7 ~~(2) substituting life insurance company taxable income (as~~  
 8 ~~defined in Section 801 the Internal Revenue Code) in place of~~  
 9 ~~references to taxable income (as defined in Section 63 of the~~  
 10 ~~Internal Revenue Code).~~

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

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

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

32 (b) An individual whose qualified military income is subtracted  
 33 from the individual's federal adjusted gross income under  
 34 ~~IC 6-3-1-3.5(a)(19)~~ **IC 6-3-1-3.5(a)(18)** for Indiana individual income  
 35 tax purposes is not, for that taxable year, entitled to a deduction under  
 36 this section for the same qualified military income that is deducted  
 37 under ~~IC 6-3-1-3.5(a)(19)~~ **IC 6-3-1-3.5(a)(18)**.

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

42 (1) includes:



- 1 (A) any amount that a taxpayer is required to include in its  
 2 gross income for a taxable year under Section 951 of the  
 3 Internal Revenue Code; **and**  
 4 **(B) the gross amount included in federal gross income of a**  
 5 **United States shareholder as a result of Section 965 of the**  
 6 **Internal Revenue Code; and**  
 7 **(2) but the term does not include:**  
 8 (A) any amount that is treated as a dividend under Section 78  
 9 of the Internal Revenue Code; **and**  
 10 **(B) the amount included in federal taxable income of a**  
 11 **United States shareholder under Section 951A of the**  
 12 **Internal Revenue Code.**
- 13 (b) A corporation that includes any foreign source dividend in its  
 14 adjusted gross income for a taxable year is entitled to a deduction from  
 15 that adjusted gross income. The amount of the deduction equals the  
 16 product of:  
 17 (1) the amount of the foreign source dividend included in the  
 18 corporation's adjusted gross income for the taxable year;  
 19 multiplied by  
 20 (2) the percentage prescribed in subsection (c), (d), or (e), as the  
 21 case may be.
- 22 (c) The percentage referred to in subsection (b)(2) is one hundred  
 23 percent (100%) if the corporation that includes the foreign source  
 24 dividend in its adjusted gross income owns stock possessing at least  
 25 eighty percent (80%) of the total combined voting power of all classes  
 26 of stock of the foreign corporation from which the dividend is derived.
- 27 (d) The percentage referred to in subsection (b)(2) is eighty-five  
 28 percent (85%) if the corporation that includes the foreign source  
 29 dividend in its adjusted gross income owns stock possessing at least  
 30 fifty percent (50%) but less than eighty percent (80%) of the total  
 31 combined voting power of all classes of stock of the foreign  
 32 corporation from which the dividend is derived.
- 33 (e) The percentage referred to in subsection (b)(2) is fifty percent  
 34 (50%) if the corporation that includes the foreign source dividend in its  
 35 adjusted gross income owns stock possessing less than fifty percent  
 36 (50%) of the total combined voting power of all classes of stock of the  
 37 foreign corporation from which the dividend is derived.
- 38 SECTION 36. IC 6-3-2-13, AS AMENDED BY P.L.250-2015,  
 39 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 40 JANUARY 1, 2019]: Sec. 13. (a) As used in this section, "export  
 41 income" means the gross receipts from the sale, transfer, or exchange  
 42 of tangible personal property destined for international markets that is:



- 1 (1) manufactured at a plant located within a maritime opportunity
- 2 district established under IC 6-1.1-40 **(before its expiration)**; and
- 3 (2) shipped through a port operated by the state.
- 4 (b) As used in this section, "export sales ratio" means the quotient
- 5 of:
- 6 (1) the taxpayer's export income; divided by
- 7 (2) the taxpayer's gross receipts from the sale, transfer, or
- 8 exchange of tangible personal property, regardless of its
- 9 destination.
- 10 (c) As used in this section, "taxpayer" means a person or corporation
- 11 that has export income.
- 12 (d) The ports of Indiana established by IC 8-10-1-3 shall notify the
- 13 department when a maritime opportunity district is established under
- 14 IC 6-1.1-40 **(before its expiration)**. The notice must include:
- 15 (1) the resolution passed by the commission to establish the
- 16 district; and
- 17 (2) a list of all taxpayers located in the district.
- 18 (e) The ports of Indiana shall also notify the department of any
- 19 subsequent changes in the list of taxpayers located in the district.
- 20 (f) A taxpayer is entitled to a deduction from the taxpayer's adjusted
- 21 gross income in an amount equal to the lesser of:
- 22 (1) the taxpayer's adjusted gross income; or
- 23 (2) the product of the export sales ratio multiplied by the
- 24 percentage set forth in subsection (g).
- 25 (g) The percentage to be used in determining the amount a taxpayer
- 26 is entitled to deduct under this section depends upon the number of
- 27 years that the taxpayer could have taken a deduction under this section.
- 28 The percentage to be used in subsection (f) is as follows:
- 29 

YEAR OF DEDUCTION	PERCENTAGE
30 1st through 4th	100%
31 5th	80%
32 6th	60%
33 7th	40%
34 8th	20%
35 9th and thereafter	0%
- 36 (h) The department shall determine, for each taxpayer claiming a
- 37 deduction under this section, the taxpayer's export sales ratio for
- 38 purposes of IC 6-1.1-40. The department shall certify the amount of the
- 39 ratio to the department of local government finance.
- 40 (i) A taxpayer is not entitled to a deduction under this section based
- 41 on export income received by the taxpayer after December 31, 2015.
- 42 (j) This section expires January 1, 2025.



1 SECTION 37. IC 6-3-4-3, AS AMENDED BY P.L.172-2011,  
 2 SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 3 JANUARY 1, 2019]: Sec. 3. Returns required to be made pursuant to  
 4 section 1 of this chapter shall be filed with the department on or before  
 5 the later of the following:

6 (1) The 15th day of the fourth month following the close of the  
 7 taxable year.

8 (2) For a corporation whose federal tax return is due on or after  
 9 the date set forth in subdivision (1), as determined without regard  
 10 to any extensions, weekends, or holidays, the 15th day of the  
 11 month following the due date of the federal tax return.

12 **However, if the due date for a federal income tax return is**  
 13 **extended by the Internal Revenue Service to a date that is later**  
 14 **than the date specified in subdivision (1) or (2) (as applicable), the**  
 15 **department may extend the due date of a return required to be**  
 16 **made under section 1 of this chapter to the due date permitted for**  
 17 **the federal income tax return.**

18 SECTION 38. IC 6-3-4-8.2, AS AMENDED BY P.L.182-2009(ss),  
 19 SECTION 200, IS AMENDED TO READ AS FOLLOWS  
 20 [EFFECTIVE JULY 1, 2018]: Sec. 8.2. (a) Each person in Indiana who  
 21 is required under the Internal Revenue Code to withhold federal tax  
 22 from winnings shall deduct and retain adjusted gross income tax at the  
 23 time and in the amount described in withholding instructions issued by  
 24 the department.

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

30 (1) winnings (not reduced by the wager) valued at one thousand  
 31 two hundred dollars (\$1,200) or more from slot machine play; or

32 (2) winnings (reduced by the wager) valued at one thousand five  
 33 hundred dollars (\$1,500) or more from a keno game;

34 shall deduct and retain adjusted gross income tax at the time and in the  
 35 amount described in withholding instructions issued by the department.  
 36 The department's instructions must provide that amounts withheld shall  
 37 be paid to the department ~~before the close of the business day following~~  
 38 ~~the day the winnings are paid; actually or constructively.~~ **on the**  
 39 **twenty-fourth calendar day of each month. Any taxes collected**  
 40 **during the month after the day on which the taxes are required to**  
 41 **be paid shall be paid to the department at the same time the**  
 42 **following month's taxes are due.** Slot machine and keno winnings



1 from a gambling operation (as defined in IC 4-33-2-10) or a gambling  
 2 game (as defined in IC 4-35-2-5) that are reportable for federal income  
 3 tax purposes shall be treated as subject to withholding under this  
 4 section, even if federal tax withholding is not required.

5 (c) The adjusted gross income tax due on prize money or prizes:

6 (1) received from a winning lottery ticket purchased under  
 7 IC 4-30; and

8 (2) exceeding one thousand two hundred dollars (\$1, 200) in  
 9 value;

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

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

22 SECTION 39. IC 6-3.1-21-6, AS AMENDED BY P.L.242-2015,  
 23 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 6. (a) Except as provided  
 25 by ~~subsection~~ **subsections** (b), **(d)**, **and** **(e)**, an individual who is  
 26 eligible for an earned income tax credit under Section 32 of the Internal  
 27 Revenue Code as it existed before being amended by the Tax Relief,  
 28 Unemployment Insurance Reauthorization, and Job Creation Act of  
 29 2010 (P.L. 111-312), is eligible for a credit under this chapter equal to  
 30 nine percent (9%) of the amount of the federal earned income tax credit  
 31 that the individual:

32 (1) is eligible to receive in the taxable year; and

33 (2) claimed for the taxable year;

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

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

40 (1) the amount determined under subsection (a); multiplied by

41 (2) the quotient of the taxpayer's income taxable in Indiana  
 42 divided by the taxpayer's total income.



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

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

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

14 SECTION 40. IC 6-3.6-3-1, AS AMENDED BY P.L.180-2016,  
15 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
16 UPON PASSAGE]: Sec. 1. (a) The following is the adopting body for  
17 a county:

18 (1) The local income tax council in a county in which the county  
19 income tax council adopted either:

20 (A) a county option income tax under IC 6-3.5-6 (repealed) that  
21 was in effect on January 1, 2015; or

22 (B) a county economic development income tax for the county  
23 under IC 6-3.5-7 (repealed) that was in effect on January 1,  
24 2015.

25 (2) The county fiscal body in any other county.

26 (3) The county fiscal body for purposes of adopting a rate  
27 dedicated to paying for a PSAP in the county as permitted by  
28 IC 6-3.6-6-2.5.

29 **(4) The county fiscal body for purposes of adopting a rate**  
30 **dedicated to paying for correctional facilities and**  
31 **rehabilitation facilities in the county as permitted by**  
32 **IC 6-3.6-6-2.7.**

33 (b) A local income tax council is established for each county. The  
34 membership of each county's local income tax council consists of the  
35 fiscal body of the county and the fiscal body of each city or town that  
36 lies either partially or entirely within that county.

37 SECTION 41. IC 6-3.6-5-6, AS AMENDED BY THE TECHNICAL  
38 CORRECTIONS BILL OF THE 2018 GENERAL ASSEMBLY, IS  
39 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,  
40 2018 (RETROACTIVE)]: Sec. 6. (a) This section applies to all  
41 counties.

42 (b) The adopting body may impose a tax rate under this chapter that





1 does not exceed one and twenty-five hundredths percent (1.25%) on the  
 2 adjusted gross income of local taxpayers in the county served by the  
 3 adopting body.

4 (c) Revenues from a tax under this section may be used only for the  
 5 purpose of funding a property tax credit applied on a percentage basis  
 6 to reduce the property tax liability of taxpayers with tangible property  
 7 located in the county as authorized under this section. Property taxes  
 8 imposed due to a referendum in which a majority of the voters in the  
 9 taxing unit imposing the property taxes approved the property taxes are  
 10 not eligible for a credit under this section. **However, IC 6-3.6-11-2**  
 11 **applies in Jasper County.**

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

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

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

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

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

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

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

41 *(i) residential property; or*

42 *(ii) commercial property.*



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

6 (e) Within a category described in subsection (d) for which an  
 7 ordinance grants property tax credits, the property tax credit rate must  
 8 be a uniform percentage for all qualifying taxpayers with property in  
 9 that category in the county. The credit percentage may be, but does not  
 10 have to be, uniform for all categories of property listed in subsection  
 11 (d). *The total of all tax credits granted under this section for a year*  
 12 *may not exceed the amount of revenue raised by the tax imposed under*  
 13 *this section. If the amount available in a year for property tax credits*  
 14 *under this section is less than the amount necessary to provide all the*  
 15 *property tax credits authorized by the adopting body, the county*  
 16 *auditor shall reduce the property tax credits granted to eliminate the*  
 17 *excess. The county auditor shall reduce credits within the categories*  
 18 *described in subsection (d)(1) through (d)(4) as follows:*

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

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

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

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

30 (f) *The total of all tax credits granted under this section for a year*  
 31 *may not exceed the amount authorized by the adopting body. If the*  
 32 *amount available in a year for property tax credits under this section*  
 33 *is greater than the amount necessary to provide all the property tax*  
 34 *credits authorized by the adopting body, the county auditor shall retain*  
 35 *and apply the excess as necessary to provide the property tax credits*  
 36 *authorized by the adopting body for the following year. The adopting*  
 37 *body may adopt an ordinance that directs to which categories*  
 38 *described in subsection (d) the excess is to be uniformly applied.*

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

42 (h) (g) *If the adopting body adopts an ordinance to reduce or*



1 *eliminate the property tax relief credits that are in effect in the county*  
 2 *under this chapter, the county auditor shall give notice of the adoption*  
 3 *of the ordinance in accordance with IC 5-3-1 not later than thirty (30)*  
 4 *days after the date on which the ordinance is adopted.*

5 SECTION 42. IC 6-3.6-6-2.7 IS ADDED TO THE INDIANA  
 6 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 7 [EFFECTIVE UPON PASSAGE]: **Sec. 2.7. (a) A county fiscal body**  
 8 **may adopt an ordinance to impose a tax rate for correctional**  
 9 **facilities and rehabilitation facilities in the county. The tax rate**  
 10 **must be in increments of one-hundredth of one percent (0.01%)**  
 11 **and may not exceed two-tenths of one percent (0.2%). The tax rate**  
 12 **may not be in effect for more than twenty (20) years.**

13 **(b) The revenue generated by a tax rate imposed under this**  
 14 **section must be distributed directly to the county before the**  
 15 **remainder of the expenditure rate revenue is distributed. The**  
 16 **revenue shall be maintained in a separate dedicated county fund**  
 17 **and used by the county only for paying for correctional facilities**  
 18 **and rehabilitation facilities in the county.**

19 SECTION 43. IC 6-3.6-6-3, AS AMENDED BY P.L.247-2017,  
 20 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 UPON PASSAGE]: Sec. 3. (a) Revenue raised from a tax imposed  
 22 under this chapter shall be treated as follows:

23 **(1) To make the following distributions:**

24 **(A) If an ordinance described in section 2.5 of this chapter is in**  
 25 **effect in a county, to make a distribution to the county equal to**  
 26 **the amount of revenue generated by the rate imposed under**  
 27 **section 2.5 of this chapter.**

28 **(B) If an ordinance described in section 2.7 of this chapter**  
 29 **is in effect in a county, to make a distribution to the county**  
 30 **equal to the amount of revenue generated by the rate**  
 31 **imposed under section 2.7 of this chapter.**

32 **(2) After making the ~~distribution~~ distributions described in**  
 33 **subdivision (1), if any, to make distributions to school**  
 34 **corporations and civil taxing units in counties that formerly**  
 35 **imposed a tax under IC 6-3.5-1.1 (repealed). The revenue**  
 36 **categorized from the next twenty-five hundredths percent (0.25%)**  
 37 **of the rate for a former tax adopted under IC 6-3.5-1.1 (repealed)**  
 38 **shall be allocated to school corporations and civil taxing units.**  
 39 **The amount of the allocation to a school corporation or civil**  
 40 **taxing unit shall be determined using the allocation amounts for**  
 41 **civil taxing units and school corporations in the county.**

42 **(3) After making the distributions described in subdivisions (1)**



1 and (2), the remaining revenue shall be treated as additional  
 2 revenue (referred to as "additional revenue" in this chapter).  
 3 Additional revenue may not be considered by the department of  
 4 local government finance in determining:

5 (A) any taxing unit's maximum permissible property tax levy  
 6 limit under IC 6-1.1-18.5; or

7 (B) the approved property tax rate for any fund.

8 (b) In the case of a civil taxing unit that has pledged the tax from  
 9 additional revenue for the payment of bonds, leases, or other  
 10 obligations as reported by the civil taxing unit under IC 5-1-18, the  
 11 adopting body may not, under section 4 of this chapter, reduce the  
 12 proportional allocation of the additional revenue that was allocated in  
 13 the preceding year if the reduction for that year would result in an  
 14 amount less than the amount necessary for the payment of bonds,  
 15 leases, or other obligations payable or required to be deposited in a  
 16 sinking fund or other reserve in that year for the bonds, leases, or other  
 17 obligations for which the tax from additional revenue has been pledged.  
 18 To inform an adopting body with regard to allocations that affect the  
 19 payment of bonds, leases, or other obligations, a taxing unit may  
 20 provide the adopting body with information regarding any outstanding  
 21 bonds, leases, or other obligations that are secured by additional  
 22 revenue. The information must be provided before the date of the  
 23 public hearing at which the adopting body may change the allocation  
 24 of additional revenue under section 4 of this chapter.

25 SECTION 44. IC 6-3.6-9-10, AS AMENDED BY P.L.239-2017,  
 26 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 27 UPON PASSAGE]: Sec. 10. The budget agency shall also certify  
 28 information concerning the part of the certified distribution that is  
 29 attributable to each of the following:

30 (1) The tax rate imposed under IC 6-3.6-5.

31 (2) The tax rate imposed under IC 6-3.6-6, separately stating:

32 (A) the part of the distribution attributable to a tax rate imposed  
 33 under IC 6-3.6-6-2.5; and

34 (B) the part of the distribution attributable to a tax rate  
 35 imposed under IC 6-3.6-6-2.7.

36 (3) Each tax rate imposed under IC 6-3.6-7.

37 (4) In the case of Marion County, the local income taxes paid by  
 38 local taxpayers described in IC 6-3.6-2-13(3).

39 The amount certified shall be adjusted to reflect any adjustment in the  
 40 certified distribution under this chapter.

41 SECTION 45. IC 6-3.6-11-2, AS ADDED BY P.L.243-2015,  
 42 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 2. (a) This section  
 2 applies to Jasper County's allocation of property tax credits provided by  
 3 a tax rate under IC 6-3.6-5.

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

12 **(c) The adopting body may adopt an ordinance to provide that**  
 13 **property taxes are eligible for a credit under IC 6-3.6-5-6 if the**  
 14 **property taxes are imposed due to a referendum in which a**  
 15 **majority of the voters in the taxing unit imposing the property**  
 16 **taxes approved, before July 1, 2015, the property taxes and a credit**  
 17 **had been applied to these property taxes before January 1, 2017.**  
 18 **Notwithstanding IC 6-3.6-3-3, the ordinance may take effect and**  
 19 **the credit may be applied beginning in 2018 if the ordinance is**  
 20 **adopted and delivered to the auditor of state and the department**  
 21 **of local government finance on or before March 26, 2018. In**  
 22 **addition, if the ordinance is adopted to provide a credit beginning**  
 23 **in 2018, the county auditor does not have to comply with the**  
 24 **deadline of March 15, 2018, for the tax duplicate under**  
 25 **IC 6-1.1-22-3 or the abstract of property under IC 6-1.1-22-5 but**  
 26 **shall:**

- 27 (1) prepare the tax duplicate required by IC 6-1.1-22-3; and  
 28 (2) deliver to the auditor of state and the county treasurer the  
 29 certified copy of the abstract of property required by  
 30 IC 6-1.1-22-5;

31 **as soon as practicable.**

32 SECTION 46. IC 6-5.5-1-2, AS AMENDED BY P.L.250-2015,  
 33 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 34 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 2. (a) Except as provided  
 35 in subsections (b) through (d), "adjusted gross income" means taxable  
 36 income as defined in Section 63 of the Internal Revenue Code, adjusted  
 37 as follows:

- 38 (1) Add the following amounts:  
 39 (A) An amount equal to a deduction allowed or allowable under  
 40 Section 166, Section 585, or Section 593 of the Internal  
 41 Revenue Code.  
 42 (B) An amount equal to a deduction allowed or allowable under



- 1 Section 170 of the Internal Revenue Code.
- 2 (C) An amount equal to a deduction or deductions allowed or
- 3 allowable under Section 63 of the Internal Revenue Code for
- 4 taxes based on or measured by income and levied at the state
- 5 level by a state of the United States or levied at the local level
- 6 by any subdivision of a state of the United States.
- 7 (D) The amount of interest excluded under Section 103 of the
- 8 Internal Revenue Code or under any other federal law, minus
- 9 the associated expenses disallowed in the computation of
- 10 taxable income under Section 265 of the Internal Revenue
- 11 Code.
- 12 (E) An amount equal to the deduction allowed under Section
- 13 172 or 1212 of the Internal Revenue Code for net operating
- 14 losses or net capital losses.
- 15 (F) For a taxpayer that is not a large bank (as defined in Section
- 16 585(c)(2) of the Internal Revenue Code), an amount equal to
- 17 the recovery of a debt, or part of a debt, that becomes worthless
- 18 to the extent a deduction was allowed from gross income in a
- 19 prior taxable year under Section 166(a) of the Internal Revenue
- 20 Code.
- 21 (G) Add the amount necessary to make the adjusted gross
- 22 income of any taxpayer that owns property for which bonus
- 23 depreciation was allowed in the current taxable year or in an
- 24 earlier taxable year equal to the amount of adjusted gross
- 25 income that would have been computed had an election not
- 26 been made under Section 168(k) of the Internal Revenue Code
- 27 to apply bonus depreciation to the property in the year that it
- 28 was placed in service.
- 29 (H) Add the amount necessary to make the adjusted gross
- 30 income of any taxpayer that placed Section 179 property (as
- 31 defined in Section 179 of the Internal Revenue Code) in service
- 32 in the current taxable year or in an earlier taxable year equal to
- 33 the amount of adjusted gross income that would have been
- 34 computed had an election for federal income tax purposes not
- 35 been made for the year in which the property was placed in
- 36 service to take deductions under Section 179 of the Internal
- 37 Revenue Code in a total amount exceeding twenty-five
- 38 thousand dollars (\$25,000).
- 39 ~~(I) Add an amount equal to the amount that a taxpayer claimed~~
- 40 ~~as a deduction for domestic production activities for the taxable~~
- 41 ~~year under Section 199 of the Internal Revenue Code for federal~~
- 42 ~~income tax purposes.~~



- 1           ~~(I)~~ **(I)** Add an amount equal to any income not included in  
2 gross income as a result of the deferral of income arising from  
3 business indebtedness discharged in connection with the  
4 reacquisition after December 31, 2008, and before January 1,  
5 2011, of an applicable debt instrument, as provided in Section  
6 108(i) of the Internal Revenue Code. Subtract from the adjusted  
7 gross income of any taxpayer that added an amount to adjusted  
8 gross income in a previous year the amount necessary to offset  
9 the amount included in federal gross income as a result of the  
10 deferral of income arising from business indebtedness  
11 discharged in connection with the reacquisition after December  
12 31, 2008, and before January 1, 2011, of an applicable debt  
13 instrument, as provided in Section 108(i) of the Internal  
14 Revenue Code.
- 15           ~~(K)~~ **(J)** Add an amount equal to any exempt insurance income  
16 under Section 953(e) of the Internal Revenue Code for active  
17 financing income under Subpart F, Subtitle A, Chapter 1,  
18 Subchapter N of the Internal Revenue Code.
- 19           (2) Subtract the following amounts:
- 20           (A) Income that the United States Constitution or any statute of  
21 the United States prohibits from being used to measure the tax  
22 imposed by this chapter.
- 23           (B) Income that is derived from sources outside the United  
24 States, as defined by the Internal Revenue Code.
- 25           (C) An amount equal to a debt or part of a debt that becomes  
26 worthless, as permitted under Section 166(a) of the Internal  
27 Revenue Code.
- 28           (D) An amount equal to any bad debt reserves that are included  
29 in federal income because of accounting method changes  
30 required by Section 585(c)(3)(A) or Section 593 of the Internal  
31 Revenue Code.
- 32           (E) The amount necessary to make the adjusted gross income  
33 of any taxpayer that owns property for which bonus  
34 depreciation was allowed in the current taxable year or in an  
35 earlier taxable year equal to the amount of adjusted gross  
36 income that would have been computed had an election not  
37 been made under Section 168(k) of the Internal Revenue Code  
38 to apply bonus depreciation.
- 39           (F) The amount necessary to make the adjusted gross income of  
40 any taxpayer that placed Section 179 property (as defined in  
41 Section 179 of the Internal Revenue Code) in service in the  
42 current taxable year or in an earlier taxable year equal to the



1 amount of adjusted gross income that would have been  
 2 computed had an election for federal income tax purposes not  
 3 been made for the year in which the property was placed in  
 4 service to take deductions under Section 179 of the Internal  
 5 Revenue Code in a total amount exceeding twenty-five  
 6 thousand dollars (\$25,000).

7 (G) Income that is:

- 8 (i) exempt from taxation under IC 6-3-2-21.7; and
- 9 (ii) included in the taxpayer's taxable income under the  
 10 Internal Revenue Code.

11 (b) In the case of a credit union, "adjusted gross income" for a  
 12 taxable year means the total transfers to undivided earnings minus  
 13 dividends for that taxable year after statutory reserves are set aside  
 14 under IC 28-7-1-24.

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

- 21 (1) the aggregate of the gross payments collected by the company  
 22 during the taxable year from old and new business upon  
 23 investment contracts issued by the company and held by residents  
 24 of Indiana; divided by
- 25 (2) the total amount of gross payments collected during the  
 26 taxable year by the company from the business upon investment  
 27 contracts issued by the company and held by persons residing  
 28 within Indiana and elsewhere.

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

- 32 (1) is registered under the Investment Company Act of 1940 (15  
 33 U.S.C. 80a-1 et seq.); and
- 34 (2) solicits or receives a payment to be made to itself and issues  
 35 in exchange for the payment:
  - 36 (A) a so-called bond;
  - 37 (B) a share;
  - 38 (C) a coupon;
  - 39 (D) a certificate of membership;
  - 40 (E) an agreement;
  - 41 (F) a pretended agreement; or
  - 42 (G) other evidences of obligation;





1 entitling the holder to anything of value at some future date, if the  
 2 gross payments received by the company during the taxable year  
 3 on outstanding investment contracts, plus interest and dividends  
 4 earned on those contracts (by prorating the interest and dividends  
 5 earned on investment contracts by the same proportion that  
 6 certificate reserves (as defined by the Investment Company Act  
 7 of 1940) is to the company's total assets) is at least fifty percent  
 8 (50%) of the company's gross payments upon investment  
 9 contracts plus gross income from all other sources except  
 10 dividends from subsidiaries for the taxable year. The term  
 11 "investment contract" means an instrument listed in clauses (A)  
 12 through (G).

13 SECTION 47. IC 6-8.1-1-1, AS AMENDED BY P.L.256-2017,  
 14 SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 15 JULY 1, 2018]: Sec. 1. "Listed taxes" or "taxes" includes only the  
 16 pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the ~~riverboat~~  
 17 ~~admissions~~ **supplemental wagering** tax (IC 4-33-12); the riverboat  
 18 wagering tax (IC 4-33-13); the slot machine wagering tax (IC 4-35-8);  
 19 the type II gambling game excise tax (IC 4-36-9); the gross income tax  
 20 (IC 6-2.1) (repealed); the utility receipts and utility services use taxes  
 21 (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted  
 22 gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8)  
 23 (repealed); the county adjusted gross income tax (IC 6-3.5-1.1)  
 24 (repealed); the county option income tax (IC 6-3.5-6) (repealed); the  
 25 county economic development income tax (IC 6-3.5-7) (repealed); the  
 26 local income tax (IC 6-3.6); the auto rental excise tax (IC 6-6-9); the  
 27 financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the  
 28 special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a  
 29 motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3;  
 30 the vehicle excise tax (IC 6-6-5); the aviation fuel excise tax  
 31 (IC 6-6-13); the commercial vehicle excise tax (IC 6-6-5.5); the excise  
 32 tax imposed on recreational vehicles and truck campers (IC 6-6-5.1);  
 33 the hazardous waste disposal tax (IC 6-6-6.6) (repealed); the cigarette  
 34 tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax  
 35 (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax  
 36 (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum  
 37 severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the  
 38 various food and beverage taxes (IC 6-9); the county admissions tax  
 39 (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the  
 40 penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-20-18); the  
 41 fees and penalties assessed for overweight vehicles (IC 9-20-4 and  
 42 IC 9-20-18); and any other tax or fee that the department is required to



1 collect or administer.

2 SECTION 48. IC 6-8.1-9-1.5 IS ADDED TO THE INDIANA  
3 CODE AS A NEW SECTION TO READ AS FOLLOWS  
4 [EFFECTIVE JANUARY 1, 2019]: **Sec. 1.5. (a) The department may**  
5 **issue a refund or credit without a taxpayer filing a refund claim in**  
6 **the event of:**

- 7 (1) an error by the department;  
8 (2) an error determined by the department; or  
9 (3) a taxpayer's overpayment determined by the department  
10 under an audit or investigation.

11 (b) The department shall prescribe rules or guidelines to govern  
12 the circumstances under which the department may issue a refund  
13 or credit under this section.

14 (c) The department may not issue a refund or credit under this  
15 section if the period for filing a refund claim under this article has  
16 expired before the issuance of the refund or credit.

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

19 SECTION 49. IC 6-8.1-17 IS ADDED TO THE INDIANA CODE  
20 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
21 JANUARY 1, 2019]:

22 **Chapter 17. Income Tax Return Preparers; Preparer Tax**  
23 **Identification Numbers**

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

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

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

- 34 (1) A person who prepares ten (10) or more income tax  
35 returns for compensation in a calendar year.  
36 (2) A person who employs one (1) or more persons to prepare  
37 ten (10) or more income tax returns for compensation in a  
38 calendar year.

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

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



- 1           **(2) Prepares returns or claims for refunds for:**  
 2           **(A) the employer by whom the person is regularly and**  
 3           **continuously employed; or**  
 4           **(B) an affiliate of that employer.**  
 5           **(3) Prepares, as a fiduciary, any returns or claims for refunds**  
 6           **for a person.**  
 7           **(4) Prepares claims for refund for a taxpayer in response to:**  
 8           **(A) a notice of deficiency issued to the taxpayer; or**  
 9           **(B) a waiver of restriction after the commencement of an**  
 10           **audit of:**  
 11           **(i) the taxpayer; or**  
 12           **(ii) another taxpayer, if a determination in the audit of the**  
 13           **other taxpayer directly or indirectly affects the tax**  
 14           **liability of the taxpayer whose claim for refund the person**  
 15           **is preparing.**
- 16           **Sec. 3. As used in this chapter, "PTIN" means the preparer tax**  
 17           **identification number that the Internal Revenue Service issues to**  
 18           **identify tax return preparers under 26 U.S.C. 6109.**
- 19           **Sec. 4. For purposes of this chapter, the preparation of a**  
 20           **substantial portion of an income tax return shall be treated as the**  
 21           **preparation of that income tax return.**
- 22           **Sec. 5. For taxable years beginning after December 31, 2018, an**  
 23           **income tax return preparer may not provide tax preparation**  
 24           **services for income tax returns unless the income tax return**  
 25           **preparer provides a PTIN when the income tax return preparer**  
 26           **submits an income tax return to the department and signs the**  
 27           **income tax return as a paid preparer.**
- 28           **Sec. 6. For taxable years beginning after December 31, 2018, the**  
 29           **department shall require each income tax return preparer to**  
 30           **include the income tax return preparer's PTIN on any income tax**  
 31           **return that the income tax return preparer prepares and files with**  
 32           **the department.**
- 33           **Sec. 7. (a) Except as provided in subsection (b) and in addition**  
 34           **to any other penalties provided by law, the department may impose**  
 35           **on any income tax return preparer who violates this chapter by**  
 36           **failing to provide the income tax return preparer's PTIN a penalty**  
 37           **of fifty dollars (\$50) for each violation, but not to exceed**  
 38           **twenty-five thousand dollars (\$25,000) in a calendar year.**
- 39           **(b) The department may not impose a penalty under this section**  
 40           **if the income tax return preparer's failure to provide the income**  
 41           **tax return preparer's PTIN is due to reasonable cause and is not**  
 42           **due to willful neglect, as determined by the department.**



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

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

7               **(1) may investigate the actions of any income tax return**  
 8 **preparer filing income tax returns; and**

9               **(2) after a hearing, may bar or suspend an income tax return**  
 10 **preparer from filing returns with the department for good**  
 11 **cause.**

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

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

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

26           SECTION 50. IC 10-13-3-38.5, AS AMENDED BY P.L.155-2011,  
 27 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 28 JANUARY 1, 2019]: Sec. 38.5. (a) Under federal P.L.92-544 (86 Stat.  
 29 1115), the department may use an individual's fingerprints submitted  
 30 by the individual for the following purposes:

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

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

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

42                   (C) at a state institution managed by the office of the secretary



1 of family and social services or state department of health;  
 2 (D) at the Indiana School for the Deaf established by  
 3 IC 20-22-2-1;  
 4 (E) at the Indiana School for the Blind and Visually Impaired  
 5 established by IC 20-21-2-1;  
 6 (F) at a juvenile detention facility;  
 7 (G) with the Indiana gaming commission under IC 4-33-3-16;  
 8 (H) with the department of financial institutions under  
 9 IC 28-11-2-3; or  
 10 (I) that has a job description that includes access to or  
 11 supervision over state financial or personnel data, including  
 12 state warrants, banking codes, or payroll information pertaining  
 13 to state employees.

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

21 ~~(2)~~ **(3)** Identification in a request related to an application for a  
 22 teacher's license submitted to the department of education  
 23 established by IC 20-19-3-1.

24 ~~(3)~~ **(4)** Use by the gaming commission established under  
 25 IC 4-33-3-1 for licensure of a promoter (as defined in  
 26 IC 4-33-22-6) under IC 4-33-22.

27 ~~(4)~~ **(5)** Use by the Indiana board of pharmacy in determining the  
 28 individual's suitability for a position or employment with a  
 29 wholesale drug distributor, as specified in IC 25-26-14-16(b),  
 30 IC 25-26-14-16.5(b), IC 25-26-14-17.8(c), and IC 25-26-14-20.

31 ~~(5)~~ **(6)** Identification in a request related to an individual applying  
 32 for or renewing a license or certificate described in IC 25-1-1.1-4  
 33 and a conviction described in IC 25-1-1.1-2 or IC 25-1-1.1-3.

34 An applicant shall submit the fingerprints in an appropriate format or  
 35 on forms provided for the employment, license, or certificate  
 36 application. The department shall charge each applicant the fee  
 37 established under section 28 of this chapter and by federal authorities  
 38 to defray the costs associated with a search for and classification of the  
 39 applicant's fingerprints. The department may forward fingerprints  
 40 submitted by an applicant to the Federal Bureau of Investigation or any  
 41 other agency for processing. The state personnel department, the  
 42 Indiana professional licensing agency, or the agency to which the



1 applicant is applying for employment or a license may receive the  
2 results of all fingerprint investigations.

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

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

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

25 (e) Each current or new contractor or subcontractor whose  
26 contract or subcontract grants access to confidential tax  
27 information described in subsection (a)(2) must submit to a  
28 fingerprint based criminal history background check of both  
29 national and state records data bases at least once every ten (10)  
30 years before being granted access to the confidential tax  
31 information. Only the state or local government agency is entitled  
32 to receive the results of all fingerprint investigations conducted  
33 under this subsection.

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

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

40 (2) terms regarding the consequences if one (1) or more  
41 disqualifying records are discovered through the criminal  
42 history background checks.



1           (d) (g) The department:

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

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

6           SECTION 51. IC 16-22-3-19 IS AMENDED TO READ AS  
7           FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 19. (a) This section  
8           applies to a medical care trust board appointed by a county executive  
9           to govern a nonexpendable trust fund established under section 17(j)  
10          or 18(e) of this chapter.

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

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

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

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

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

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

26          SECTION 52. IC 16-22-3-19.5 IS ADDED TO THE INDIANA  
27          CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
28          [EFFECTIVE JULY 1, 2018]: **Sec. 19.5. (a) This section applies to a**  
29          **county that before 1990 sold its hospital property and established**  
30          **an Indiana domestic nonprofit corporation to hold the proceeds**  
31          **from the sale.**

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

35          (c) **The corporation shall contract with investment managers,**  
36          **investment advisors, investment counsel, trust companies, banks,**  
37          **or other finance professionals to assist the corporation in an**  
38          **investment program. Money held by the corporation must be**  
39          **invested in accordance with the terms of an investment policy**  
40          **statement developed by the board of directors of the corporation**  
41          **with an investment advisor that:**

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



- 1           **(2) complies with the diversification, risk management, and**  
 2           **other fiduciary requirements common to the management of**  
 3           **charitable trusts, including that the funds of the corporation**  
 4           **must be invested according to the prudent investor rule. The**  
 5           **investment policy statement must include the limitation on the**  
 6           **investment in equities specified in subsection (e).**
- 7           **(d) Money held by the corporation:**
- 8               **(1) may be invested in any legal, marketable securities; and**  
 9               **(2) is not subject to any other investment limitations in the**  
 10              **law, other than the limitations under this section and the**  
 11              **limitations in the investment policy statement.**
- 12           **(e) The total amount of the funds invested by the corporation in**  
 13           **equity securities under this section may not exceed fifty-five**  
 14           **percent (55%) of the total value of the portfolio of funds invested**  
 15           **by the corporation under this section. However:**
- 16               **(1) an investment that complies with this subsection when the**  
 17               **investment is made remains legal even if a subsequent change**  
 18               **in the value of the investment or a change in the value of the**  
 19               **total portfolio of funds invested by the corporation causes the**  
 20               **percentage of investments in equity securities to exceed the**  
 21               **fifty-five percent (55%) limit on equity securities; and**  
 22               **(2) if the total amount of the funds invested by a corporation**  
 23               **in equity securities exceeds the fifty-five percent (55%) limit**  
 24               **on equity securities because of a change described in**  
 25               **subdivision (1), the investments by the corporation must be**  
 26               **rebalanced to comply with the fifty-five percent (55%) limit**  
 27               **on equity investments not later than one hundred twenty (120)**  
 28               **days after the equity investments first exceed that limit.**
- 29           **(f) The following apply to the corporation:**
- 30               **(1) The corporation must be audited annually by an**  
 31               **independent third party auditor.**
- 32               **(2) The board of directors of the corporation must meet at**  
 33               **least quarterly to receive a quarterly compliance and**  
 34               **performance update from the investment advisor.**
- 35               **(3) Three (3) nonvoting advisors who are officers of different**  
 36               **county designated depositories shall attend the quarterly**  
 37               **meetings in an advisory capacity to assist the board of**  
 38               **directors of the corporation:**
- 39                   **(A) in reviewing the compliance and performance report**  
 40                   **from the investment advisor; and**  
 41                   **(B) in reviewing the annual audit required by subdivision**  
 42                   **(1).**





1           **The three (3) nonvoting advisors may not vote on any action**  
 2           **of the board of directors. The board of directors of the**  
 3           **corporation shall by majority vote select the three (3)**  
 4           **depositories from which the three (3) nonvoting advisors will**  
 5           **be chosen. Each of the three (3) depositories selected under**  
 6           **this subdivision shall select an officer of the depository to**  
 7           **serve as one (1) of the three (3) nonvoting advisors. Each**  
 8           **nonvoting advisor shall serve a term of three (3) years, and**  
 9           **the nonvoting advisor shall continue to serve until a successor**  
 10           **is selected. However, to provide for staggered terms, the**  
 11           **board of directors of the corporation shall provide that the**  
 12           **initial term of one (1) nonvoting advisor is one (1) year, the**  
 13           **initial term of one (1) nonvoting advisor is two (2) years, and**  
 14           **the initial term of one (1) nonvoting advisor is three (3) years.**  
 15           **For purposes of avoiding a conflict of interest, a financial**  
 16           **institution for which a nonvoting advisor is an officer (and**  
 17           **any affiliate of such a financial institution) may not receive a**  
 18           **commission or other compensation for investments made by**  
 19           **the corporation under this section.**

20           SECTION 53. IC 36-1-14-4 IS REPEALED [EFFECTIVE JULY 1,  
 21           2018]. Sec. 4: (a) This section applies to a county that before 1990 sold  
 22           its hospital property and established a trust to hold the proceeds from  
 23           the sale:

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

26           (c) The trustees of a trust shall contract with investment managers;  
 27           investment advisors; investment counsel; trust companies; banks; or  
 28           other finance professionals to assist the trustees in an investment  
 29           program. Money held by the trust must be invested in accordance with  
 30           the terms of an investment policy statement developed by the trustees  
 31           with an investment advisor that:

32           (1) is approved by the trustees; and

33           (2) complies with the diversification, risk management, and other  
 34           fiduciary requirements common to the management of charitable  
 35           trusts; including that the funds of the trust must be invested  
 36           according to the prudent investor rule. However, the investment  
 37           policy statement may not allow the trust to invest in any  
 38           investments in which the political subdivision that established the  
 39           trust is not permitted to invest under the Constitution of the State  
 40           of Indiana. The investment policy statement must include the  
 41           limitation on the investment in equities specified in subsection

42           (e):



- 1 (d) Money held by the trust:  
 2 (1) may be invested in any legal, marketable securities; and  
 3 (2) is not subject to any other investment limitations in the law,  
 4 other than the limitations under this section and the limitations in  
 5 the investment policy statement.
- 6 (e) The total amount of the funds invested by a trust in equity  
 7 securities under this section may not exceed fifty-five percent (55%) of  
 8 the total value of the portfolio of funds invested by the trust under this  
 9 section. However:
- 10 (1) an investment that complies with this subsection when the  
 11 investment is made remains legal even if a subsequent change in  
 12 the value of the investment or a change in the value of the total  
 13 portfolio of funds invested by the trust causes the percentage of  
 14 investments in equity securities to exceed the fifty-five percent  
 15 (55%) limit on equity securities; and  
 16 (2) if the total amount of the funds invested by a trust in equity  
 17 securities exceeds the fifty-five percent (55%) limit on equity  
 18 securities because of a change described in subdivision (1), the  
 19 investments by the trust must be rebalanced to comply with the  
 20 fifty-five percent (55%) limit on equity investments not later than  
 21 one hundred twenty (120) days after the equity investments first  
 22 exceed that limit.
- 23 (f) The following apply if a trust is established under this section:
- 24 (1) To the extent that investment income earned on the principal  
 25 amount of the trust during a calendar year exceeds five percent  
 26 (5%) of the amount of the principal at the beginning of the  
 27 calendar year, that excess investment income shall, for purposes  
 28 of this section, be added to and be considered a part of the  
 29 principal amount of the trust.
- 30 (2) An expenditure or transfer of any money that is part of the  
 31 principal amount of the trust may be made only upon unanimous  
 32 approval of the trustees.
- 33 (3) The trust must be audited annually by an independent third  
 34 party auditor.
- 35 (4) The trustees must meet at least quarterly to receive a quarterly  
 36 compliance and performance update from the investment advisor.
- 37 (5) Three (3) nonvoting advisors who are officers of different  
 38 county designated depositories shall attend the quarterly meetings  
 39 in an advisory capacity to assist the trustees:
- 40 (A) in reviewing the compliance and performance report from  
 41 the investment advisor; and  
 42 (B) in reviewing the annual audit required by subdivision (3):



1 The three (3) nonvoting advisors may not vote on any action of  
 2 the board of trustees. The trustees shall by majority vote select the  
 3 three (3) depositories from which the three (3) nonvoting advisors  
 4 will be chosen. Each of the three (3) depositories selected under  
 5 this subdivision shall select an officer of the depository to serve  
 6 as one (1) of the three (3) nonvoting advisors. Each nonvoting  
 7 advisor shall serve a term of three (3) years, and the nonvoting  
 8 advisor shall continue to serve until a successor is selected.  
 9 However, to provide for staggered terms, the trustees shall  
 10 provide that the initial term of one (1) nonvoting advisor is one  
 11 (1) year, the initial term of one (1) nonvoting advisor is two (2)  
 12 years, and the initial term of one (1) nonvoting advisor is three (3)  
 13 years. For purposes of avoiding a conflict of interest, a financial  
 14 institution for which a nonvoting advisor is an officer (and any  
 15 affiliate of such a financial institution) may not receive a  
 16 commission or other compensation for investments made by the  
 17 trust under this section.

18 SECTION 54. IC 36-7-25-8 IS ADDED TO THE INDIANA CODE  
 19 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 20 1, 2018]: **Sec. 8. (a) A member of a redevelopment commission shall**  
 21 **annually present information to the governing body of every school**  
 22 **corporation that has territory within an allocation area of the**  
 23 **commission. The presentation must include the following:**

24 (1) **The commission's budget with respect to allocated**  
 25 **property tax proceeds.**

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

27 (3) **The impact on the school corporation.**

28 (b) **A governing body of the school corporation may adopt a**  
 29 **resolution waiving its right to have a presentation by a**  
 30 **redevelopment commission under this section.**

31 SECTION 55. IC 36-10-3-38 IS AMENDED TO READ AS  
 32 FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 38. (a) This section**  
 33 **applies in a county having a population of more than three hundred**  
 34 **thousand (300,000) but less than four hundred thousand (400,000).**

35 (b) **This section applies only if a municipality annexes or has**  
 36 **annexed territory that is part of a district under this chapter after June**  
 37 **1, 1976.**

38 (c) **Any annexed territory that is in the district before the effective**  
 39 **date of the annexation ordinance remains a part of the district, and the**  
 40 **property in the annexed territory is subject to the same levy for park**  
 41 **and recreational purposes as other property within the district. The**  
 42 **annexing municipality may not impose an additional levy on the**



1 property in the annexed territory for park and recreational purposes.

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

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

11 SECTION 56. [EFFECTIVE UPON PASSAGE] (a) For purposes  
12 of IC 6-3-4-8.2(b), as amended by this act, the amounts withheld  
13 after June 30, 2018, and before July 25, 2018, are required to be  
14 paid to the department of revenue on July 24, 2018.

15 (b) This SECTION expires July 1, 2019.

16 SECTION 57. [EFFECTIVE UPON PASSAGE] (a)  
17 Notwithstanding the June 30, 2018, date set forth in HEA  
18 1001-2017, SECTION 167, regarding the trustees of Ivy Tech  
19 Community College issuing and selling bonds for the Kokomo  
20 campus renovation and addition and the Muncie campus  
21 renovation and addition, the trustees may instead issue and sell  
22 bonds under IC 21-34, subject to the approvals required by  
23 IC 21-33-3, after the effective date of this SECTION.

24 (b) This SECTION expires June 30, 2019.

25 SECTION 58. [EFFECTIVE JANUARY 1, 2018  
26 (RETROACTIVE)] (a) IC 6-3-1-3.5, IC 6-3-2-2, IC 6-3-2-2.2,  
27 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  
28 IC 6-5.5-1-2, all as amended by this act, apply to taxable years  
29 beginning after December 31, 2017, unless an earlier taxable year  
30 is specified in any of these provisions.

31 (b) This SECTION expires June 30, 2021.

32 SECTION 59. [EFFECTIVE UPON PASSAGE] (a)  
33 Notwithstanding the effective date in P.L.181-2016, SECTION 16,  
34 for IC 6-2.5-1-19.5, as changed by P.L.217-2017, SECTION 172(a),  
35 the effective date of P.L.181-2016, SECTION 16, is July 1, 2019,  
36 and not July 1, 2018.

37 (b) Notwithstanding the effective date in P.L.181-2016,  
38 SECTION 19, as changed by P.L.217-2017, SECTION 172(b), for  
39 IC 6-2.5-4-4, the effective date of P.L.181-2016, SECTION 19, is  
40 July 1, 2019, and not July 1, 2018.

41 (c) Notwithstanding the effective date in P.L.181-2016,  
42 SECTION 20, as changed by P.L.217-2017, SECTION 172(c), for



1 **IC 6-2.5-4-4.2, the effective date of P.L.181-2016, SECTION 20, is**  
2 **July 1, 2019, and not July 1, 2018.**  
3 **SECTION 60. 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.

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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

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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 ~~licenses~~ 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.**

~~(d)~~ **(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.

~~(e)~~ **(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)**.

~~(f)~~ **(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

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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:

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- (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.

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#### HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 242 be amended to read as follows:

Page 3, delete lines 23 through 42, begin a new paragraph and insert:

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

- (1) the daily amount of admissions taxes imposed under section 1 of this chapter (before its repeal on July 1, 2018) and supplemental wagering taxes collected to the department. The licensed owner must report the taxes collected each day for the preceding day's admissions. 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.**

**This subsection expires June 30, 2018.**

(b) A licensed owner shall pay the admissions taxes imposed under section 1 of this chapter (before its repeal on July 1, 2018) and supplemental wagering taxes collected imposed under section 1.5 of this chapter to the department one (1) day before the last business on the twenty-fourth calendar day of each month. for the admissions and supplemental wagering taxes collected that month. Any taxes collected tax liability incurred during the month but after the day on which the taxes are required to be paid to the department shall be paid to the department at the same time the following month's taxes are due. **This subsection expires June 30, 2018.**

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(c) This subsection is effective July 1, 2018. A licensed owner must report:

- (1) the daily amount of supplemental wagering taxes imposed under section 1.5 of this chapter to the department at the time the taxes are paid under subsection (d); and
- (2) gaming activity information to the commission daily on forms prescribed by the commission.

(d) This subsection is effective July 1, 2018. A licensed owner shall pay the supplemental wagering taxes imposed under section 1.5 of this chapter to the department on the twenty-fourth calendar day of each month. Any tax liability INCURRED during the month but after the day on which the taxes are required to be paid to the department shall be paid to the department at the same time the following month's taxes are due.

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

~~(f)~~ (f) The payment of the tax under this section must be an electronic funds transfer by automated clearinghouse. in a manner prescribed by the department."

Page 4, delete lines 1 through 4.

Page 28, line 23, delete "2017," and insert "**2017 (including any part of the rate imposed for qualified utility and insurance costs in 2017),**".

Page 37, delete lines 22 through 27, begin a new line block indented and insert:

**"(23) Add an amount equal to the reduction for deferred foreign income that was claimed by the taxpayer for the taxable year under Section 965 of the Internal Revenue Code. Notwithstanding the general application of this section to taxable years beginning after December 31, 2017, the addition under this subdivision is to be made in the same taxable year that the taxpayer takes into account the increase in Subpart F income under Section 965(a) of the Internal Revenue Code and uses the reduction for deferred foreign income under Section 965 of the Internal Revenue Code, including a taxable year that begins before January 1, 2018. 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."**

Page 39, delete lines 20 through 25, begin a new line block indented and insert:

**"(13) Add an amount equal to the reduction for deferred**



**foreign income that was claimed by the taxpayer for the taxable year under Section 965 of the Internal Revenue Code. Notwithstanding the general application of this section to taxable years beginning after December 31, 2017, the addition under this subdivision is to be made in the same taxable year that the taxpayer takes into account the increase in Subpart F income under Section 965(a) of the Internal Revenue Code and uses the reduction for deferred foreign income under Section 965 of the Internal Revenue Code, including a taxable year that begins before January 1, 2018. 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."**

Page 42, delete lines 17 through 22, begin a new line block indented and insert:

**"(12) Add an amount equal to the reduction for deferred foreign income that was claimed by the taxpayer for the taxable year under Section 965 of the Internal Revenue Code. Notwithstanding the general application of this section to taxable years beginning after December 31, 2017, the addition under this subdivision is to be made in the same taxable year that the taxpayer takes into account the increase in Subpart F income under Section 965(a) of the Internal Revenue Code and uses the reduction for deferred foreign income under Section 965 of the Internal Revenue Code, including a taxable year that begins before January 1, 2018. 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."**

Page 44, delete lines 15 through 20, begin a new line block indented and insert:

**"(12) Add an amount equal to the reduction for deferred foreign income that was claimed by the taxpayer for the taxable year under Section 965 of the Internal Revenue Code. Notwithstanding the general application of this section to taxable years beginning after December 31, 2017, the addition under this subdivision is to be made in the same taxable year that the taxpayer takes into account the increase in Subpart F income under Section 965(a) of the Internal Revenue Code and uses the reduction for deferred foreign income under Section 965 of the Internal Revenue Code, including a taxable year that begins before January 1, 2018. 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."**

Page 46, delete lines 21 through 26, begin a new paragraph and insert:

**"(h) For purposes of determining adjusted gross income under this section, the following apply:**

**(1) Any interest paid by the taxpayer to an entity, other than directly related interest expenses (as defined by IC 6-3-2-20):**

**(A) shall be allowed as a deduction to the same extent the interest was deducted in a taxable year by the taxpayer under the Internal Revenue Code;**

**(B) shall be disallowed as a deduction to the same extent that the interest is disallowed as a deduction for the taxable year under the Internal Revenue Code; and**

**(C) to the extent disallowed for a taxable year under Section 163(j) of the Internal Revenue Code, the interest expense shall be carried forward in the same manner as provided in Section 163(j) of the Internal Revenue Code.**

**For purposes of this subdivision, if the computation of the limitation under Section 163(j) of the Internal Revenue Code is determined for a federal affiliated group as opposed to being determined on an entity by entity basis, any interest allowed or disallowed as a deduction for a taxpayer is the amount actually deducted by or disallowed for that taxpayer, even if the taxpayer may have otherwise been permitted an interest deduction or been disallowed an interest deduction without regard to the affiliated group.**

**(2) To the extent that an interest expense is a directly related interest expense under IC 6-3-2-20, any interest expense that is determined to be directly related interest expense:**

**(A) shall be added back unless it satisfies an exception under IC 6-3-2-20(c);**

**(A) shall be determined in the taxable year in which the interest expense is incurred; and**

**(B) shall be carried forward to future taxable years if any interest expense that is disallowed by Section 163(j) of the Internal Revenue Code may be carried forward.**

**(3) The department may adopt rules or issue guidelines with regard to the allowance, disallowance, and carry forward of:**

**(A) directly related interest expenses that also constitute business interest otherwise subject to the limitations of**



**Section 163(j)(1) of the Internal Revenue Code;**  
**(B) interest attributable to individuals or entities from**  
**partnerships or S corporations; and**  
**(C) any other circumstances in which the application of**  
**Section 163(j) of the Internal Revenue Code may lead to**  
**ambiguous, indeterminate, or inconsistent results."**

Page 47, line 3, after "2018," insert "**other than the federal 21st Century Cures Act (P.L. 114-255) and the federal Disaster Tax Relief and Airport and Airway Extension Act of 2017 (P.L. 115-63),"**

Page 63, line 40, delete "adjusted".

Page 65, delete lines 37 through 42.

Delete pages 66 through 69.

Page 70, delete lines 1 through 19.

Page 70, between lines 36 and 37, begin a new paragraph and insert:  
 "SECTION 39. 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."

Page 74, delete lines 14 through 42.

Page 75, delete lines 1 through 17.

Re-number all SECTIONS consecutively.

(Reference is to ESB 242 as printed February 27, 2018.)

BROWN T

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#### HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 242 be amended to read as follows:

Page 71, line 31, delete "[EFFECTIVE JULY 1, 2018]:" and insert "[EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]:".

Page 74, line 13, delete "taxes." and insert **"taxes and a credit had been applied to these property taxes before January 1, 2017. Notwithstanding IC 6-3.6-3-3, the ordinance may take effect and the credit may be applied beginning in 2018 if the ordinance is adopted and delivered to the auditor of state and the department of local government finance on or before March 26, 2018. In addition, if the ordinance is adopted to provide a credit beginning in 2018, the county auditor does not have to comply with the**

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deadline of March 15, 2018, for the tax duplicate under IC 6-1.1-22-3 or the abstract of property under IC 6-1.1-22-5 but shall:

- (1) prepare the tax duplicate required by IC 6-1.1-22-3; and
  - (2) deliver to the auditor of state and the county treasurer the certified copy of the abstract of property required by IC 6-1.1-22-5;
- as soon as practicable."

(Reference is to ESB 242 as printed February 27, 2018.)

THOMPSON

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#### HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 242 be amended to read as follows:

Page 71, between lines 28 and 29, begin a new paragraph and insert: "SECTION 40. IC 6-3.6-3-1, AS AMENDED BY P.L.180-2016, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The following is the adopting body for a county:

- (1) The local income tax council in a county in which the county income tax council adopted either:
  - (A) a county option income tax under IC 6-3.5-6 (repealed) that was in effect on January 1, 2015; or
  - (B) a county economic development income tax for the county under IC 6-3.5-7 (repealed) that was in effect on January 1, 2015.
- (2) The county fiscal body in any other county.
- (3) The county fiscal body for purposes of adopting a rate dedicated to paying for a PSAP in the county as permitted by IC 6-3.6-6-2.5.
- (4) The county fiscal body for purposes of adopting a rate dedicated to paying for correctional facilities and rehabilitation facilities in the county as permitted by IC 6-3.6-6-2.7.**

(b) A local income tax council is established for each county. The membership of each county's local income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county."

Page 73, between lines 37 and 38, begin a new paragraph and insert:

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"SECTION 42. IC 6-3.6-6-2.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 2.7. (a) A county fiscal body may adopt an ordinance to impose a tax rate for correctional facilities and rehabilitation facilities in the county. The tax rate must be in increments of one-hundredth of one percent (0.01%) and may not exceed two-tenths of one percent (0.2%). The tax rate may not be in effect for more than twenty (20) years.**

**(b) The revenue generated by a tax rate imposed under this section must be distributed directly to the county before the remainder of the expenditure rate revenue is distributed. The REVENUE shall be maintained in a separate dedicated county fund and used by the county only for paying for correctional facilities and rehabilitation facilities in the county.**

SECTION 43. IC 6-3.6-6-3, AS AMENDED BY P.L.247-2017, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 3. (a) Revenue raised from a tax imposed under this chapter shall be treated as follows:**

**(1) To make the following distributions:**

**(A) If an ordinance described in section 2.5 of this chapter is in effect in a county, to make a distribution to the county equal to the amount of revenue generated by the rate imposed under section 2.5 of this chapter.**

**(B) If an ordinance described in section 2.7 of this chapter is in effect in a county, to make a distribution to the county equal to the amount of revenue generated by the rate imposed under section 2.7 of this chapter.**

(2) After making the ~~distribution~~ **distributions** described in subdivision (1), if any, to make distributions to school corporations and civil taxing units in counties that formerly imposed a tax under IC 6-3.5-1.1 (repealed). The revenue categorized from the next twenty-five hundredths percent (0.25%) of the rate for a former tax adopted under IC 6-3.5-1.1 (repealed) shall be allocated to school corporations and civil taxing units. The amount of the allocation to a school corporation or civil taxing unit shall be determined using the allocation amounts for civil taxing units and school corporations in the county.

(3) After making the distributions described in subdivisions (1) and (2), the remaining revenue shall be treated as additional revenue (referred to as "additional revenue" in this chapter). Additional revenue may not be considered by the department of local government finance in determining:



(A) any taxing unit's maximum permissible property tax levy limit under IC 6-1.1-18.5; or

(B) the approved property tax rate for any fund.

(b) In the case of a civil taxing unit that has pledged the tax from additional revenue for the payment of bonds, leases, or other obligations as reported by the civil taxing unit under IC 5-1-18, the adopting body may not, under section 4 of this chapter, reduce the proportional allocation of the additional revenue that was allocated in the preceding year if the reduction for that year would result in an amount less than the amount necessary for the payment of bonds, leases, or other obligations payable or required to be deposited in a sinking fund or other reserve in that year for the bonds, leases, or other obligations for which the tax from additional revenue has been pledged. To inform an adopting body with regard to allocations that affect the payment of bonds, leases, or other obligations, a taxing unit may provide the adopting body with information regarding any outstanding bonds, leases, or other obligations that are secured by additional revenue. The information must be provided before the date of the public hearing at which the adopting body may change the allocation of additional revenue under section 4 of this chapter.

SECTION 44. IC 6-3.6-9-10, AS AMENDED BY P.L.239-2017, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. The budget agency shall also certify information concerning the part of the certified distribution that is attributable to each of the following:

- (1) The tax rate imposed under IC 6-3.6-5.
- (2) The tax rate imposed under IC 6-3.6-6, separately stating:
  - (A) the part of the distribution attributable to a tax rate imposed under IC 6-3.6-6-2.5; **and**
  - (B) **the part of the distribution attributable to a tax rate imposed under IC 6-3.6-6-2.7.**
- (3) Each tax rate imposed under IC 6-3.6-7.
- (4) In the case of Marion County, the local income taxes paid by local taxpayers described in IC 6-3.6-2-13(3).

The amount certified shall be adjusted to reflect any adjustment in the certified distribution under this chapter."

Renumber all SECTIONS consecutively.

(Reference is to ESB 242 as printed February 27, 2018.)

THOMPSON



## HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 242 be amended to read as follows:

Page 90, between lines 17 and 18, begin a new paragraph and insert:  
"SECTION 56. [EFFECTIVE UPON PASSAGE] (a) **Notwithstanding the effective date in P.L.181-2016, SECTION 16, for IC 6-2.5-1-19.5, as changed by P.L.217-2017, SECTION 172(a), the effective date of P.L.181-2016, SECTION 16, is July 1, 2019, and not July 1, 2018.**

(b) **Notwithstanding the effective date in P.L.181-2016, SECTION 19, as changed by P.L.217-2017, SECTION 172(b), for IC 6-2.5-4-4, the effective date of P.L.181-2016, SECTION 19, is July 1, 2019, and not July 1, 2018.**

(c) **Notwithstanding the effective date in P.L.181-2016, SECTION 20, as changed by P.L.217-2017, SECTION 172(c), for IC 6-2.5-4-4.2, the effective date of P.L.181-2016, SECTION 20, is July 1, 2019, and not July 1, 2018."**

Renumber all SECTIONS consecutively.

(Reference is to ESB 242 as printed February 27, 2018.)

BROWN T

