



January 29, 2016

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## SENATE BILL No. 309

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DIGEST OF SB 309 (Updated January 26, 2016 1:06 pm - DI 73)

**Citations Affected:** IC 5-20; IC 6-1.1; IC 6-2.5; IC 6-3; IC 6-3.6; IC 6-4.1; IC 6-6; IC 6-8.1; IC 6-9; IC 8-24; IC 21-12; IC 36-1; IC 36-2; IC 36-3; IC 36-7; noncode.

**Synopsis:** State and local taxation. Eliminates the exemption for property taxes during the planning and construction of a residence that is conveyed upon completion to a low income individual by a nonprofit organization. Eliminates the exemption for property taxes for improvements on real property that are constructed, rehabilitated, or acquired for the purpose of providing low income housing (and also eliminates the PILOTS required from the taxpayers claiming the exemption). Eliminates the property tax deduction for residential rehabilitation of a dwelling. Eliminates the property tax deduction for rehabilitation of a structure over 50 years old. Repeals the state income tax credits for contributions to postsecondary educational institutions in Indiana and for contributions to the twenty-first century scholars program support fund. Makes conforming changes. Provides that a taxpayer may claim the \$1,500 additional dependent deduction for a dependent child for whom the taxpayer is the legal guardian. (Current law allows the additional dependent deduction to be claimed only for a child, stepchild, or foster child of the taxpayer.) Provides that if a partnership, a trust, or an estate fails to withhold and pay any amount of tax required to be withheld and thereafter the tax is paid by the partners of the partnership (or the beneficiaries in the case of a trust or estate), the amount of tax paid by partners (or the beneficiaries in the case of a trust or estate) may not be collected from the partnership, trust, or estate. Specifies that the partnership, trust, or estate remains liable for interest or penalty based on the failure to withhold the tax.  
(Continued next page)

**Effective:** Upon passage; January 1, 2010 (retroactive); April 1, 2016; July 1, 2016; January 1, 2017.

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### Hershman

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January 7, 2016, read first time and referred to Committee on Tax & Fiscal Policy.  
January 28, 2016, amended, reported favorably — Do Pass.

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SB 309—LS 6893/DI 73



## Digest Continued

Provides that the use tax is imposed on a contractor's conversion of construction material into real property if that construction material was purchased by the contractor. Specifies, however, that the use tax does not apply to conversions of construction material if: (1) the sales or use tax has been previously imposed on the contractor's acquisition or use of that construction material; (2) the person for whom the construction material is being converted could have purchased the construction material exempt from the sales and use tax (as evidenced by an exemption certificate) if that person had directly purchased the material from a retail merchant in a retail transaction; or (3) the conversion of the construction material into real property is governed by a time and material contract. Provides that a contractor is a retail merchant making a retail transaction when the contractor disposes of tangible personal property or converts tangible personal property into real property under a time and material contract. Provides that an Indiana inheritance tax return filed after March 31, 2016, must be filed with the department of state revenue (department). Amends provisions of the Indiana inheritance tax law to allow the department to process and administer inheritance tax returns filed with the department after March 31, 2016. Makes conforming changes. Provides that if an ordinance has been adopted requiring the payment of innkeeper's tax to the county treasurer instead of the department, the county treasurer has the same rights and powers with respect to refunding the innkeeper's tax as the department. Specifies tax collection requirements for a facilitator who markets lodging accommodations located in Indiana through the Internet. Defines "accommodation" as any hotel, motel, inn, tourist camp, tourist cabin, house, or any other place in which rooms or lodgings are furnished for consideration. Defines "facilitator" as a person who: (1) contracts with a retail provider of an accommodation to market the accommodation online; and (2) accepts payment from the consumer for the accommodation. Provides that a facilitator who receives payment for an accommodation must collect and remit: (1) the state gross retail or use tax; and (2) any innkeeper's tax due. Specifies that the calculation of the tax must be based on the total amount paid by the consumer to a facilitator, including any charge or fee of the facilitator. Provides that if the department issues to a person a demand notice for the payment of a tax, the person has 20 days (rather than 10 days, under current law) to either pay the amount demanded or show reasonable cause for not paying the amount demanded. Repeals, effective January 1, 2017, the provision in current law that provides that the cutting of steel bars into billets is to be treated as processing of tangible personal property for purposes of the double direct sales tax exemption for certain manufacturing activities. Adds a provision that would apply retroactively the same sales tax exemption related to the cutting of steel bars into billets (that was enacted effective January 1, 2016) to taxable year beginning January 1, 2011. Provides, however, that a taxpayer predominantly engaged in the business of cutting steel bars owned by others into billets is not entitled to a refund of state gross retail or use taxes paid for any tax period beginning after December 31, 2010, and before January 1, 2016, based on that provision.

**SB 309—LS 6893/DI 73**



January 29, 2016

Second Regular Session 119th General Assembly (2016)

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 2015 Regular Session of the General Assembly.

## SENATE BILL No. 309

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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 5-20-5-15.5, AS AMENDED BY P.L.211-2007,  
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2017]: Sec. 15.5. (a) The governing body of an eligible  
4 entity that receives a grant under this chapter shall, by resolution,  
5 establish an affordable housing fund to be administered, subject to the  
6 terms of the resolution, by a department, a division, or an agency  
7 designated by the governing body.  
8           (b) The affordable housing fund consists of:  
9           (1) payments in lieu of taxes deposited in the fund under  
10           IC 36-1-8-14.2 (**before its expiration**);  
11           (2) gifts and grants to the fund;  
12           (3) investment income earned on the fund's assets;  
13           (4) money deposited in the fund under IC 36-2-7-10; and  
14           (5) other funds from sources approved by the commission.  
15           (c) The governing body shall, by resolution, establish uses for the

SB 309—LS 6893/DI 73



1 affordable housing fund. However, the uses must be limited to:

- 2 (1) providing financial assistance to those individuals and  
 3 families whose income is at or below eighty percent (80%) of the  
 4 county's median income for individuals and families, respectively,  
 5 to enable those individuals and families to purchase or lease  
 6 residential units within the county;  
 7 (2) paying expenses of administering the fund;  
 8 (3) making grants, loans, and loan guarantees for the  
 9 development, rehabilitation, or financing of affordable housing  
 10 for individuals and families whose income is at or below eighty  
 11 percent (80%) of the county's median income for individuals and  
 12 families, respectively, including the elderly, persons with  
 13 disabilities, and homeless individuals and families; and  
 14 (4) providing technical assistance to nonprofit developers of  
 15 affordable housing.

16 (d) The county treasurer shall invest the money in the fund not  
 17 currently needed to meet the obligations of the fund in the same  
 18 manner as other public funds may be invested.

19 SECTION 2. IC 6-1.1-10-16, AS AMENDED BY P.L.151-2014,  
 20 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 JULY 1, 2016]: Sec. 16. (a) All or part of a building is exempt from  
 22 property taxation if it is owned, occupied, and used by a person for  
 23 educational, literary, scientific, religious, or charitable purposes.

24 (b) A building is exempt from property taxation if it is owned,  
 25 occupied, and used by a town, city, township, or county for educational,  
 26 literary, scientific, fraternal, or charitable purposes.

27 (c) A tract of land, including the campus and athletic grounds of an  
 28 educational institution, is exempt from property taxation if:

- 29 (1) a building that is exempt under subsection (a) or (b) is situated  
 30 on it;  
 31 (2) a parking lot or structure that serves a building referred to in  
 32 subdivision (1) is situated on it; or  
 33 (3) the tract:  
 34 (A) is owned by a nonprofit entity established for the purpose  
 35 of retaining and preserving land and water for their natural  
 36 characteristics;  
 37 (B) does not exceed five hundred (500) acres; and  
 38 (C) is not used by the nonprofit entity to make a profit.

39 (d) A tract of land is exempt from property taxation if:

- 40 (1) it is purchased for the purpose of erecting a building that is to  
 41 be owned, occupied, and used in such a manner that the building  
 42 will be exempt under subsection (a) or (b); and



1 (2) not more than four (4) years after the property is purchased,  
 2 and for each year after the four (4) year period, the owner  
 3 demonstrates substantial progress and active pursuit towards the  
 4 erection of the intended building and use of the tract for the  
 5 exempt purpose. To establish substantial progress and active  
 6 pursuit under this subdivision, the owner must prove the existence  
 7 of factors such as the following:

8 (A) Organization of and activity by a building committee or  
 9 other oversight group.

10 (B) Completion and filing of building plans with the  
 11 appropriate local government authority.

12 (C) Cash reserves dedicated to the project of a sufficient  
 13 amount to lead a reasonable individual to believe the actual  
 14 construction can and will begin within four (4) years.

15 (D) The breaking of ground and the beginning of actual  
 16 construction.

17 (E) Any other factor that would lead a reasonable individual to  
 18 believe that construction of the building is an active plan and  
 19 that the building is capable of being completed within eight (8)  
 20 years considering the circumstances of the owner.

21 If the owner of the property sells, leases, or otherwise transfers a tract  
 22 of land that is exempt under this subsection, the owner is liable for the  
 23 property taxes that were not imposed upon the tract of land during the  
 24 period beginning January 1 of the fourth year following the purchase  
 25 of the property and ending on December 31 of the year of the sale,  
 26 lease, or transfer. The county auditor of the county in which the tract  
 27 of land is located may establish an installment plan for the repayment  
 28 of taxes due under this subsection. The plan established by the county  
 29 auditor may allow the repayment of the taxes over a period of years  
 30 equal to the number of years for which property taxes must be repaid  
 31 under this subsection.

32 (e) Personal property is exempt from property taxation if it is owned  
 33 and used in such a manner that it would be exempt under subsection (a)  
 34 or (b) if it were a building.

35 (f) A hospital's property that is exempt from property taxation under  
 36 subsection (a), (b), or (e) shall remain exempt from property taxation  
 37 even if the property is used in part to furnish goods or services to  
 38 another hospital whose property qualifies for exemption under this  
 39 section.

40 (g) Property owned by a shared hospital services organization that  
 41 is exempt from federal income taxation under Section 501(c)(3) or  
 42 501(e) of the Internal Revenue Code is exempt from property taxation



1 if it is owned, occupied, and used exclusively to furnish goods or  
 2 services to a hospital whose property is exempt from property taxation  
 3 under subsection (a), (b), or (e).

4 (h) This section does not exempt from property tax an office or a  
 5 practice of a physician or group of physicians that is owned by a  
 6 hospital licensed under IC 16-21-2 or other property that is not  
 7 substantially related to or supportive of the inpatient facility of the  
 8 hospital unless the office, practice, or other property:

9 (1) provides or supports the provision of charity care (as defined  
 10 in IC 16-18-2-52.5), including providing funds or other financial  
 11 support for health care services for individuals who are indigent  
 12 (as defined in IC 16-18-2-52.5(b) and IC 16-18-2-52.5(c)); or

13 (2) provides or supports the provision of community benefits (as  
 14 defined in IC 16-21-9-1), including research, education, or  
 15 government sponsored indigent health care (as defined in  
 16 IC 16-21-9-2).

17 However, participation in the Medicaid or Medicare program alone  
 18 does not entitle an office, practice, or other property described in this  
 19 subsection to an exemption under this section.

20 (i) **The exemption provided in this subsection applies only for an**  
 21 **assessment date occurring before January 2, 2017.** A tract of land  
 22 or a tract of land plus all or part of a structure on the land is exempt  
 23 from property taxation if:

24 (1) the tract is acquired for the purpose of erecting, renovating, or  
 25 improving a single family residential structure that is to be given  
 26 away or sold:

27 (A) in a charitable manner;

28 (B) by a nonprofit organization; and

29 (C) to low income individuals who will:

30 (i) use the land as a family residence; and

31 (ii) not have an exemption for the land under this section;

32 (2) the tract does not exceed three (3) acres; **and**

33 (3) the tract of land or the tract of land plus all or part of a  
 34 structure on the land is not used for profit while exempt under this  
 35 section. **and**

36 ~~(4) not more than four (4) years after the property is acquired for~~  
 37 ~~the purpose described in subdivision (1); and for each year after~~  
 38 ~~the four (4) year period the owner demonstrates substantial~~  
 39 ~~progress and active pursuit towards the erection, renovation; or~~  
 40 ~~improvement of the intended structure. To establish substantial~~  
 41 ~~progress and active pursuit under this subdivision; the owner must~~  
 42 ~~prove the existence of factors such as the following:~~



- 1 (A) Organization of and activity by a building committee or  
 2 other oversight group.  
 3 (B) Completion and filing of building plans with the  
 4 appropriate local government authority.  
 5 (C) Cash reserves dedicated to the project of a sufficient  
 6 amount to lead a reasonable individual to believe the actual  
 7 construction can and will begin within five (5) years of the  
 8 initial exemption received under this subsection.  
 9 (D) The breaking of ground and the beginning of actual  
 10 construction.  
 11 (E) Any other factor that would lead a reasonable individual to  
 12 believe that construction of the structure is an active plan and  
 13 that the structure is capable of being:  
 14 (i) completed; and  
 15 (ii) transferred to a low income individual who does not  
 16 receive an exemption under this section;  
 17 within eight (8) years considering the circumstances of the  
 18 owner.

19 **This subsection expires January 1, 2028.**

- 20 (j) An exemption under subsection (i) terminates:  
 21 (1) when the property is conveyed by the nonprofit organization  
 22 to another owner; or  
 23 (2) January 2, 2017;

24 **whichever occurs first. This subsection expires January 1, 2028.**

25 (k) When the property that is exempt in any year under  
 26 subsection (i) is conveyed to another owner, the nonprofit organization  
 27 receiving the exemption must file a certified statement with the auditor  
 28 of the county, notifying the auditor of the change not later than sixty  
 29 (60) days after the date of the conveyance. The county auditor shall  
 30 immediately forward a copy of the certified statement to the county  
 31 assessor. A nonprofit organization that fails to file the statement  
 32 required by this subsection is liable for the amount of property taxes  
 33 due on the property conveyed if it were not for the exemption allowed  
 34 under this chapter.

- 35 ~~(k)~~ (l) If property is granted an exemption in any year under  
 36 subsection (i) and the owner:  
 37 ~~(1)~~ ceases to be eligible for the exemption under subsection (i)(4);  
 38 ~~(2)~~ (1) fails to transfer the tangible property within eight (8) years  
 39 after the assessment date for which the exemption is initially  
 40 granted; or  
 41 ~~(3)~~ (2) transfers the tangible property to a person who:  
 42 (A) is not a low income individual; or







1 income eligible persons under the federal low income housing tax  
2 credit program under 26 U.S.C. 42;

3 (2) the real property is subject to an extended use agreement  
4 under 26 U.S.C. 42 as administered by the Indiana housing and  
5 community development authority; and

6 (3) the owner of the property has entered into an agreement to  
7 make payments in lieu of taxes under IC 36-1-8-14.2 **(before its**  
8 **expiration)**, IC 36-2-6-22 **(before its expiration)**, or  
9 IC 36-3-2-11 **(before its expiration)**.

10 **(c) This section expires January 1, 2020.**

11 SECTION 4. IC 6-1.1-12-18, AS AMENDED BY P.L.247-2015,  
12 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
13 JULY 1, 2016]: Sec. 18. **(a) This section applies only to**  
14 **rehabilitation of residential real property that occurs before**  
15 **January 2, 2017.**

16 ~~(a)~~ **(b)** If the assessed value of residential real property described in  
17 subsection ~~(d)~~ **(e)** is increased because it has been rehabilitated, the  
18 owner may have deducted from the assessed value of the property an  
19 amount not to exceed the lesser of:

20 (1) the total increase in assessed value resulting from the  
21 rehabilitation **(excluding an increase in assessed value that**  
22 **occurs after January 1, 2017)**; or

23 (2) eighteen thousand seven hundred twenty dollars (\$18,720) per  
24 rehabilitated dwelling unit.

25 The owner is entitled to this deduction annually for a five (5) year  
26 period, or if subsection ~~(e)~~ **(f)** applies, the period established under  
27 subsection ~~(e)~~: **(f)**.

28 ~~(b)~~ **(c)** For purposes of this section, the term "rehabilitation" means  
29 significant repairs, replacements, or improvements to an existing  
30 structure which are intended to increase the livability, utility, safety, or  
31 value of the property under rules adopted by the department of local  
32 government finance.

33 ~~(e)~~ **(d)** For the purposes of this section, the term "owner" or  
34 "property owner" includes any person who has the legal obligation, or  
35 has otherwise assumed the obligation, to pay the real property taxes on  
36 the rehabilitated property.

37 ~~(d)~~ **(e)** The deduction provided by this section applies only:

38 (1) for the rehabilitation of residential real property which is  
39 located within this state and which is described in one (1) of the  
40 following classifications:

41 (A) A single family dwelling if before rehabilitation the  
42 assessed value (excluding any exemptions or deductions) of



- 1 the improvements does not exceed thirty-seven thousand four  
 2 hundred forty dollars (\$37,440).  
 3 (B) A two (2) family dwelling if before rehabilitation the  
 4 assessed value (excluding exemptions or deductions) of the  
 5 improvements does not exceed forty-nine thousand nine  
 6 hundred twenty dollars (\$49,920).  
 7 (C) A dwelling with more than two (2) family units if before  
 8 rehabilitation the assessed value (excluding any exemptions or  
 9 deductions) of the improvements does not exceed eighteen  
 10 thousand seven hundred twenty dollars (\$18,720) per dwelling  
 11 unit; and  
 12 (2) if the property owner:  
 13 (A) owns the residential real property; or  
 14 (B) is buying the residential real property under contract;  
 15 on the assessment date of the year in which an application must  
 16 be filed under section 20 of this chapter.

17 ~~(e)~~ **(f)** A county, city, or town fiscal body may adopt an ordinance  
 18 to establish a deduction period that is longer than five (5) years but not  
 19 to exceed fifteen (15) years for any rehabilitated property covered by  
 20 this section that has also been determined to be abandoned or vacant  
 21 for purposes of IC 6-1.1-24.

22 **(g) This section expires January 1, 2033.**

23 SECTION 5. IC 6-1.1-12-19, AS AMENDED BY P.L.112-2012,  
 24 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25 JULY 1, 2016]: Sec. 19. **(a)** The deduction from assessed value  
 26 provided by section 18 of this chapter **(before its expiration)** is first  
 27 available in the year in which the increase in assessed value resulting  
 28 from the rehabilitation occurs and shall continue for the following four  
 29 (4) years. In the sixth (6th) year, the county auditor shall add the  
 30 amount of the deduction to the assessed value of the real property. A:

- 31 (1) general reassessment of real property under IC 6-1.1-4-4; or  
 32 (2) reassessment under a county's reassessment plan prepared  
 33 under IC 6-1.1-4-4.2;

34 which occurs within the five (5) year period of the deduction does not  
 35 affect the amount of the deduction.

36 **(b) This section expires January 1, 2023.**

37 SECTION 6. IC 6-1.1-12-20, AS AMENDED BY P.L.1-2009,  
 38 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 39 JULY 1, 2016]: Sec. 20. (a) A property owner who desires to obtain the  
 40 deduction provided by section 18 of this chapter **(before its**  
 41 **expiration)** must file a certified deduction application, on forms  
 42 prescribed by the department of local government finance, with the



1 auditor of the county in which the rehabilitated property is located. The  
 2 application may be filed in person or by mail. If mailed, the mailing  
 3 must be postmarked on or before the last day for filing. Except as  
 4 provided in subsection (b) and subject to section 45 of this chapter, the  
 5 application must be filed in the year in which the addition to assessed  
 6 value is made.

7 (b) If notice of the addition to assessed value for any year is not  
 8 given to the property owner before December 1 of that year, the  
 9 application required by this section may be filed not later than thirty  
 10 (30) days after the date such a notice is mailed to the property owner  
 11 at the address shown on the records of the township or county assessor.

12 (c) The application required by this section shall contain the  
 13 following information:

14 (1) A description of the property for which a deduction is claimed  
 15 in sufficient detail to afford identification.

16 (2) Statements of the ownership of the property.

17 (3) The assessed value of the improvements on the property  
 18 before rehabilitation.

19 (4) The number of dwelling units on the property.

20 (5) The number of dwelling units rehabilitated.

21 (6) The increase in assessed value resulting from the  
 22 rehabilitation.

23 (7) The amount of deduction claimed.

24 (d) A deduction application filed under this section is applicable for  
 25 the year in which the increase in assessed value occurs and for the  
 26 immediately following four (4) years without any additional application  
 27 being filed.

28 (e) On verification of an application by the assessor of the township  
 29 in which the property is located, or the county assessor if there is no  
 30 township assessor for the township, the county auditor shall make the  
 31 deduction.

32 **(f) This section expires January 1, 2023.**

33 SECTION 7. IC 6-1.1-12-22, AS AMENDED BY P.L.247-2015,  
 34 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 35 JULY 1, 2016]: Sec. 22. **(a) This section applies only to  
 36 rehabilitation of property that occurs before January 2, 2017.**

37 **(a) (b)** If the assessed value of property is increased because it has  
 38 been rehabilitated and the owner has paid at least ten thousand dollars  
 39 (\$10,000) for the rehabilitation, the owner is entitled to have deducted  
 40 from the assessed value of the property an amount equal to fifty percent  
 41 (50%) of the increase in assessed value resulting from the rehabilitation  
 42 **(excluding an increase in assessed value that occurs from**



1 **rehabilitation after January 1, 2017).** The owner is entitled to this  
 2 deduction annually for a five (5) year period, or if subsection ~~(e)~~ **(f)**  
 3 applies, the period established under subsection ~~(e)~~: **(f)**. However, the  
 4 maximum deduction which a property owner may receive under this  
 5 section for a particular year is:

6 (1) one hundred twenty-four thousand eight hundred dollars  
 7 (\$124,800) for a single family dwelling unit; or

8 (2) three hundred thousand dollars (\$300,000) for any other type  
 9 of property.

10 ~~(b)~~ **(c)** For purposes of this section, the term "property" means a  
 11 building or structure which was erected at least fifty (50) years before  
 12 the date of application for the deduction provided by this section. The  
 13 term "property" does not include land.

14 ~~(c)~~ **(d)** For purposes of this section, the term "rehabilitation" means  
 15 significant repairs, replacements, or improvements to an existing  
 16 structure that are intended to increase the livability, utility, safety, or  
 17 value of the property under rules adopted by the department of local  
 18 government finance.

19 ~~(d)~~ **(e)** The deduction provided by this section applies only if the  
 20 property owner:

21 (1) owns the property; or

22 (2) is buying the property under contract;

23 on the assessment date of the year in which an application must be filed  
 24 under section 24 of this chapter.

25 ~~(e)~~ **(f)** A county, city, or town fiscal body may adopt an ordinance  
 26 to establish a deduction period that is longer than five (5) years but not  
 27 to exceed seven (7) years for any rehabilitated property covered by this  
 28 section that has also been determined to be abandoned or vacant for  
 29 purposes of IC 6-1.1-24.

30 **(g) This section expires January 1, 2025.**

31 SECTION 8. IC 6-1.1-12-23, AS AMENDED BY P.L.112-2012,  
 32 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 33 JULY 1, 2016]: Sec. 23. **(a)** The deduction from assessed value  
 34 provided by section 22 of this chapter **(before its expiration)** is first  
 35 available after the first assessment date following the rehabilitation and  
 36 shall continue for the taxes first due and payable in the following five  
 37 (5) years. In the sixth (6th) year, the county auditor shall add the  
 38 amount of the deduction to the assessed value of the property. Any:

39 (1) general reassessment of real property under IC 6-1.1-4-4; or

40 (2) reassessment under a county's reassessment plan prepared  
 41 under IC 6-1.1-4-4.2;

42 which occurs within the five (5) year period of the deduction does not



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affect the amount of the deduction.

**(b) This section expires January 1, 2023.**

SECTION 9. IC 6-1.1-12-24, AS AMENDED BY P.L.113-2010, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 24. (a) A property owner who desires to obtain the deduction provided by section 22 of this chapter **(before its expiration)** must file a certified deduction application, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is located. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. Except as provided in subsection (b) and subject to section 45 of this chapter, the application must be filed in the year in which the addition to assessed valuation is made.

(b) If notice of the addition to assessed valuation for any year is not given to the property owner before December 1 of that year, the application required by this section may be filed not later than thirty (30) days after the date such a notice is mailed to the property owner at the address shown on the records of the township or county assessor.

(c) The application required by this section shall contain the following information:

- (1) The name of the property owner.
- (2) A description of the property for which a deduction is claimed in sufficient detail to afford identification.
- (3) The assessed value of the improvements on the property before rehabilitation.
- (4) The increase in the assessed value of improvements resulting from the rehabilitation.
- (5) The amount of deduction claimed.

(d) A deduction application filed under this section is applicable for the year in which the addition to assessed value is made and in the immediate following four (4) years without any additional application being filed.

(e) On verification of the correctness of an application by the assessor of the township in which the property is located, or the county assessor if there is no township assessor for the township, the county auditor shall make the deduction.

**(f) This section expires January 1, 2023.**

SECTION 10. IC 6-1.1-12-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 25. **(a)** For repairs or improvements made to a particular building or structure, a person may receive either the deduction provided by section 18 of this chapter



1       **(before its expiration)** or the deduction provided by section 22 of this  
 2 chapter **(before its expiration)**. ~~He~~ **A person** may not receive  
 3 deductions under both sections for the repairs or improvements.

4       **(b) This section expires January 1, 2025.**

5       SECTION 11. IC 6-1.1-12-46, AS AMENDED BY P.L.250-2015,  
 6 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 7 JULY 1, 2016]: Sec. 46. (a) This section applies to real property for an  
 8 assessment date in 2011 or a later year if:

9           (1) the real property is not exempt from property taxation for the  
 10 assessment date;

11           (2) title to the real property is transferred after the assessment date  
 12 and on or before the December 31 that next succeeds the  
 13 assessment date;

14           (3) the transferee of the real property applies for an exemption  
 15 under IC 6-1.1-11 for the next succeeding assessment date; and

16           (4) the county property tax assessment board of appeals  
 17 determines that the real property is exempt from property taxation  
 18 for that next succeeding assessment date.

19       (b) For the assessment date referred to in subsection (a)(1), real  
 20 property is eligible for any deductions for which the transferor under  
 21 subsection (a)(2) was eligible for that assessment date under the  
 22 following:

23           (1) IC 6-1.1-12-1.

24           (2) IC 6-1.1-12-9.

25           (3) IC 6-1.1-12-11.

26           (4) IC 6-1.1-12-13.

27           (5) IC 6-1.1-12-14.

28           (6) IC 6-1.1-12-16.

29           (7) IC 6-1.1-12-17.4 (before its expiration).

30           (8) IC 6-1.1-12-18 **(before its expiration)**.

31           (9) IC 6-1.1-12-22 **(before its expiration)**.

32           (10) IC 6-1.1-12-37.

33           (11) IC 6-1.1-12-37.5.

34       (c) For the payment date applicable to the assessment date referred  
 35 to in subsection (a)(1), real property is eligible for the credit for  
 36 excessive residential property taxes under IC 6-1.1-20.6 for which the  
 37 transferor under subsection (a)(2) would be eligible for that payment  
 38 date if the transfer had not occurred.

39       SECTION 12. IC 6-1.1-12.1-6 IS AMENDED TO READ AS  
 40 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 6. (a) A property owner  
 41 may not receive a deduction under this chapter for repairs or  
 42 improvements to real property if ~~he~~ **the property owner** receives a



1 deduction under either IC 6-1.1-12-18 (**before its expiration**) or  
 2 IC 6-1.1-12-22 (**before its expiration**) for those same repairs or  
 3 improvements. **This subsection expires January 1, 2033.**

4 (b) A property owner may not receive a deduction under this chapter  
 5 if the property owner receives a deduction under IC 6-1.1-12-28.5 for  
 6 the same property.

7 SECTION 13. IC 6-1.1-42-22 IS AMENDED TO READ AS  
 8 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 22. (a) The designating  
 9 body shall determine whether to approve a deduction.

10 (b) A designating body may not grant a deduction for a facility  
 11 described in IC 6-1.1-12.1-3(e).

12 (c) A property owner may not receive a deduction under this chapter  
 13 for repairs or improvements to real property if the owner receives a  
 14 deduction under either IC 6-1.1-12.1, IC 6-1.1-12-18 (**before its**  
 15 **expiration**), IC 6-1.1-12-22 (**before its expiration**), or  
 16 IC 6-1.1-12-28.5 for the same property.

17 (d) A designating body may approve a deduction only if the  
 18 following findings are made in the affirmative:

19 (1) The applicant:

20 (A) has never had an ownership interest in an entity that  
 21 contributed; and

22 (B) has not contributed;

23 a contaminant (as defined in IC 13-11-2-42) that is the subject of  
 24 the voluntary remediation, as determined under the written  
 25 standards adopted by the department of environmental  
 26 management.

27 (2) The proposed improvement or property will be located in a  
 28 zone.

29 (3) The estimate of the value of the remediation and  
 30 redevelopment is reasonable for projects of that nature.

31 (4) The estimate of the number of individuals who will be  
 32 employed or whose employment will be retained can be  
 33 reasonably expected to result from the proposed described  
 34 remediation and redevelopment.

35 (5) The estimate of the annual salaries of those individuals who  
 36 will be employed or whose employment will be retained can be  
 37 reasonably expected to result from the proposed described  
 38 remediation and redevelopment.

39 (6) Any other benefits about which information was requested are  
 40 benefits that can be reasonably expected to result from the  
 41 proposed described remediation and redevelopment.

42 (7) The totality of benefits is sufficient to justify the deduction.



1 SECTION 14. IC 6-2.5-1-14.7 IS ADDED TO THE INDIANA  
 2 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 3 [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 14.7.**  
 4 **"Construction material" means any tangible personal property to**  
 5 **be converted into real property.**

6 SECTION 15. IC 6-2.5-1-14.9 IS ADDED TO THE INDIANA  
 7 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 8 [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 14.9.**  
 9 **"Contractor" means any person engaged in converting**  
 10 **construction material into real property on behalf of another**  
 11 **person. The term includes, but is not limited to, general or prime**  
 12 **contractors, subcontractors, and specialty contractors.**

13 SECTION 16. IC 6-2.5-1-27.7 IS ADDED TO THE INDIANA  
 14 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 15 [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 27.7.**  
 16 **"Time and material contract" means a contract in which the cost**  
 17 **of construction material and the cost of labor or other charges are**  
 18 **stated separately.**

19 SECTION 17. IC 6-2.5-3-2, AS AMENDED BY P.L.13-2013,  
 20 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 JANUARY 1, 2010 (RETROACTIVE)]: Sec. 2. (a) An excise tax,  
 22 known as the use tax, is imposed on the storage, use, or consumption  
 23 of tangible personal property in Indiana if the property was acquired in  
 24 a retail transaction, regardless of the location of that transaction or of  
 25 the retail merchant making that transaction.

26 (b) The use tax is also imposed on the storage, use, or consumption  
 27 of a vehicle, an aircraft, or a watercraft, if the vehicle, aircraft, or  
 28 watercraft:

29 (1) is acquired in a transaction that is an isolated or occasional  
 30 sale; and

31 (2) is required to be titled, licensed, or registered by this state for  
 32 use in Indiana.

33 (c) The use tax is imposed on ~~the addition of tangible personal~~  
 34 ~~property to a structure or facility, if, after its addition, the property~~  
 35 ~~becomes part of the real estate on which the structure or facility is~~  
 36 ~~located.~~ **a contractor's conversion of construction material into real**  
 37 **property if that construction material was purchased by the**  
 38 **contractor.** However, the use tax does not apply to additions  
 39 **conversions of tangible personal property construction material**  
 40 **described in this subsection, if:**

41 (1) the state gross retail or use tax has been previously imposed  
 42 on the ~~safe~~ **contractor's acquisition** or use of that ~~property, or~~





- 1           **construction material;**  
 2           (2) the ~~ultimate purchaser or recipient of that property would have~~  
 3           ~~been~~ **person for whom the construction material is being**  
 4           **converted could have purchased the material** exempt from the  
 5           state gross retail and use taxes, **as evidenced by a properly**  
 6           **issued exemption certificate**, if that purchaser or recipient  
 7           **person** had directly purchased the ~~property from the supplier for~~  
 8           ~~addition to the structure or facility.~~ **construction material from**  
 9           **a retail merchant in a retail transaction; or**  
 10           **(3) the conversion of the construction material into real**  
 11           **property is governed by a time and material contract as**  
 12           **described in IC 6-2.5-4-9(b).**  
 13           (d) The use tax is imposed on a person who:  
 14           (1) manufactures, fabricates, or assembles tangible personal  
 15           property from materials either within or outside Indiana; and  
 16           (2) uses, stores, distributes, or consumes tangible personal  
 17           property in Indiana.  
 18           (e) Notwithstanding any other provision of this section, the use tax  
 19           is not imposed on the keeping, retaining, or exercising of any right or  
 20           power over tangible personal property, if:  
 21           (1) the property is delivered into Indiana by or for the purchaser  
 22           of the property;  
 23           (2) the property is delivered in Indiana for the sole purpose of  
 24           being processed, printed, fabricated, or manufactured into,  
 25           attached to, or incorporated into other tangible personal property;  
 26           and  
 27           (3) the property is subsequently transported out of state for use  
 28           solely outside Indiana.  
 29           (f) As used in subsection (g) and IC 6-2.5-5-42:  
 30           (1) "completion work" means the addition of tangible personal  
 31           property to or reconfiguration of the interior of an aircraft, if the  
 32           work requires the issuance of an airworthiness certificate from  
 33           the:  
 34           (A) Federal Aviation Administration; or  
 35           (B) equivalent foreign regulatory authority;  
 36           due to the change in the type certification basis of the aircraft  
 37           resulting from the addition to or reconfiguration of the interior of  
 38           the aircraft;  
 39           (2) "delivery" means the physical delivery of the aircraft  
 40           regardless of who holds title; and  
 41           (3) "prepurchase evaluation" means an examination of an aircraft  
 42           by a potential purchaser for the purpose of obtaining information



- 1 relevant to the potential purchase of the aircraft.
- 2 (g) Notwithstanding any other provision of this section, the use tax  
3 is not imposed on the keeping, retaining, or exercising of any right or  
4 power over an aircraft, if:
- 5 (1) the aircraft is or will be titled, registered, or based (as defined  
6 in IC 6-6-6.5-1(m)) in another state or country;
  - 7 (2) the aircraft is delivered to Indiana by or for a nonresident  
8 owner or purchaser of the aircraft;
  - 9 (3) the aircraft is delivered to Indiana for the sole purpose of  
10 being repaired, refurbished, remanufactured, or subjected to  
11 completion work or a prepurchase evaluation; and
  - 12 (4) after completion of the repair, refurbishment, remanufacture,  
13 completion work, or prepurchase evaluation, the aircraft is  
14 transported to a destination outside Indiana.
- 15 (h) The amendments made to this section by P.L.153-2012 shall be  
16 interpreted to specify and not to change the general assembly's intent  
17 with respect to this section.
- 18 SECTION 18. IC 6-2.5-4-9 IS AMENDED TO READ AS  
19 FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]:  
20 Sec. 9. (a) A person is a retail merchant making a retail transaction  
21 when the person sells tangible personal property which:
- 22 (1) is to be added to a structure or facility by the purchaser; and
  - 23 (2) after its addition to the structure or facility, would become a  
24 part of the real estate **property** on which the structure or facility  
25 is located.
- 26 (b) ~~Notwithstanding subsection (a), a transaction described in~~  
27 ~~subsection (a) is not a retail transaction, if the ultimate purchaser or~~  
28 ~~recipient of the property to be added to the structure or facility would~~  
29 ~~be exempt from the state gross retail and use taxes if that purchaser or~~  
30 ~~recipient had directly purchased the property from the supplier for~~  
31 ~~addition to the structure or facility. A contractor is a retail merchant~~  
32 ~~making a retail transaction when the contractor:~~
- 33 (1) ~~disposes of tangible personal property; or~~
  - 34 (2) ~~converts tangible personal property into real property;~~  
35 **under a time and material contract. As such a retail merchant, a**  
36 **contractor described in this subsection shall collect, as an agent of**  
37 **the state, the state gross retail tax on the resale of the construction**  
38 **material and remit the state gross retail tax as provided in this**  
39 **article.**
- 40 SECTION 19. IC 6-2.5-5-3, AS AMENDED BY P.L.250-2015,  
41 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
42 JANUARY 1, 2017]: Sec. 3. (a) For purposes of this section:



- 1 (1) the:
- 2 (A) retreading of tires; **and**
- 3 ~~(B) cutting of steel bars into billets; and~~
- 4 ~~(C) (B) felling of trees for further use in production or for sale~~
- 5 in the ordinary course of business;
- 6 shall be treated as the processing of tangible personal property;
- 7 and
- 8 (2) commercial printing shall be treated as the production and
- 9 manufacture of tangible personal property.
- 10 (b) Except as provided in subsection (c), transactions involving
- 11 manufacturing machinery, tools, and equipment are exempt from the
- 12 state gross retail tax if the person acquiring that property acquires it for
- 13 direct use in the direct production, manufacture, fabrication, assembly,
- 14 extraction, mining, processing, refining, or finishing of other tangible
- 15 personal property, including material handling equipment purchased
- 16 for the purpose of transporting materials into such activities from an
- 17 onsite location.
- 18 (c) The exemption provided in subsection (b) does not apply to
- 19 transactions involving distribution equipment or transmission
- 20 equipment acquired by a public utility engaged in generating
- 21 electricity.
- 22 SECTION 20. IC 6-2.5-6-18 IS ADDED TO THE INDIANA CODE
- 23 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**
- 24 **1, 2016]: Sec. 18. (a) As used in this section, "accommodation"**
- 25 **means any hotel, motel, inn, tourist camp, tourist cabin, house, or**
- 26 **any other place in which rooms, lodgings, or similar**
- 27 **accommodations are furnished for consideration.**
- 28 **(b) As used in this section, "facilitator" means a person who:**
- 29 **(1) contracts with a retail provider of an accommodation to**
- 30 **market the accommodation through the Internet; and**
- 31 **(2) accepts payment from the consumer for the**
- 32 **accommodation.**
- 33 **The term does not include a real estate agent or the owner of the**
- 34 **accommodation.**
- 35 **(c) As used in this section, "price" means the total amount paid**
- 36 **by the consumer to a facilitator for an accommodation. The term**
- 37 **includes any charge or fee of the facilitator.**
- 38 **(d) As used in this section, "retail provider" means a person**
- 39 **that provides taxable accommodation rentals located in Indiana.**
- 40 **The term does not include a real estate agent.**
- 41 **(e) Except as provided in subsection (g), a facilitator who**
- 42 **receives payment for an accommodation furnished by a retail**



1 **provider shall collect and remit to the department:**

2 **(1) the state gross retail or use tax; and**

3 **(2) any innkeeper's tax due under IC 6-9.**

4 **The taxes collected and remitted under this subsection must be**  
5 **based on the price paid by the consumer to the facilitator.**

6 **(f) Except as provided in subsection (g), a facilitator shall collect**  
7 **and remit the taxes under this section in the same manner that the**  
8 **state gross retail and use taxes are collected and remitted under**  
9 **this article.**

10 **(g) In the case of an innkeeper's tax that is required to be paid**  
11 **to a county treasurer under IC 6-9, a facilitator who receives**  
12 **payment for an accommodation furnished by a retail provider shall**  
13 **collect and remit the innkeeper's tax as provided in subsection (e)**  
14 **to the county treasurer and not the department.**

15 **(h) Tax payments received by a facilitator under this section**  
16 **shall be held in trust by the facilitator for remittance to the**  
17 **department or, if applicable, a county treasurer in the case of an**  
18 **innkeeper's tax.**

19 **(i) A retail provider is not liable for the failure of a facilitator to**  
20 **collect and remit taxes under this section to the department. The**  
21 **department may not make an assessment against a retail provider**  
22 **based on the failure of a facilitator to collect or remit the taxes as**  
23 **required by this section.**

24 SECTION 21. IC 6-3-1-3.5, AS AMENDED BY P.L.250-2015,  
25 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
26 JANUARY 1, 2017]: Sec. 3.5. When used in this article, the term  
27 "adjusted gross income" shall mean the following:

28 (a) In the case of all individuals, "adjusted gross income" (as  
29 defined in Section 62 of the Internal Revenue Code), modified as  
30 follows:

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

33 (2) Add an amount equal to any deduction or deductions allowed  
34 or allowable pursuant to Section 62 of the Internal Revenue Code  
35 for taxes based on or measured by income and levied at the state  
36 level by any state of the United States.

37 (3) Subtract one thousand dollars (\$1,000), or in the case of a  
38 joint return filed by a husband and wife, subtract for each spouse  
39 one thousand dollars (\$1,000).

40 (4) Subtract one thousand dollars (\$1,000) for:

41 (A) each of the exemptions provided by Section 151(c) of the  
42 Internal Revenue Code;



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



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



- 1           dollars (\$25,000).
- 2           (18) Add an amount equal to the amount that a taxpayer claimed
- 3           as a deduction for domestic production activities for the taxable
- 4           year under Section 199 of the Internal Revenue Code for federal
- 5           income tax purposes.
- 6           (19) Subtract an amount equal to the amount of the taxpayer's
- 7           qualified military income that was not excluded from the
- 8           taxpayer's gross income for federal income tax purposes under
- 9           Section 112 of the Internal Revenue Code.
- 10          (20) Subtract income that is:
- 11                (A) exempt from taxation under IC 6-3-2-21.7; and
- 12                (B) included in the individual's federal adjusted gross income
- 13                under the Internal Revenue Code.
- 14          (21) Add an amount equal to any income not included in gross
- 15          income as a result of the deferral of income arising from business
- 16          indebtedness discharged in connection with the reacquisition after
- 17          December 31, 2008, and before January 1, 2011, of an applicable
- 18          debt instrument, as provided in Section 108(i) of the Internal
- 19          Revenue Code. Subtract the amount necessary from the adjusted
- 20          gross income of any taxpayer that added an amount to adjusted
- 21          gross income in a previous year to offset the amount included in
- 22          federal gross income as a result of the deferral of income arising
- 23          from business indebtedness discharged in connection with the
- 24          reacquisition after December 31, 2008, and before January 1,
- 25          2011, of an applicable debt instrument, as provided in Section
- 26          108(i) of the Internal Revenue Code.
- 27          (22) Add the amount excluded from federal gross income under
- 28          Section 103 of the Internal Revenue Code for interest received on
- 29          an obligation of a state other than Indiana, or a political
- 30          subdivision of such a state, that is acquired by the taxpayer after
- 31          December 31, 2011.
- 32          (b) In the case of corporations, the same as "taxable income" (as
- 33          defined in Section 63 of the Internal Revenue Code) adjusted as
- 34          follows:
- 35                (1) Subtract income that is exempt from taxation under this article
- 36                by the Constitution and statutes of the United States.
- 37                (2) Add an amount equal to any deduction or deductions allowed
- 38                or allowable pursuant to Section 170 of the Internal Revenue
- 39                Code.
- 40                (3) Add an amount equal to any deduction or deductions allowed
- 41                or allowable pursuant to Section 63 of the Internal Revenue Code
- 42                for taxes based on or measured by income and levied at the state



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





- 1 (12) Add an amount equal to any income not included in gross  
 2 income as a result of the deferral of income arising from business  
 3 indebtedness discharged in connection with the reacquisition after  
 4 December 31, 2008, and before January 1, 2011, of an applicable  
 5 debt instrument, as provided in Section 108(i) of the Internal  
 6 Revenue Code. Subtract from the adjusted gross income of any  
 7 taxpayer that added an amount to adjusted gross income in a  
 8 previous year the amount necessary to offset the amount included  
 9 in federal gross income as a result of the deferral of income  
 10 arising from business indebtedness discharged in connection with  
 11 the reacquisition after December 31, 2008, and before January 1,  
 12 2011, of an applicable debt instrument, as provided in Section  
 13 108(i) of the Internal Revenue Code.
- 14 (13) Add the amount excluded from federal gross income under  
 15 Section 103 of the Internal Revenue Code for interest received on  
 16 an obligation of a state other than Indiana, or a political  
 17 subdivision of such a state, that is acquired by the taxpayer after  
 18 December 31, 2011.
- 19 (c) In the case of life insurance companies (as defined in Section  
 20 816(a) of the Internal Revenue Code) that are organized under Indiana  
 21 law, the same as "life insurance company taxable income" (as defined  
 22 in Section 801 of the Internal Revenue Code), adjusted as follows:
- 23 (1) Subtract income that is exempt from taxation under this article  
 24 by the Constitution and statutes of the United States.
- 25 (2) Add an amount equal to any deduction allowed or allowable  
 26 under Section 170 of the Internal Revenue Code.
- 27 (3) Add an amount equal to a deduction allowed or allowable  
 28 under Section 805 or Section 832(c) of the Internal Revenue Code  
 29 for taxes based on or measured by income and levied at the state  
 30 level by any state.
- 31 (4) Subtract an amount equal to the amount included in the  
 32 company's taxable income under Section 78 of the Internal  
 33 Revenue Code.
- 34 (5) Add or subtract the amount necessary to make the adjusted  
 35 gross income of any taxpayer that owns property for which bonus  
 36 depreciation was allowed in the current taxable year or in an  
 37 earlier taxable year equal to the amount of adjusted gross income  
 38 that would have been computed had an election not been made  
 39 under Section 168(k) of the Internal Revenue Code to apply bonus  
 40 depreciation to the property in the year that it was placed in  
 41 service.
- 42 (6) Add an amount equal to any deduction allowed under Section



- 1 172 or Section 810 of the Internal Revenue Code.
- 2 (7) Add or subtract the amount necessary to make the adjusted
- 3 gross income of any taxpayer that placed Section 179 property (as
- 4 defined in Section 179 of the Internal Revenue Code) in service
- 5 in the current taxable year or in an earlier taxable year equal to
- 6 the amount of adjusted gross income that would have been
- 7 computed had an election for federal income tax purposes not
- 8 been made for the year in which the property was placed in
- 9 service to take deductions under Section 179 of the Internal
- 10 Revenue Code in a total amount exceeding twenty-five thousand
- 11 dollars (\$25,000).
- 12 (8) Add an amount equal to the amount that a taxpayer claimed as
- 13 a deduction for domestic production activities for the taxable year
- 14 under Section 199 of the Internal Revenue Code for federal
- 15 income tax purposes.
- 16 (9) Subtract income that is:
- 17 (A) exempt from taxation under IC 6-3-2-21.7; and
- 18 (B) included in the insurance company's taxable income under
- 19 the Internal Revenue Code.
- 20 (10) Add an amount equal to any income not included in gross
- 21 income as a result of the deferral of income arising from business
- 22 indebtedness discharged in connection with the reacquisition after
- 23 December 31, 2008, and before January 1, 2011, of an applicable
- 24 debt instrument, as provided in Section 108(i) of the Internal
- 25 Revenue Code. Subtract from the adjusted gross income of any
- 26 taxpayer that added an amount to adjusted gross income in a
- 27 previous year the amount necessary to offset the amount included
- 28 in federal gross income as a result of the deferral of income
- 29 arising from business indebtedness discharged in connection with
- 30 the reacquisition after December 31, 2008, and before January 1,
- 31 2011, of an applicable debt instrument, as provided in Section
- 32 108(i) of the Internal Revenue Code.
- 33 (11) Add an amount equal to any exempt insurance income under
- 34 Section 953(e) of the Internal Revenue Code that is active
- 35 financing income under Subpart F of Subtitle A, Chapter 1,
- 36 Subchapter N of the Internal Revenue Code.
- 37 (12) Add the amount excluded from federal gross income under
- 38 Section 103 of the Internal Revenue Code for interest received on
- 39 an obligation of a state other than Indiana, or a political
- 40 subdivision of such a state, that is acquired by the taxpayer after
- 41 December 31, 2011.
- 42 (d) In the case of insurance companies subject to tax under Section



1 831 of the Internal Revenue Code and organized under Indiana law, the  
2 same as "taxable income" (as defined in Section 832 of the Internal  
3 Revenue Code), adjusted as follows:

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

6 (2) Add an amount equal to any deduction allowed or allowable  
7 under Section 170 of the Internal Revenue Code.

8 (3) Add an amount equal to a deduction allowed or allowable  
9 under Section 805 or Section 832(c) of the Internal Revenue Code  
10 for taxes based on or measured by income and levied at the state  
11 level by any state.

12 (4) Subtract an amount equal to the amount included in the  
13 company's taxable income under Section 78 of the Internal  
14 Revenue Code.

15 (5) Add or subtract the amount necessary to make the adjusted  
16 gross income of any taxpayer that owns property for which bonus  
17 depreciation was allowed in the current taxable year or in an  
18 earlier taxable year equal to the amount of adjusted gross income  
19 that would have been computed had an election not been made  
20 under Section 168(k) of the Internal Revenue Code to apply bonus  
21 depreciation to the property in the year that it was placed in  
22 service.

23 (6) Add an amount equal to any deduction allowed under Section  
24 172 of the Internal Revenue Code.

25 (7) Add or subtract the amount necessary to make the adjusted  
26 gross income of any taxpayer that placed Section 179 property (as  
27 defined in Section 179 of the Internal Revenue Code) in service  
28 in the current taxable year or in an earlier taxable year equal to  
29 the amount of adjusted gross income that would have been  
30 computed had an election for federal income tax purposes not  
31 been made for the year in which the property was placed in  
32 service to take deductions under Section 179 of the Internal  
33 Revenue Code in a total amount exceeding twenty-five thousand  
34 dollars (\$25,000).

35 (8) Add an amount equal to the amount that a taxpayer claimed as  
36 a deduction for domestic production activities for the taxable year  
37 under Section 199 of the Internal Revenue Code for federal  
38 income tax purposes.

39 (9) Subtract income that is:

40 (A) exempt from taxation under IC 6-3-2-21.7; and

41 (B) included in the insurance company's taxable income under  
42 the Internal Revenue Code.



1 (10) Add an amount equal to any income not included in gross  
 2 income as a result of the deferral of income arising from business  
 3 indebtedness discharged in connection with the reacquisition after  
 4 December 31, 2008, and before January 1, 2011, of an applicable  
 5 debt instrument, as provided in Section 108(i) of the Internal  
 6 Revenue Code. Subtract from the adjusted gross income of any  
 7 taxpayer that added an amount to adjusted gross income in a  
 8 previous year the amount necessary to offset the amount included  
 9 in federal gross income as a result of the deferral of income  
 10 arising from business indebtedness discharged in connection with  
 11 the reacquisition after December 31, 2008, and before January 1,  
 12 2011, of an applicable debt instrument, as provided in Section  
 13 108(i) of the Internal Revenue Code.

14 (11) Add an amount equal to any exempt insurance income under  
 15 Section 953(e) of the Internal Revenue Code that is active  
 16 financing income under Subpart F of Subtitle A, Chapter 1,  
 17 Subchapter N of the Internal Revenue Code.

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

23 (e) In the case of trusts and estates, "taxable income" (as defined for  
 24 trusts and estates in Section 641(b) of the Internal Revenue Code)  
 25 adjusted as follows:

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

28 (2) Subtract an amount equal to the amount of a September 11  
 29 terrorist attack settlement payment included in the federal  
 30 adjusted gross income of the estate of a victim of the September  
 31 11 terrorist attack or a trust to the extent the trust benefits a victim  
 32 of the September 11 terrorist attack.

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

41 (4) Add an amount equal to any deduction allowed under Section  
 42 172 of the Internal Revenue Code.



- 1 (5) Add or subtract the amount necessary to make the adjusted  
 2 gross income of any taxpayer that placed Section 179 property (as  
 3 defined in Section 179 of the Internal Revenue Code) in service  
 4 in the current taxable year or in an earlier taxable year equal to  
 5 the amount of adjusted gross income that would have been  
 6 computed had an election for federal income tax purposes not  
 7 been made for the year in which the property was placed in  
 8 service to take deductions under Section 179 of the Internal  
 9 Revenue Code in a total amount exceeding twenty-five thousand  
 10 dollars (\$25,000).
- 11 (6) Add an amount equal to the amount that a taxpayer claimed as  
 12 a deduction for domestic production activities for the taxable year  
 13 under Section 199 of the Internal Revenue Code for federal  
 14 income tax purposes.
- 15 (7) Subtract income that is:
- 16 (A) exempt from taxation under IC 6-3-2-21.7; and  
 17 (B) included in the taxpayer's taxable income under the  
 18 Internal Revenue Code.
- 19 (8) Add an amount equal to any income not included in gross  
 20 income as a result of the deferral of income arising from business  
 21 indebtedness discharged in connection with the reacquisition after  
 22 December 31, 2008, and before January 1, 2011, of an applicable  
 23 debt instrument, as provided in Section 108(i) of the Internal  
 24 Revenue Code. Subtract from the adjusted gross income of any  
 25 taxpayer that added an amount to adjusted gross income in a  
 26 previous year the amount necessary to offset the amount included  
 27 in federal gross income as a result of the deferral of income  
 28 arising from business indebtedness discharged in connection with  
 29 the reacquisition after December 31, 2008, and before January 1,  
 30 2011, of an applicable debt instrument, as provided in Section  
 31 108(i) of the Internal Revenue Code.
- 32 (9) Add the amount excluded from federal gross income under  
 33 Section 103 of the Internal Revenue Code for interest received on  
 34 an obligation of a state other than Indiana, or a political  
 35 subdivision of such a state, that is acquired by the taxpayer after  
 36 December 31, 2011.
- 37 SECTION 22. IC 6-3-3-5 IS REPEALED [EFFECTIVE JANUARY  
 38 1, 2017]. Sec. 5: (a) At the election of the taxpayer, there shall be  
 39 allowed, as a credit against the adjusted gross income tax imposed by  
 40 IC 6-3-1 through IC 6-3-7 for the taxable year, an amount (subject to  
 41 the applicable limitations provided by this section) equal to fifty  
 42 percent (50%) of the aggregate amount of charitable contributions



1 made by such taxpayer during such year to postsecondary educational  
 2 institutions located within Indiana (including any of its associated  
 3 colleges in Indiana) or to any corporation or foundation organized and  
 4 operated solely for the benefit of any postsecondary educational  
 5 institution:

6 (b) In the case of a taxpayer other than a corporation, the amount  
 7 allowable as a credit under this section for any taxable year shall not  
 8 exceed one hundred dollars (\$100) in the case of a single return or two  
 9 hundred dollars (\$200) in the case of a joint return:

10 (c) In the case of a corporation, the amount allowable as a credit  
 11 under this section for any taxable year shall not exceed:

12 (1) ten percent (10%) of such corporation's total adjusted gross  
 13 income tax under IC 6-3-1 through IC 6-3-7 for such year (as  
 14 determined without regard to any credits against that tax); or

15 (2) one thousand dollars (\$1,000);

16 whichever is less:

17 (d) A charitable contribution in Indiana qualifies for a credit under  
 18 this section only if the charitable contribution is made to a  
 19 postsecondary educational institution or a corporation or foundation  
 20 organized for the benefit of a postsecondary educational institution  
 21 that:

22 (1) normally maintains a regular faculty and curriculum and  
 23 normally has a regularly organized body of students in attendance  
 24 at the place where its educational activities are carried on;

25 (2) regularly offers education at a level above the twelfth grade;

26 (3) regularly awards either associate, bachelors, masters, or  
 27 doctoral degrees, or any combination thereof; and

28 (4) is duly accredited by the North Central Association of  
 29 Colleges and Schools, the Indiana state board of education, or the  
 30 American Association of Theological Schools:

31 (e) The credit allowed by this section shall not exceed the amount  
 32 of the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7  
 33 for the taxable year, reduced by the sum of all credits (as determined  
 34 without regard to this section) allowed by IC 6-3-1 through IC 6-3-7:

35 SECTION 23. IC 6-3-3-5.1 IS REPEALED [EFFECTIVE  
 36 JANUARY 1, 2017]. Sec. 5-1. (a) At the election of the taxpayer, a  
 37 credit against the adjusted gross income tax imposed by IC 6-3-1  
 38 through IC 6-3-7 for the taxable year, is permitted in an amount  
 39 (subject to the applicable limitations provided by this section) equal to  
 40 fifty percent (50%) of the aggregate amount of contributions made by  
 41 the taxpayer during the taxable year to the twenty-first century scholars  
 42 program support fund established under IC 21-12-7-1:



1 (b) In the case of a taxpayer other than a corporation, the amount  
2 allowable as a credit under this section for any taxable year may not  
3 exceed:

4 (1) one hundred dollars (\$100) in the case of a single return; or

5 (2) two hundred dollars (\$200) in the case of a joint return.

6 (c) In the case of a taxpayer that is a corporation, the amount  
7 allowable as a credit under this section for any taxable year may not  
8 exceed the lesser of the following amounts:

9 (1) Ten percent (10%) of the corporation's total adjusted gross  
10 income tax under IC 6-3-1 through IC 6-3-7 for the taxable year  
11 (as determined without regard to any credits against that tax):

12 (2) One thousand dollars (\$1,000):

13 (d) The credit permitted under this section may not exceed the  
14 amount of the adjusted gross income tax imposed by IC 6-3-1 through  
15 IC 6-3-7 for the taxable year, reduced by the sum of all credits (as  
16 determined without regard to this section) allowed by IC 6-3-1 through  
17 IC 6-3-7.

18 SECTION 24. IC 6-3-4-12, AS AMENDED BY P.L.242-2015,  
19 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
20 JULY 1, 2016]: Sec. 12. (a) Every partnership shall, at the time that the  
21 partnership pays or credits amounts to any of its nonresident partners  
22 on account of their distributive shares of partnership income, for a  
23 taxable year of the partnership, deduct and retain therefrom the amount  
24 prescribed in the withholding instructions referred to in section 8 of  
25 this chapter. Such partnership so paying or crediting any nonresident  
26 partner:

27 (1) shall be liable to the state of Indiana for the payment of the tax  
28 required to be deducted and retained under this section and shall  
29 not be liable to such partner for the amount deducted from such  
30 payment or credit and paid over in compliance or intended  
31 compliance with this section; and

32 (2) shall make return of and payment to the department monthly  
33 whenever the amount of tax due under IC 6-3 and IC 6-3.5  
34 exceeds an aggregate amount of fifty dollars (\$50) per month with  
35 such payment due on the thirtieth day of the following month,  
36 unless an earlier date is specified by section 8.1 of this chapter.

37 Where the aggregate amount due under IC 6-3 and IC 6-3.5 does not  
38 exceed fifty dollars (\$50) per month, then such partnership shall make  
39 return and payment to the department quarterly, on such dates and in  
40 such manner as the department shall prescribe, of the amount of tax  
41 which, under IC 6-3 and IC 6-3.5, it is required to withhold.

42 (b) Every partnership shall, at the time of each payment made by it



1 to the department pursuant to this section, deliver to the department a  
2 return upon such form as shall be prescribed by the department  
3 showing the total amounts paid or credited to its nonresident partners,  
4 the amount deducted therefrom in accordance with the provisions of  
5 this section, and such other information as the department may require.  
6 Every partnership making the deduction and retention provided in this  
7 section shall furnish to its nonresident partners annually, but not later  
8 than the fifteenth day of the third month after the end of its taxable  
9 year, a record of the amount of tax deducted and retained from such  
10 partners on forms to be prescribed by the department.

11 (c) All money deducted and retained by the partnership, as provided  
12 in this section, shall immediately upon such deduction be the money of  
13 the state of Indiana and every partnership which deducts and retains  
14 any amount of money under the provisions of IC 6-3 shall hold the  
15 same in trust for the state of Indiana and for payment thereof to the  
16 department in the manner and at the times provided in IC 6-3. Any  
17 partnership may be required to post a surety bond in such sum as the  
18 department shall determine to be appropriate to protect the state of  
19 Indiana with respect to money deducted and retained pursuant to this  
20 section.

21 (d) The provisions of IC 6-8.1 relating to additions to tax in case of  
22 delinquency and penalties shall apply to partnerships subject to the  
23 provisions of this section, and for these purposes any amount deducted,  
24 or required to be deducted and remitted to the department under this  
25 section, shall be considered to be the tax of the partnership, and with  
26 respect to such amount it shall be considered the taxpayer.

27 (e) Amounts deducted from payments or credits to a nonresident  
28 partner during any taxable year of the partnership in accordance with  
29 the provisions of this section shall be considered to be in part payment  
30 of the tax imposed on such nonresident partner for the nonresident  
31 partner's taxable year within or with which the partnership's taxable  
32 year ends. A return made by the partnership under subsection (b) shall  
33 be accepted by the department as evidence in favor of the nonresident  
34 partner of the amount so deducted for the nonresident partner's  
35 distributive share.

36 (f) This section shall in no way relieve any nonresident partner from  
37 the nonresident partner's obligations of filing a return or returns at the  
38 time required under IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid  
39 at the time prescribed by section 5 of this chapter.

40 (g) Instead of the reporting periods required under subsection (a),  
41 the department may permit a partnership to file one (1) return and  
42 payment each year if the partnership pays or credits amounts to its





1 nonresident partners only one (1) time each year. The return and  
 2 payment are due on or before the fifteenth day of the fourth month after  
 3 the end of the year. However, if a partnership is permitted an extension  
 4 to file its income tax return under IC 6-8.1-6-1, the return and payment  
 5 due under this subsection shall be allowed the same treatment as an  
 6 extended income tax return with respect to due dates, interest, and  
 7 penalties under IC 6-8.1-6-1.

8 **(h) If a partnership fails to withhold and pay any amount of tax**  
 9 **required to be withheld under this section and thereafter the tax is**  
 10 **paid by the partners, the amounts of tax as paid by the partners**  
 11 **shall not be collected from the partnership but it may not be**  
 12 **relieved from liability for interest or penalty otherwise due in**  
 13 **respect to the failure to withhold under IC 6-8.1-10.**

14 ~~(h)~~ **(i)** A partnership shall file a composite adjusted gross income tax  
 15 return on behalf of all nonresident partners. The composite return must  
 16 include each nonresident partner regardless of whether or not the  
 17 nonresident partner has other Indiana source income.

18 ~~(i)~~ **(j)** If a partnership does not include all nonresident partners in  
 19 the composite return, the partnership is subject to the penalty imposed  
 20 under IC 6-8.1-10-2.1(j).

21 ~~(j)~~ **(k)** For taxable years beginning after December 31, 2013, the  
 22 department may not impose a late payment penalty on a partnership for  
 23 the failure to file a return, pay the full amount of the tax shown on the  
 24 partnership's return, or pay the deficiency of the withholding taxes due  
 25 under this section if the partnership pays the department before the  
 26 fifteenth day of the fourth month after the end of the partnership's  
 27 taxable year at least:

- 28 (1) eighty percent (80%) of the withholding tax due for the
- 29 current year; or
- 30 (2) one hundred percent (100%) of the withholding tax due for the
- 31 preceding year.

32 ~~(k)~~ **(l)** Notwithstanding subsection (a) or ~~(h)~~; **(i)**, a pass through  
 33 entity is not required to withhold tax or file a composite adjusted gross  
 34 income tax return for a nonresident member if the entity:

- 35 (1) is a publicly traded partnership as defined by Section 7704(b)
- 36 of the Internal Revenue Code;
- 37 (2) meets the exception for partnerships under Section 7704(c) of
- 38 the Internal Revenue Code; and
- 39 (3) has agreed to file an annual information return reporting the
- 40 name, address, taxpayer identification number, and other
- 41 information requested by the department of each unit holder.

42 The department may issue written guidance explaining circumstances



1 under which limited partnerships or limited liability companies owned  
 2 by a publicly traded partnership may be excluded from the withholding  
 3 requirements of this section.

4 ~~(j)~~ **(m)** Notwithstanding subsection ~~(j)~~; **(k)**, a partnership is subject  
 5 to a late payment penalty for the failure to file a return, pay the full  
 6 amount of the tax shown on the partnership's return, or pay the  
 7 deficiency of the withholding taxes due under this section for any  
 8 amounts of withholding tax, including any interest under IC 6-8.1-10-1,  
 9 reported or paid after the due date of the return, as adjusted by any  
 10 extension under IC 6-8.1-6-1.

11 ~~(m)~~ **(n)** For purposes of this section, a "nonresident partner" is:

- 12 (1) an individual who does not reside in Indiana;
- 13 (2) a trust that does not reside in Indiana;
- 14 (3) an estate that does not reside in Indiana;
- 15 (4) a partnership not domiciled in Indiana;
- 16 (5) a C corporation not domiciled in Indiana; or
- 17 (6) an S corporation not domiciled in Indiana.

18 SECTION 25. IC 6-3-4-15, AS AMENDED BY P.L.242-2015,  
 19 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 20 JULY 1, 2016]: Sec. 15. (a) A trust or estate shall, at the time that it  
 21 distributes income (except income attributable to interest or dividends)  
 22 to a nonresident beneficiary, deduct and retain therefrom the amount  
 23 prescribed in the withholding instructions referred to in section 8 of  
 24 this chapter. The trust or estate so distributing income to a nonresident  
 25 beneficiary:

- 26 (1) is liable to this state for the tax which it is required to deduct  
 27 and retain under this section and is not liable to the beneficiary for  
 28 the amount deducted from the distribution and paid to the  
 29 department in compliance, or intended compliance, with this  
 30 section; and
- 31 (2) shall pay the amount deducted to the department before the  
 32 thirtieth day of the month following the distribution, unless an  
 33 earlier date is specified by section 8.1 of this chapter.

34 (b) A trust or estate shall, at the time that it makes a payment to the  
 35 department under this section, deliver to the department a return which  
 36 shows the total amounts distributed to the trust's or estate's nonresident  
 37 beneficiaries, the amount deducted from the distributions under this  
 38 section, and any other information required by the department. The  
 39 trust or estate shall file the return on the form prescribed by the  
 40 department. A trust or estate which makes the deduction and retention  
 41 required by this section shall furnish to its nonresident beneficiaries  
 42 annually, but not later than thirty (30) days after the end of the trust's



1 or estate's taxable year, a record of the amount of tax deducted and  
 2 retained from the beneficiaries. The trust or estate shall furnish the  
 3 information on the form prescribed by the department.

4 (c) The money deducted and retained by a trust or estate under this  
 5 section is money of this state. Every trust or estate which deducts and  
 6 retains any money under this section shall hold the money in trust for  
 7 this state until it pays the money to the department in the manner and  
 8 at the time provided in this section. The department may require a trust  
 9 or estate to post a surety bond to protect this state with respect to  
 10 money deducted and retained by the trust or estate under this section.  
 11 The department shall determine the amount of the surety bond.

12 (d) The provisions of IC 6-8.1 relating to penalties or to additions to  
 13 tax in case of a delinquency apply to trusts and estates which are  
 14 subject to this section. For purposes of this subsection, any amount  
 15 deducted, or required to be deducted and remitted to the department,  
 16 under this section is considered the tax of the trust or estate, and with  
 17 respect to that amount, it is considered the taxpayer.

18 (e) Amounts deducted from distributions to nonresident  
 19 beneficiaries under this section during a taxable year of the trust or  
 20 estate are considered a partial payment of the tax imposed on the  
 21 nonresident beneficiary for his taxable year within or with which the  
 22 trust's or estate's taxable year ends. The department shall accept a  
 23 return made by the trust or estate under subsection (b) as evidence of  
 24 the amount of tax deducted from the income distributed to a  
 25 nonresident beneficiary.

26 (f) This section does not relieve a nonresident beneficiary of his  
 27 duty to file a return at the time required under IC 6-3. The nonresident  
 28 beneficiary shall pay any unpaid tax at the time prescribed by section  
 29 5 of this chapter.

30 **(g) If a trust or estate fails to withhold and pay any amount of**  
 31 **tax required to be withheld under this section and thereafter the**  
 32 **tax is paid by the beneficiaries, the amount of tax paid by the**  
 33 **beneficiaries may not be collected from the trust or estate but it**  
 34 **may not be relieved from liability for interest or penalty otherwise**  
 35 **due in respect to the failure to withhold under IC 6-8.1-10.**

36 ~~(g)~~ **(h)** A trust or estate shall file a composite adjusted gross income  
 37 tax return on behalf of all nonresident beneficiaries. The composite  
 38 return must include each nonresident beneficiary regardless of whether  
 39 the nonresident beneficiary has other Indiana source income.

40 ~~(h)~~ **(i)** For purposes of this section, a "nonresident beneficiary" is:

- 41 (1) an individual who does not reside in Indiana;  
 42 (2) a trust that does not reside in Indiana;



- 1 (3) an estate that does not reside in Indiana;
- 2 (4) a partnership that is not domiciled in Indiana;
- 3 (5) a C corporation that is not domiciled in Indiana; or
- 4 (6) an S corporation that is not domiciled in Indiana.

5 (†) (j) If a trust or estate is permitted an extension to file its income  
6 tax return under IC 6-8.1-6-1, then the return and payment due under  
7 this subsection shall be allowed the same treatment as the extended  
8 income tax return with respect to due dates, interest, and penalties  
9 under IC 6-8.1-6-1.

10 SECTION 26. IC 6-3.6-8-5, AS ADDED BY P.L.243-2015,  
11 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
12 JANUARY 1, 2017]: Sec. 5. (a) Except as otherwise provided in  
13 subsection (b) and the other provisions of this article, all provisions of  
14 the adjusted gross income tax law (IC 6-3) concerning:

- 15 (1) definitions;
- 16 (2) declarations of estimated tax;
- 17 (3) filing of returns;
- 18 (4) deductions or exemptions from adjusted gross income;
- 19 (5) remittances;
- 20 (6) incorporation of the provisions of the Internal Revenue Code;
- 21 (7) penalties and interest; and
- 22 (8) exclusion of military pay credits for withholding;

23 apply to the imposition, collection, and administration of the tax  
24 imposed by this article.

25 (b) IC 6-3-1-3.5(a)(6), IC 6-3-3-3, ~~IC 6-3-3-5~~, and IC 6-3-5-1 do not  
26 apply to the tax imposed by this article.

27 (c) Notwithstanding subsections (a) and (b), each employer shall  
28 report to the department of state revenue the amount of withholdings  
29 attributable to each county. This report shall be submitted to the  
30 department of state revenue:

- 31 (1) each time the employer remits to the department the tax that  
32 is withheld; and
- 33 (2) annually along with the employer's annual withholding report.

34 SECTION 27. IC 6-4.1-4-1, AS AMENDED BY P.L.6-2010,  
35 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
36 APRIL 1, 2016]: Sec. 1. (a) Except as otherwise provided in section 0.5  
37 of this chapter or in IC 6-4.1-5-8, the personal representative of a  
38 resident decedent's estate or the trustee or transferee of property  
39 transferred by the decedent shall file an inheritance tax return with:

- 40 (1) the appropriate probate court, **in the case of an inheritance**  
41 **tax return filed before April 1, 2016; or**
- 42 (2) the department of state revenue, **in the case of an**



1 **inheritance tax return filed after March 31, 2016;**

2 within nine (9) months after the date of the decedent's death.

3 **(b)** The person filing the return shall file it under oath on the forms  
4 prescribed by the department of state revenue. The return shall:

5 (1) contain a statement of all property interests transferred by the  
6 decedent under taxable transfers known to the person filing the  
7 return;

8 (2) indicate the fair market value, as of the appraisal date  
9 prescribed by IC 6-4.1-5-1.5, of each property interest included in  
10 the statement;

11 (3) contain an itemized list of all inheritance tax deductions  
12 claimed with respect to property interests included in the  
13 statement;

14 (4) contain a list which indicates the name and address of each  
15 transferee of the property interests included in the statement and  
16 which indicates the total value of the property interests transferred  
17 to each transferee; and

18 (5) contain the name and address of the attorney for the personal  
19 representative or for the person filing the return.

20 ~~(b)~~ **(c)** If the decedent died testate, the person filing the return shall  
21 attach a copy of the decedent's will to the return.

22 SECTION 28. IC 6-4.1-4-2, AS AMENDED BY P.L.238-2005,  
23 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
24 APRIL 1, 2016]: Sec. 2. (a) If the Internal Revenue Service allows an  
25 extension on a federal estate tax return, the corresponding due date for  
26 the Indiana inheritance tax return is automatically extended for the  
27 same period as the federal extension.

28 **(b) This subsection applies to an inheritance tax return filed**  
29 **with the appropriate probate court before April 1, 2016.** If the  
30 appropriate probate court finds that because of an unavoidable delay an  
31 inheritance tax return cannot be filed within nine (9) months after the  
32 date of decedent's death, the court may extend the period for filing the  
33 return. After the expiration of the first extension period, the court may  
34 grant a subsequent extension if the person seeking the extension files  
35 a written motion which states the reason for the delay in filing the  
36 return.

37 **(c) This subsection applies to an inheritance tax return filed**  
38 **with the department of state revenue after March 31, 2016. If the**  
39 **department of state revenue finds that because of an unavoidable**  
40 **delay an inheritance tax return cannot be filed within nine (9)**  
41 **months after the date of decedent's death, the department of state**  
42 **revenue may extend the period for filing the return. After the**



1 **expiration of the first extension period, the department of state**  
 2 **revenue may grant a subsequent extension if the person seeking the**  
 3 **extension files a written motion that states the reason for the delay**  
 4 **in filing the return.**

5 ~~(c)~~ **(d)** For purposes of sections 3 and 6 of this chapter, an  
 6 inheritance tax return is not due until the last day of any extension  
 7 period or periods granted under this section.

8 SECTION 29. IC 6-4.1-4-6 IS AMENDED TO READ AS  
 9 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 6. (a) ~~Except as~~  
 10 ~~provided in subsection (b) of this section;~~ **For an inheritance tax**  
 11 **return filed with the appropriate probate court before April 1,**  
 12 **2016,** the appropriate probate court shall charge a person who fails to  
 13 file an inheritance tax return on or before the due date a penalty in an  
 14 amount which equals:

15 (1) fifty cents (\$0.50) per day for each day that the return is  
 16 delinquent; or

17 (2) fifty dollars (\$50);

18 whichever is less. The court shall include the penalty in the inheritance  
 19 tax decree which it issues with respect to the decedent's estate. The  
 20 person to whom the penalty is charged shall pay it to the treasurer of  
 21 the county in which the resident decedent was domiciled at the time of  
 22 the resident decedent's death. **However, the appropriate probate**  
 23 **court may waive the penalty otherwise required under this**  
 24 **subsection if the court finds that the person had a justifiable excuse**  
 25 **for not filing the return on or before the due date.**

26 **(b) For an inheritance tax return filed with the department of**  
 27 **state revenue after March 31, 2016, the department of state**  
 28 **revenue shall charge a person who fails to file an inheritance tax**  
 29 **return on or before the due date a penalty in an amount that**  
 30 **equals:**

31 (1) fifty cents (\$0.50) per day for each day that the return is  
 32 delinquent; or

33 (2) fifty dollars (\$50);

34 whichever is less. The department of state revenue shall include the  
 35 penalty in the inheritance tax decree that it issues with respect to  
 36 the decedent's estate. The person to whom the penalty is charged  
 37 shall pay it to the department of state revenue. **However, the**  
 38 **department of state revenue may waive the penalty otherwise**  
 39 **required under this subsection if the department of state revenue**  
 40 **finds that the person had a justifiable excuse for not filing the**  
 41 **return on or before the due date.**

42 ~~(b)~~ **(b)** The appropriate probate court may waive the penalty otherwise



1 required under subsection (a) of this section if the court finds that the  
 2 person had a justifiable excuse for not filing the return on or before the  
 3 due date:

4 SECTION 30. IC 6-4.1-5-2 IS AMENDED TO READ AS  
 5 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 2. **(a) This subsection**  
 6 **applies to an inheritance tax return filed with the probate court**  
 7 **before April 1, 2016.** Within ten (10) days after an inheritance tax  
 8 return for a resident decedent is filed with the probate court, the court  
 9 shall refer the return to the county inheritance tax appraiser. The county  
 10 inheritance tax appraiser shall:

- 11 (1) investigate the facts concerning taxable transfers made by the
- 12 decedent before ~~his~~ **the decedent's** death;
- 13 (2) review the return for mistakes and omissions; and
- 14 (3) appraise each property interest, transferred by the decedent
- 15 under a taxable transfer, at its fair market value as of the appraisal
- 16 date prescribed by IC 6-4.1-5-1.5.

17 **(b) This subsection applies to an inheritance tax return filed**  
 18 **with the department of state revenue after March 31, 2016.** Within  
 19 **sixty (60) days after an inheritance tax return for a resident**  
 20 **decedent is filed with the department of state revenue, the**  
 21 **department of revenue shall:**

- 22 **(1) investigate the facts concerning taxable transfers made by**
- 23 **the decedent before the decedent's death;**
- 24 **(2) review the return for mistakes and omissions; and**
- 25 **(3) appraise each property interest, transferred by the**
- 26 **decedent under a taxable transfer, at its fair market value as**
- 27 **of the appraisal date prescribed by IC 6-4.1-5-1.5.**

28 SECTION 31. IC 6-4.1-5-3 IS AMENDED TO READ AS  
 29 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 3. **(a) This subsection**  
 30 **applies to an inheritance tax return filed with the probate court**  
 31 **before April 1, 2016.** Before making the appraisal required under  
 32 section ~~2(3)~~ **2(a)(3)** of this chapter, the county inheritance tax appraiser  
 33 shall give notice of the date, time, and place of the appraisal, by mail,  
 34 to any person designated by the probate court and each interested  
 35 person who filed a request for notice and provided a mailing address to  
 36 the county assessor. The county inheritance tax appraiser shall appraise  
 37 the property interests at the time and place stated in the notice.

38 **(b) This subsection applies to an inheritance tax return filed**  
 39 **with the department of state revenue after March 31, 2016.** Before  
 40 **making the appraisal required under section 2(b)(3) of this**  
 41 **chapter, the department of state revenue shall give notice of the**  
 42 **date, time, and place of the appraisal, by mail, to any person**



1 designated by the department of state revenue and each interested  
 2 person who filed a request for notice and provided a mailing  
 3 address to the department of state revenue. The department of  
 4 state revenue shall appraise the property interests at the time and  
 5 place stated in the notice.

6 SECTION 32. IC 6-4.1-5-4 IS AMENDED TO READ AS  
 7 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 4. **(a) This subsection**  
 8 **applies to an inheritance tax return filed with the probate court**  
 9 **before April 1, 2016.** In order to make the appraisal required under  
 10 section ~~2(3)~~ **2(a)(3)** of this chapter, the county inheritance tax appraiser  
 11 may:

- 12 (1) issue subpoenas;
- 13 (2) compel the appearance of witnesses before him; and
- 14 (3) examine witnesses under oath.

15 Each witness examined with respect to the appraisal is entitled to  
 16 receive a fee in the same amount paid to a witness subpoenaed to  
 17 appear before a court of record. The county treasurer shall, from county  
 18 funds not otherwise appropriated, pay the witness fee which is provided  
 19 for under this section and which is allowed by the probate court under  
 20 section 10 of this chapter.

21 **(b) This subsection applies to an inheritance tax return filed**  
 22 **with the department of state revenue after March 31, 2016. In**  
 23 **order to make the appraisal required under section 2(b)(3) of this**  
 24 **chapter, the department of state revenue may:**

- 25 (1) issue subpoenas;
- 26 (2) compel the appearance of witnesses; and
- 27 (3) examine witnesses under oath.

28 Each witness examined with respect to the appraisal is entitled to  
 29 receive a fee in the same amount paid to a witness subpoenaed to  
 30 appear before a court of record. The department of state revenue  
 31 shall, from state funds not otherwise appropriated, pay the witness  
 32 fee that is provided for under this section as determined by the  
 33 department of state revenue.

34 SECTION 33. IC 6-4.1-5-5 IS AMENDED TO READ AS  
 35 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 5. **(a) This subsection**  
 36 **applies to an inheritance tax return filed with the probate court**  
 37 **before April 1, 2016.** After an inheritance tax return filed for a  
 38 resident decedent is examined by the county inheritance tax appraiser  
 39 and the probate court, the court shall order the person responsible for  
 40 filing the return to complete the return and refile it if the court finds  
 41 that the return is incomplete. When the return is refiled, the court shall  
 42 refer the refiled return to the county inheritance tax appraiser for





1 review by him.

2 **(b) This subsection applies to an inheritance tax return filed**  
 3 **with the department of state revenue after March 31, 2016. After**  
 4 **an inheritance tax return filed for a resident decedent is examined**  
 5 **by the department of state revenue, the department of state**  
 6 **revenue shall order the person responsible for filing the return to**  
 7 **complete the return and refile it if the department of state revenue**  
 8 **finds that the return is incomplete.**

9 SECTION 34. IC 6-4.1-5-6 IS AMENDED TO READ AS  
 10 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 6. **(a) This section**  
 11 **applies to an inheritance tax return filed with the probate court**  
 12 **before April 1, 2016.**

13 **(b) After completing the duties assigned to him under section 2**  
 14 **of this chapter, the county inheritance tax appraiser shall prepare an**  
 15 **appraisal report. The appraisal report shall:**

16 (1) contain a list of the property interests described in section ~~2(3)~~

17 **2(a)(3)** of this chapter; and

18 (2) indicate the fair market value of the property interests.

19 The county inheritance tax appraiser shall file one (1) copy of the  
 20 report with the probate court, and ~~he~~ shall file another copy of the  
 21 report with the department of state revenue. The appraiser shall attach  
 22 the depositions of any witnesses examined with respect to the appraisal  
 23 and any other information which the court may require to the appraisal  
 24 report ~~which he that the appraiser~~ files with the court.

25 SECTION 35. IC 6-4.1-5-7 IS AMENDED TO READ AS  
 26 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 7. **(a) This subsection**  
 27 **applies before April 1, 2016.** If the personal representative of a  
 28 resident decedent's estate or the trustee or transferee of property  
 29 transferred by the decedent believes that no inheritance tax is imposed  
 30 under this article as a result of the decedent's death, ~~he~~ **the individual**  
 31 may file a verified petition with the appropriate probate court  
 32 requesting that the court enter an order stating that no inheritance tax  
 33 is due. The petitioner must include in the petition a statement of the  
 34 value of the property interests transferred by the decedent.

35 **(b) This subsection applies after March 31, 2016. If the personal**  
 36 **representative of a resident decedent's estate or the trustee or**  
 37 **transferee of property transferred by the decedent believes that no**  
 38 **inheritance tax is imposed under this article as a result of the**  
 39 **decedent's death, the personal representative or the trustee or**  
 40 **transferee may file a verified petition with the department of state**  
 41 **revenue requesting that the department of state revenue enter an**  
 42 **order stating that no inheritance tax is due. The petitioner must**



1 **include in the petition a statement of the value of the property**  
 2 **interests transferred by the decedent.**

3 SECTION 36. IC 6-4.1-5-8 IS AMENDED TO READ AS  
 4 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 8. **(a)** If a petition is  
 5 filed under section 7 **7(a)** of this chapter, the probate court may hold a  
 6 hearing on the petition. If the court elects to hold a hearing, it shall give  
 7 notice of the hearing in the same manner prescribed for giving the  
 8 notice required under section 9 **9(a)** of this chapter. After the probate  
 9 court completes its examination of the petition, the court may enter an  
 10 order stating that no inheritance tax is due as a result of the decedent's  
 11 death. If the court enters such an order, the petitioner is not required to  
 12 file an inheritance tax return. However, a person may petition the  
 13 appropriate probate court under IC 6-4.1-7 for a rehearing on the  
 14 court's order or for a reappraisal of the property interests transferred by  
 15 the decedent.

16 **(b) If a petition is filed under section 7(b) of this chapter, the**  
 17 **department of state revenue may hold a hearing on the petition. If**  
 18 **the department of state revenue elects to hold a hearing, it shall**  
 19 **give notice of the hearing in the same manner prescribed for giving**  
 20 **the notice required under section 9(b) of this chapter. After the**  
 21 **department of state revenue completes its examination of the**  
 22 **petition, the department of state revenue may enter an order**  
 23 **stating that no inheritance tax is due as a result of the decedent's**  
 24 **death. If the department of state revenue enters such an order, the**  
 25 **petitioner is not required to file an inheritance tax return.**  
 26 **However, a person may petition the appropriate probate court for**  
 27 **a rehearing on the department of state revenue's order or for a**  
 28 **reappraisal of the property interests transferred by the decedent**  
 29 **in the same manner as provided in IC 6-4.1-7-2.**

30 SECTION 37. IC 6-4.1-5-9 IS AMENDED TO READ AS  
 31 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 9. **(a) This subsection**  
 32 **applies to an inheritance tax return filed with the probate court**  
 33 **before April 1, 2016.** When the county inheritance tax appraiser files  
 34 an appraisal report with the probate court, the court shall give twenty  
 35 (20) days notice by mail of the date, time, and place of a hearing on the  
 36 report to each interested person who filed a request for notice and  
 37 provided a mailing address under section 3 **3(a)** of this chapter.

38 **(b) This subsection applies to an inheritance tax return filed**  
 39 **with the department of state revenue after March 31, 2016. The**  
 40 **department of state revenue shall give twenty (20) days notice by**  
 41 **mail of the date, time, and place of a hearing on an appraisal to**  
 42 **each interested person who filed a request for notice and provided**



1 **a mailing address under section 3(b) of this chapter.**

2 SECTION 38. IC 6-4.1-5-10 IS AMENDED TO READ AS  
 3 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 10. (a) **This**  
 4 **subsection applies to an inheritance tax return filed with the**  
 5 **probate court before April 1, 2016.** After the hearing required by  
 6 section ~~9~~ **9(a)** of this chapter, the probate court shall determine the fair  
 7 market value of the property interests transferred by the resident  
 8 decedent and the amount of inheritance tax due as a result of ~~his~~ **the**  
 9 **decedent's** death. The court shall then enter an order stating the  
 10 amount of inheritance tax due and the fees due witnesses under section  
 11 4 of this chapter. If the court finds that no inheritance tax is due, the  
 12 court shall include a statement to that effect in the order.

13 (b) The court shall prepare the order required by ~~this section~~  
 14 **subsection (a)** on the form prescribed by the department of state  
 15 revenue. The court shall include in the order a description of all Indiana  
 16 real property owned by the resident decedent at the time of ~~his~~ **the**  
 17 **decedent's** death. The probate court shall spread the order of record in  
 18 the office of the clerk of the circuit court. The clerk shall maintain the  
 19 orders in a looseleaf ledger.

20 (c) **This subsection applies to an inheritance tax return filed**  
 21 **with the department of state revenue after March 31, 2016. The**  
 22 **department of state revenue shall determine the fair market value**  
 23 **of the property interests transferred by the resident decedent and**  
 24 **the amount of inheritance tax due as a result of the decedent's**  
 25 **death. The department of state revenue shall then enter an order**  
 26 **stating the amount of inheritance tax due and the fees due**  
 27 **witnesses (if any) as determined by the department of state**  
 28 **revenue. If the department of state revenue finds that no**  
 29 **inheritance tax is due, the department of state revenue shall**  
 30 **include a statement to that effect in the order. The department of**  
 31 **state revenue is not required to hold a hearing before making a**  
 32 **determination under this subsection.**

33 (d) The order entered by the department of state revenue under  
 34 subsection (c) must contain a record of all Indiana real property  
 35 owned by the decedent at the time of the decedent's death. The  
 36 clerk of the circuit court of the county in which the appropriate  
 37 probate court is located shall spread the order of record in the  
 38 office of the clerk of the circuit court. The clerk shall maintain the  
 39 orders in a looseleaf ledger.

40 ~~(e)~~ (e) The order described in this section is confidential.

41 SECTION 39. IC 6-4.1-5-11 IS AMENDED TO READ AS  
 42 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 11. (a) **This**



1 **subsection applies to an inheritance tax return filed with the**  
 2 **probate court before April 1, 2016.** The court shall immediately mail  
 3 a copy of its determination of the fair market value of the property  
 4 interests transferred by a resident decedent and the inheritance tax due  
 5 as a result of the person's death to each interested person who filed a  
 6 request for notice and provided a mailing address under section 3(a)  
 7 of this chapter, the department of state revenue, and the county  
 8 treasurer.

9 **(b) This subsection applies to an inheritance tax return filed**  
 10 **with the department of state revenue after March 31, 2016. The**  
 11 **department of state revenue shall immediately mail a copy of its**  
 12 **determination of the fair market value of the property interests**  
 13 **transferred by a resident decedent and the inheritance tax due as**  
 14 **a result of the decedent's death to each interested person who filed**  
 15 **a request for notice and provided a mailing address under section**  
 16 **3(b) of this chapter.**

17 SECTION 40. IC 6-4.1-6-0.7 IS ADDED TO THE INDIANA  
 18 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 19 [EFFECTIVE JULY 1, 2016]: **Sec. 0.7. (a) This section applies to an**  
 20 **inheritance tax return filed with the department of state revenue**  
 21 **after March 31, 2016.**

22 **(b) Subject to any right of appeal, the department of state**  
 23 **revenue shall have sole power to appraise any property interests**  
 24 **appraised under this chapter.**

25 **(c) The provisions of section 4 of this chapter relating to the**  
 26 **probate court's determination of the manner in which property**  
 27 **will probably be distributed do not apply to the department of state**  
 28 **revenue under this section.**

29 **(d) If a person is dissatisfied with a determination made by the**  
 30 **department of state revenue concerning the manner in which the**  
 31 **property will probably be distributed, that person may file a**  
 32 **petition for redetermination by the appropriate probate court.**

33 SECTION 41. IC 6-4.1-7-1 IS AMENDED TO READ AS  
 34 FOLLOWS [EFFECTIVE APRIL 1, 2016]: **Sec. 1. (a) A person who**  
 35 **is dissatisfied with an inheritance tax determination made by a probate**  
 36 **court (in the case of an inheritance tax return filed with the probate**  
 37 **court before April 1, 2016) or the department of state revenue (in**  
 38 **the case of an inheritance tax return filed with the department of**  
 39 **state revenue after March 31, 2016) with respect to a resident**  
 40 **decedent's estate may obtain a rehearing on the determination. To**  
 41 **obtain the rehearing, the person must file a petition for rehearing with**  
 42 **the probate court within one hundred twenty (120) days after the**



1 determination is made.

2 (b) In the petition, the person must state the grounds for the  
3 rehearing. The probate court shall base the rehearing on **the following:**

4 (1) On evidence presented at the original hearing plus any  
5 additional evidence which the court elects to hear, **in the case of**  
6 **an inheritance tax return filed with the probate court before**  
7 **April 1, 2016.**

8 (2) On evidence presented to the department of state revenue  
9 plus any additional evidence that the court elects to hear, **in**  
10 **the case of an inheritance tax return filed with the department**  
11 **of state revenue after March 31, 2016.**

12 SECTION 42. IC 6-4.1-7-2 IS AMENDED TO READ AS  
13 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 2. A person who is  
14 dissatisfied with an appraisal approved by a probate court (**in the case**  
15 **of an inheritance tax return filed before April 1, 2016) or the**  
16 **department of state revenue (in the case of an inheritance tax**  
17 **return filed with the department of state revenue after March 31,**  
18 **2016) with respect to a resident decedent's estate may obtain a**  
19 reappraisal of the property interest involved. To obtain the reappraisal,  
20 the person must file a petition for reappraisal with the probate court  
21 within one (1) year after the court (**in the case of an inheritance tax**  
22 **return filed before April 1, 2016) or the department of state**  
23 **revenue (in the case of an inheritance tax return filed after March**  
24 **31, 2016) enters an order determining the inheritance tax due as a**  
25 result of the decedent's death. However, if the original appraisal is  
26 fraudulently or erroneously made, the person may file the reappraisal  
27 petition within two (2) years after the court enters the order.

28 SECTION 43. IC 6-4.1-7-3 IS AMENDED TO READ AS  
29 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 3. (a) When a  
30 reappraisal petition is filed under section 2 of this chapter, the probate  
31 court may appoint a competent person to reappraise the property  
32 interests transferred by the resident decedent under taxable transfers.  
33 An appraiser appointed by the court under this section has the same  
34 powers and duties, including the duty to give notice of the appraisal  
35 and the duty to make an appraisal report to the court, as the county  
36 inheritance tax appraiser **has for purposes of inheritance tax returns**  
37 **filed before April 1, 2016.** The appointed appraiser is entitled to  
38 receive an amount fixed by the court and approved by the department  
39 of revenue as compensation for his services.

40 (b) **This subsection applies to a reappraisal for inheritance tax**  
41 **returns filed before April 1, 2016.** After the probate court certifies to  
42 the county treasurer the amount of compensation due the appointed



1 appraiser, the county treasurer shall pay the appraiser from county  
2 funds not otherwise appropriated.

3 **(c) This subsection applies to a reappraisal for an inheritance**  
4 **tax return filed after March 31, 2016. The probate court shall**  
5 **certify to the department of state revenue the amount of**  
6 **compensation due the appointed appraiser, and the department of**  
7 **state revenue shall pay the appointed appraiser.**

8 SECTION 44. IC 6-4.1-7-4 IS AMENDED TO READ AS  
9 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 4. (a) After the  
10 appraiser, if any, appointed under section 3 of this chapter files ~~his~~ **the**  
11 **appraiser's** appraisal report, the probate court shall redetermine the  
12 inheritance tax due with respect to the property interests transferred by  
13 the resident decedent. In making the redetermination, the court shall **do**  
14 **the following:**

15 **(1) In the case of a redetermination for an inheritance tax**  
16 **return filed before April 1, 2016,** follow the same procedures it  
17 is required to follow under IC 6-4.1-5-9, IC 6-4.1-5-10, and  
18 IC 6-4.1-5-11 when making an original inheritance tax  
19 determination.

20 **(2) In the case of a redetermination for an inheritance tax**  
21 **return filed after March 31, 2016, follow the same procedures**  
22 **that the department of state revenue is required to follow**  
23 **when making an original inheritance tax determination.**

24 (b) The probate court's redetermination of the inheritance tax due  
25 supersedes the court's original determination **(in the case of a**  
26 **redetermination for an inheritance tax return filed before April 1,**  
27 **2016) or the department of state revenue's original determination**  
28 **(in the case of a redetermination for an inheritance tax return filed**  
29 **after March 31, 2016).** The court shall file a copy of the  
30 redetermination:

31 **(1) with the clerk of the court, in the case of a redetermination**  
32 **for an inheritance tax return filed before April 1, 2016; or**

33 **(2) with the department of state revenue, in the case of a**  
34 **redetermination for an inheritance tax return filed after**  
35 **March 31, 2016.**

36 SECTION 45. IC 6-4.1-7-7 IS AMENDED TO READ AS  
37 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 7. **(a)** A probate  
38 court's redetermination of inheritance tax under this chapter may be  
39 appealed to the tax court in accordance with the rules of appellate  
40 procedure.

41 **(b) In the case of an inheritance tax return filed after March 31,**  
42 **2016, a probate court's redetermination of inheritance tax under**



1 **this chapter may be appealed under subsection (a) only if an appeal**  
 2 **of the department of state revenue's determination regarding**  
 3 **inheritance tax was first filed with the probate court.**

4 SECTION 46. IC 6-4.1-8-2 IS AMENDED TO READ AS  
 5 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 2. (a) The personal  
 6 representative of a decedent's estate or the trustee of property  
 7 transferred by the decedent may not transfer or deliver property to a  
 8 transferee unless the inheritance tax imposed with respect to the  
 9 transfer has been paid.

10 (b) If money is transferred by the decedent to a transferee for a  
 11 limited period of time, the personal representative or trustee shall retain  
 12 the total inheritance tax imposed on all the interests in the money.

13 (c) If property other than money is transferred by the decedent to a  
 14 transferee for a limited period of time, the transferees of the interests  
 15 in the property shall pay to the personal representative or trustee the  
 16 inheritance tax imposed on the interests. The personal representative  
 17 or trustee shall apply to the:

18 (1) appropriate probate court, **for transfers of property**  
 19 **occurring before April 1, 2016; or**

20 (2) **department of state revenue, for transfers of property**  
 21 **occurring after March 31, 2016;**

22 for a determination of the amount which each transferee is required to  
 23 pay under this subsection.

24 SECTION 47. IC 6-4.1-8-4, AS AMENDED BY P.L.205-2013,  
 25 SECTION 109, IS AMENDED TO READ AS FOLLOWS  
 26 [EFFECTIVE APRIL 1, 2016]: Sec. 4. (a) A person who has possession  
 27 of or control over personal property held jointly by a resident decedent  
 28 and another person may not transfer the property to the surviving joint  
 29 tenant, unless:

30 (1) the surviving joint tenant is the decedent's surviving spouse;  
 31 or

32 (2) the property is money held in a joint checking account;  
 33 without the written consent of the department of state revenue or the  
 34 county assessor of the county in which the resident decedent was  
 35 domiciled at the time of the decedent's death.

36 (b) Except as provided in subsection (c), a person who has  
 37 possession of or control over personal property held in a trust that is  
 38 subject to the Indiana inheritance tax or estate tax (before its repeal) at  
 39 the time of a resident decedent's death may not transfer the property to  
 40 a beneficiary or any other person, unless the beneficiary or other person  
 41 is the decedent's surviving spouse, without the written consent of the  
 42 department of state revenue or the county assessor of the county in



1 which the resident decedent was domiciled at the time of the decedent's  
2 death.

3 (c) A person who has possession of or control over personal  
4 property held in trust may transfer the property without the written  
5 consent of the department of state revenue or the county assessor of the  
6 county in which the resident decedent was domiciled at the time of the  
7 decedent's death under the following conditions:

8 (1) The transferee is domiciled in Indiana.

9 (2) The transferee completes a sworn affidavit on a form  
10 prescribed by the department of state revenue that states:

11 (A) the transfer of the personal property is not subject to  
12 Indiana inheritance tax or estate tax (before its repeal); and

13 (B) the reasons the transfer is not subject to tax.

14 (3) A copy of the affidavit required under subdivision (2) is  
15 immediately filed with the department of state revenue.

16 (d) A person who has possession of or control over a resident  
17 decedent's personal property (except proceeds payable under a life  
18 insurance policy) may not transfer the property to any other person,  
19 unless:

20 (1) the other person is the decedent's surviving spouse; or

21 (2) the property is money held in a checking account;

22 without the written consent of the department of state revenue or the  
23 county assessor of the county in which the resident decedent was  
24 domiciled at the time of the decedent's death.

25 (e) The department of state revenue or the appropriate county  
26 assessor may consent to a transfer if the department or the county  
27 assessor believes that the transfer will not jeopardize the collection of  
28 inheritance tax.

29 (f) The department of state revenue shall send a copy of any consent  
30 to transfer that it issues under this section **after March 31, 2016**, to the  
31 county assessor of the county in which the resident decedent was  
32 domiciled at the time of the decedent's death.

33 **(g) If a person files a request for a consent to transfer property**  
34 **with the county assessor under this section after March 31, 2016,**  
35 **the person must submit a copy of the consent to transfer form to**  
36 **the department of state revenue. A county assessor shall send to the**  
37 **department of state revenue a copy of any consent to transfer that**  
38 **the county assessor issues under this section.**

39 SECTION 48. IC 6-4.1-8-4.6 IS AMENDED TO READ AS  
40 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.6. (a) A person  
41 who has possession of or control over money held in a checking  
42 account in which a resident decedent had a legal interest shall notify





1 the department or, **except as provided in subsection (b)**, the county  
 2 assessor of the county in which the resident decedent was domiciled at  
 3 the time of death, when money is transferred from the account to a  
 4 person, other than the resident decedent's surviving spouse.

5 **(b) However, in the case of a transfer described in this section**  
 6 **that is made after March 31, 2016, the person making the transfer:**

7 **(1) shall notify the department of state revenue of the**  
 8 **transfer; and**

9 **(2) is not required to notify the county assessor of the transfer.**

10 SECTION 49. IC 6-4.1-8-5, AS AMENDED BY P.L.143-2009,  
 11 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 12 APRIL 1, 2016]: Sec. 5. (a) Within ten (10) days after life insurance  
 13 proceeds are paid to a resident decedent's estate, the life insurance  
 14 company shall give notice of the payment to the department of state  
 15 revenue.

16 (b) Not later than ten (10) days after damages payable under a cause  
 17 of action maintained by a personal representative under IC 34-9-3-4 are  
 18 paid to a resident decedent's estate, the person making the payment  
 19 shall give notice of the payment to the department of state revenue.

20 (c) The department of state revenue shall send a copy of any notice  
 21 which it receives under subsection (a) or (b) **before April 1, 2016**, to  
 22 the county assessor of the county in which the resident decedent was  
 23 domiciled at the time of the resident decedent's death.

24 SECTION 50. IC 6-4.1-9-1 IS AMENDED TO READ AS  
 25 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 1. (a) Except as  
 26 otherwise provided in IC 6-4.1-6-6(b), the inheritance tax imposed as  
 27 a result of a decedent's death is due twelve (12) months after the  
 28 person's date of death. If a person liable for payment of inheritance tax  
 29 does not pay the tax on or before the due date, the person shall, except  
 30 as provided in subsection (b) of this section, pay interest on the  
 31 delinquent portion of the tax at the rate of ten percent (10%) per year  
 32 from the date of the decedent's death to the date payment is made.

33 (b) If an unavoidable delay, such as necessary litigation, prevents a  
 34 determination of the amount of inheritance tax due:

35 **(1) the appropriate probate court, in the case of an inheritance**  
 36 **tax return filed before April 1, 2016, for a resident decedent; or**

37 **(2) the department of state revenue, in the case of:**

38 **(A) a non-resident decedent; or**

39 **(B) a resident decedent, in the case of an inheritance tax**  
 40 **return filed after March 31, 2016;**

41 may reduce the rate of interest imposed under this section, for the time  
 42 period beginning on the date of the decedent's death and ending when



1 the cause of delay is removed, to six percent (6%) per year.

2 SECTION 51. IC 6-4.1-9-5 IS AMENDED TO READ AS  
 3 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 5. (a) **This subsection**  
 4 **applies to the payment of inheritance tax before April 1, 2016.** A  
 5 person who is liable for inheritance tax imposed as a result of a resident  
 6 decedent's death shall pay the tax to the treasurer of the county in  
 7 which the resident decedent was domiciled at the time of the resident  
 8 decedent's death. If such a person believes that more inheritance tax is  
 9 due as a result of the resident decedent's death than the amount of tax  
 10 determined by the court under IC 6-4.1-5-10, the person may, without  
 11 obtaining another court determination, pay the additional tax and any  
 12 interest due on the additional tax to the county treasurer.

13 (b) **This subsection applies to the payment of inheritance tax**  
 14 **before April 1, 2016.** The county treasurer shall collect the tax, shall  
 15 issue a receipt for the tax payment in duplicate, and shall send one (1)  
 16 copy of the receipt to the department of state revenue. The department  
 17 shall countersign the receipt, shall affix its seal to the receipt, and shall  
 18 return the signed and sealed receipt to the payor. The department shall  
 19 also charge the county treasurer with the amount of inheritance tax  
 20 collected by him.

21 (c) **This subsection applies to the payment of inheritance tax**  
 22 **after March 31, 2016. A person who is liable for inheritance tax**  
 23 **imposed as a result of a resident decedent's death shall pay the tax**  
 24 **to the department of state revenue. If such a person believes that**  
 25 **more inheritance tax is due as a result of the resident decedent's**  
 26 **death than the amount of tax determined under IC 6-4.1-5-10, the**  
 27 **person may, without obtaining another determination, pay the**  
 28 **additional tax and any interest due on the additional tax to the**  
 29 **department of state revenue.**

30 SECTION 52. IC 6-4.1-9-7 IS AMENDED TO READ AS  
 31 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 7. (a) On the first day  
 32 of January, April, July, and October of each year, each county treasurer  
 33 shall, under oath, send a written inheritance tax report to the  
 34 department of state revenue. Each report shall state the amount of  
 35 inheritance taxes collected by the county treasurer during the preceding  
 36 three (3) months and shall indicate the estates for which the taxes were  
 37 paid, who paid the taxes, and when the taxes were paid. The county  
 38 treasurer shall prepare each report on the form prescribed by the state  
 39 board of accounts. **However, a county treasurer is not required to**  
 40 **submit a report to the department of state revenue under this**  
 41 **subsection for a period beginning after March 31, 2016.**

42 (b) On the first day of January, April, July, and October of each



1 year, each county auditor shall issue a warrant to the state treasurer for  
 2 the amount of inheritance taxes, interest charges, and penalties which  
 3 the state is to receive under section 6 of this chapter. The county  
 4 treasurer shall stamp and countersign the warrant. The county treasurer  
 5 shall send the warrant to the department of state revenue not more than  
 6 thirty (30) days after the county treasurer is required to send the related  
 7 inheritance tax report for the preceding three (3) months under  
 8 subsection (a).

9 SECTION 53. IC 6-4.1-12-1 IS AMENDED TO READ AS  
 10 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 1. **(a) Except as**  
 11 **otherwise provided in this article**, the probate court of the county:

12 (1) in which a resident decedent was domiciled at the time of the  
 13 decedent's death; or

14 (2) in which the resident decedent's estate is being administered,  
 15 if different from the county described in subdivision (1);

16 has jurisdiction to determine the inheritance tax imposed as a result of  
 17 the resident decedent's death and to hear all matters related to the tax  
 18 determination. However, if two (2) or more courts in a county have  
 19 probate jurisdiction, the first court acquiring jurisdiction under this  
 20 article acquires exclusive jurisdiction over the inheritance tax  
 21 determination.

22 **(b) In the case of an inheritance tax return filed after March 31,**  
 23 **2016, the probate court having jurisdiction under subsection (a)**  
 24 **does not have the power to make original inheritance tax**  
 25 **determinations. The probate court may hear the following matters**  
 26 **with respect to an inheritance tax return filed after March 31,**  
 27 **2016, for a resident decedent:**

28 (1) Any matter subject to IC 6-4.1-4-3 through IC 6-4.1-4-5.

29 (2) Any matter subject to IC 6-4.1-5-13.

30 (3) Petitions for a redetermination of inheritance tax due or  
 31 a reappraisal of a property interest under IC 6-4.1-7.

32 (4) An appeal of a refund order under IC 6-4.1-10-4.

33 SECTION 54. IC 6-4.1-12-2 IS AMENDED TO READ AS  
 34 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. **(a) Except as**  
 35 **provided in subsection (b)**, each county assessor shall serve as the  
 36 county inheritance tax appraiser for the county he serves. However, the  
 37 appropriate probate court shall appoint a competent and qualified  
 38 resident of the county to appraise property transferred by a resident  
 39 decedent if the county assessor is:

40 (1) beneficially interested as an heir of the decedent's estate;

41 (2) the personal representative of the decedent's estate; or

42 (3) related to the decedent or a beneficiary of the decedent's estate



1 within the third degree of consanguinity or affinity.

2 A person who is appointed to act as the county inheritance tax  
3 appraiser under this section shall receive a fee for his services. The  
4 court, subject to the approval of the department of state revenue, shall  
5 set the fee.

6 **(b) For purposes of determining the inheritance tax with respect**  
7 **to an inheritance tax return filed after March 31, 2016, the**  
8 **department of state revenue rather than the county assessor has**  
9 **the duty to appraise property interest transferred by a resident**  
10 **decendent.**

11 SECTION 55. IC 6-6-5-1, AS AMENDED BY P.L.259-2013,  
12 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
13 JANUARY 1, 2017]: Sec. 1. (a) As used in this chapter, "vehicle"  
14 means a vehicle subject to annual registration as a condition of its  
15 operation on the public highways pursuant to the motor vehicle  
16 registration laws of the state.

17 (b) As used in this chapter, "mobile home" means a  
18 nonself-propelled vehicle designed for occupancy as a dwelling or  
19 sleeping place.

20 (c) As used in this chapter, "bureau" means the bureau of motor  
21 vehicles.

22 (d) As used in this chapter, "license branch" means a branch office  
23 of the bureau authorized to register motor vehicles pursuant to the laws  
24 of the state.

25 (e) As used in this chapter, "owner" means the person in whose  
26 name the vehicle or trailer is registered (as defined in IC 9-13-2).

27 (f) As used in this chapter, "motor home" means a self-propelled  
28 vehicle having been designed and built as an integral part thereof  
29 having living and sleeping quarters, including that which is commonly  
30 referred to as a recreational vehicle.

31 (g) As used in this chapter, "last preceding annual excise tax  
32 liability" means either:

33 (1) the amount of excise tax liability to which the vehicle was  
34 subject on the owner's last preceding regular annual registration  
35 date; or

36 (2) the amount of excise tax liability to which a vehicle that was  
37 registered after the owner's last preceding annual registration date  
38 would have been subject if it had been registered on that date.

39 (h) As used in this chapter, "trailer" means a device having a gross  
40 vehicle weight equal to or less than three thousand (3,000) pounds that  
41 is pulled behind a vehicle and that is subject to annual registration as  
42 a condition of its operation on the public highways pursuant to the



1 motor vehicle registration laws of the state. The term includes any  
2 utility, boat, or other two (2) wheeled trailer.

3 (i) This chapter does not apply to the following:

4 (1) Vehicles owned, or leased and operated, by the United States,  
5 the state, or political subdivisions of the state.

6 (2) Mobile homes and motor homes.

7 (3) Vehicles assessed under IC 6-1.1-8.

8 (4) Vehicles subject to registration as trucks under the motor  
9 vehicle registration laws of the state, except trucks having a  
10 declared gross weight not exceeding eleven thousand (11,000)  
11 pounds, trailers, semitrailers, tractors, and buses.

12 (5) Vehicles owned, or leased and operated, by a postsecondary  
13 educational institution ~~described in IC 6-3-3-5(d)~~ **that:**

14 **(A) normally maintains a regular faculty and curriculum**  
15 **and normally has a regularly organized body of students**  
16 **in attendance at the place where its educational activities**  
17 **are carried on;**

18 **(B) regularly offers education at a level above the twelfth**  
19 **grade;**

20 **(C) regularly awards associate, bachelor's, master's, or**  
21 **doctoral degrees, or any combination thereof; and**

22 **(D) is accredited by the North Central Association of**  
23 **Colleges and Schools, the Indiana state board of education,**  
24 **or the American Association of Theological Schools.**

25 (6) Vehicles owned, or leased and operated, by a volunteer fire  
26 department (as defined in IC 36-8-12-2).

27 (7) Vehicles owned, or leased and operated, by a volunteer  
28 emergency ambulance service that:

29 (A) meets the requirements of IC 16-31; and

30 (B) has only members that serve for no compensation or a  
31 nominal annual compensation of not more than three thousand  
32 five hundred dollars (\$3,500).

33 (8) Vehicles that are exempt from the payment of registration fees  
34 under IC 9-18-3-1.

35 (9) Farm wagons.

36 (10) Off-road vehicles (as defined in IC 14-8-2-185).

37 (11) Snowmobiles (as defined in IC 14-8-2-261).

38 SECTION 56. IC 6-6-5.1-1, AS ADDED BY P.L.131-2008,  
39 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
40 JANUARY 1, 2017]: Sec. 1. This chapter does not apply to the  
41 following:

42 (1) A vehicle subject to the motor vehicle excise tax under



- 1 IC 6-6-5.  
 2 (2) A vehicle owned or leased and operated by the United States,  
 3 the state, or a political subdivision of the state.  
 4 (3) A mobile home.  
 5 (4) A vehicle assessed under IC 6-1.1-8.  
 6 (5) A vehicle subject to the commercial vehicle excise tax under  
 7 IC 6-6-5.5.  
 8 (6) A trailer subject to the annual excise tax imposed under  
 9 IC 6-6-5-5.5.  
 10 (7) A bus (as defined in IC 9-13-2-17(a)).  
 11 (8) A vehicle owned or leased and operated by a postsecondary  
 12 educational institution ~~(as described in IC 6-3-3-5(d))~~ **that:**  
 13 **(A) normally maintains a regular faculty and curriculum**  
 14 **and normally has a regularly organized body of students**  
 15 **in attendance at the place where its educational activities**  
 16 **are carried on;**  
 17 **(B) regularly offers education at a level above the twelfth**  
 18 **grade;**  
 19 **(C) regularly awards associate, bachelor's, master's, or**  
 20 **doctoral degrees, or any combination thereof; and**  
 21 **(D) is accredited by the North Central Association of**  
 22 **Colleges and Schools, the Indiana state board of education,**  
 23 **or the American Association of Theological Schools.**  
 24 (9) A vehicle owned or leased and operated by a volunteer fire  
 25 department (as defined in IC 36-8-12-2).  
 26 (10) A vehicle owned or leased and operated by a volunteer  
 27 emergency ambulance service that:  
 28 (A) meets the requirements of IC 16-31; and  
 29 (B) has only members who serve for no compensation or a  
 30 nominal annual compensation of not more than three thousand  
 31 five hundred dollars (\$3,500).  
 32 (11) A vehicle that is exempt from the payment of registration  
 33 fees under IC 9-18-3-1.  
 34 (12) A farm wagon.  
 35 (13) A recreational vehicle or truck camper in the inventory of  
 36 recreational vehicles and truck campers held for sale by a  
 37 manufacturer, distributor, or dealer in the course of business.  
 38 SECTION 57. IC 6-6-5.5-2, AS AMENDED BY P.L.2-2007,  
 39 SECTION 127, IS AMENDED TO READ AS FOLLOWS  
 40 [EFFECTIVE JANUARY 1, 2017]: Sec. 2. (a) Except as provided in  
 41 subsection (b), this chapter applies to all commercial vehicles.  
 42 (b) This chapter does not apply to the following:



- 1 (1) Vehicles owned or leased and operated by the United States,  
 2 the state, or political subdivisions of the state.  
 3 (2) Mobile homes and motor homes.  
 4 (3) Vehicles assessed under IC 6-1.1-8.  
 5 (4) Buses subject to apportioned registration under the  
 6 International Registration Plan.  
 7 (5) Vehicles subject to taxation under IC 6-6-5.  
 8 (6) Vehicles owned or leased and operated by a postsecondary  
 9 educational institution ~~described in IC 6-3-3-5(d)~~ **that:**  
 10 **(A) normally maintains a regular faculty and curriculum**  
 11 **and normally has a regularly organized body of students**  
 12 **in attendance at the place where its educational activities**  
 13 **are carried on;**  
 14 **(B) regularly offers education at a level above the twelfth**  
 15 **grade;**  
 16 **(C) regularly awards associate, bachelor's, master's, or**  
 17 **doctoral degrees, or any combination thereof; and**  
 18 **(D) is accredited by the North Central Association of**  
 19 **Colleges and Schools, the Indiana state board of education,**  
 20 **or the American Association of Theological Schools.**  
 21 (7) Vehicles owned or leased and operated by a volunteer fire  
 22 department (as defined in IC 36-8-12-2).  
 23 (8) Vehicles owned or leased and operated by a volunteer  
 24 emergency ambulance service that:  
 25 (A) meets the requirements of IC 16-31; and  
 26 (B) has only members that serve for no compensation or a  
 27 nominal annual compensation of not more than three thousand  
 28 five hundred dollars (\$3,500).  
 29 (9) Vehicles that are exempt from the payment of registration fees  
 30 under IC 9-18-3-1.  
 31 (10) Farm wagons.  
 32 (11) A vehicle in the inventory of vehicles held for sale by a  
 33 manufacturer, distributor, or dealer in the course of business.  
 34 SECTION 58. IC 6-8.1-8-2, AS AMENDED BY P.L.242-2015,  
 35 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 36 JULY 1, 2016]: Sec. 2. (a) Except as provided in IC 6-8.1-5-3 and  
 37 sections 16 and 17 of this chapter, the department must issue a demand  
 38 notice for the payment of a tax and any interest or penalties accrued on  
 39 the tax, if a person files a tax return without including full payment of  
 40 the tax or if the department, after ruling on a protest, finds that a person  
 41 owes the tax before the department issues a tax warrant. The demand  
 42 notice must state the following:



- 1 (1) That the person has ~~ten (10)~~ **twenty (20)** days from the date  
 2 the department mails the notice to either pay the amount  
 3 demanded or show reasonable cause for not paying the amount  
 4 demanded.  
 5 (2) The statutory authority of the department for the issuance of  
 6 a tax warrant.  
 7 (3) The earliest date on which a tax warrant may be filed and  
 8 recorded.  
 9 (4) The statutory authority for the department to levy against a  
 10 person's property that is held by a financial institution.  
 11 (5) The remedies available to the taxpayer to prevent the filing  
 12 and recording of the judgment.
- 13 If the department files a tax warrant in more than one (1) county, the  
 14 department is not required to issue more than one (1) demand notice.
- 15 (b) If the person does not pay the amount demanded or show  
 16 reasonable cause for not paying the amount demanded within the ~~ten~~  
 17 **(10) twenty (20)** day period, the department may issue a tax warrant  
 18 for the amount of the tax, interest, penalties, collection fee, sheriff's  
 19 costs, clerk's costs, and fees established under section 4(b) of this  
 20 chapter when applicable.
- 21 When the department issues a tax warrant, a collection fee of ten  
 22 percent (10%) of the unpaid tax is added to the total amount due.
- 23 (c) When the department issues a tax warrant, it may not file the  
 24 warrant with the circuit court clerk of any county in which the person  
 25 owns property until at least twenty (20) days after the date the demand  
 26 notice was mailed to the taxpayer. The department may also send the  
 27 warrant to the sheriff of any county in which the person owns property  
 28 and direct the sheriff to file the warrant with the circuit court clerk:
- 29 (1) at least twenty (20) days after the date the demand notice was  
 30 mailed to the taxpayer; and  
 31 (2) no later than five (5) days after the date the department issues  
 32 the warrant.
- 33 (d) When the circuit court clerk receives a tax warrant from the  
 34 department or the sheriff, the clerk shall record the warrant by making  
 35 an entry in the judgment debtor's column of the judgment record,  
 36 listing the following:
- 37 (1) The name of the person owing the tax.  
 38 (2) The amount of the tax, interest, penalties, collection fee,  
 39 sheriff's costs, clerk's costs, and fees established under section  
 40 4(b) of this chapter when applicable.  
 41 (3) The date the warrant was filed with the clerk.  
 42 (e) When the entry is made, the total amount of the tax warrant





1 becomes a judgment against the person owing the tax. The judgment  
2 creates a lien in favor of the state that attaches to all the person's  
3 interest in any:

4 (1) chose in action in the county; and

5 (2) real or personal property in the county;

6 excepting only negotiable instruments not yet due.

7 (f) A judgment obtained under this section is valid for ten (10) years  
8 from the date the judgment is filed. The department may renew the  
9 judgment for additional ten (10) year periods by filing an alias tax  
10 warrant with the circuit court clerk of the county in which the judgment  
11 previously existed.

12 (g) A judgment arising from a tax warrant in a county shall be  
13 released by the department:

14 (1) after the judgment, including all accrued interest to the date of  
15 payment, has been fully satisfied; or

16 (2) if the department determines that the tax assessment or the  
17 issuance of the tax warrant was in error.

18 (h) Subject to subsections (p) and (q), if the department determines  
19 that the filing of a tax warrant was in error or if the commissioner  
20 determines that the release of the judgment and expungement of the tax  
21 warrant are in the best interest of the state, the department shall mail a  
22 release of the judgment to the taxpayer and the circuit court clerk of  
23 each county where the warrant was filed. The circuit court clerk of each  
24 county where the warrant was filed shall expunge the warrant from the  
25 judgment debtor's column of the judgment record. The department shall  
26 mail the release and the order for the warrant to be expunged as soon  
27 as possible but no later than seven (7) days after:

28 (1) the determination by the department that the filing of the  
29 warrant was in error; and

30 (2) the receipt of information by the department that the judgment  
31 has been recorded under subsection (d).

32 (i) If the department determines that a judgment described in  
33 subsection (h) is obstructing a lawful transaction, the department shall  
34 immediately upon making the determination mail:

35 (1) a release of the judgment to the taxpayer; and

36 (2) an order requiring the circuit court clerk of each county where  
37 the judgment was filed to expunge the warrant.

38 (j) A release issued under subsection (h) or (i) must state that the  
39 filing of the tax warrant was in error. Upon the request of the taxpayer,  
40 the department shall mail a copy of a release and the order for the  
41 warrant to be expunged issued under subsection (h) or (i) to each major  
42 credit reporting company located in each county where the judgment



- 1 was filed.
- 2 (k) The commissioner shall notify each state agency or officer  
3 supplied with a tax warrant list of the issuance of a release under  
4 subsection (h) or (i).
- 5 (l) If the sheriff collects the full amount of a tax warrant, the sheriff  
6 shall disburse the money collected in the manner provided in section  
7 3(c) of this chapter. If a judgment has been partially or fully satisfied  
8 by a person's surety, the surety becomes subrogated to the department's  
9 rights under the judgment. If a sheriff releases a judgment:
- 10 (1) before the judgment is fully satisfied;  
11 (2) before the sheriff has properly disbursed the amount collected;  
12 or  
13 (3) after the sheriff has returned the tax warrant to the department;  
14 the sheriff commits a Class B misdemeanor and is personally liable for  
15 the part of the judgment not remitted to the department.
- 16 (m) A lien on real property described in subsection (e)(2) is void if  
17 both of the following occur:
- 18 (1) The person owing the tax provides written notice to the  
19 department to file an action to foreclose the lien.  
20 (2) The department fails to file an action to foreclose the lien not  
21 later than one hundred eighty (180) days after receiving the  
22 notice.
- 23 (n) A person who gives notice under subsection (m) by registered  
24 or certified mail to the department may file an affidavit of service of the  
25 notice to file an action to foreclose the lien with the circuit court clerk  
26 in the county in which the property is located. The affidavit must state  
27 the following:
- 28 (1) The facts of the notice.  
29 (2) That more than one hundred eighty (180) days have passed  
30 since the notice was received by the department.  
31 (3) That no action for foreclosure of the lien is pending.  
32 (4) That no unsatisfied judgment has been rendered on the lien.
- 33 (o) Upon receipt of the affidavit described in subsection (n), the  
34 circuit court clerk shall make an entry showing the release of the  
35 judgment lien in the judgment records for tax warrants.
- 36 (p) The department shall adopt rules to define the circumstances  
37 under which a release and expungement may be granted based on a  
38 finding that the release and expungement would be in the best interest  
39 of the state. The rules may allow the commissioner to expunge a tax  
40 warrant in other circumstances not inconsistent with subsection (q) that  
41 the commissioner determines are appropriate. Any releases or  
42 expungements granted by the commissioner must be consistent with



1 these rules.

2 (q) The commissioner may expunge a tax warrant in the following  
3 circumstances:

4 (1) If the taxpayer has timely and fully filed and paid all of the  
5 taxpayer's state taxes, or has otherwise resolved any outstanding  
6 state tax issues, for the preceding five (5) years.

7 (2) If the warrant was issued more than ten (10) years prior to the  
8 expungement.

9 (3) If the warrant is not subject to pending litigation.

10 (4) Other circumstances not inconsistent with subdivisions (1)  
11 through (3) that are specified in the rules adopted under  
12 subsection (p).

13 (r) Notwithstanding any other provision in this section, the  
14 commissioner may decline to release a judgment or expunge a warrant  
15 upon a finding that the warrant was issued based on the taxpayer's  
16 fraudulent, intentional, or reckless conduct.

17 (s) The rules required under subsection (p) shall specify the process  
18 for requesting that the commissioner release and expunge a tax  
19 warrant.

20 SECTION 59. IC 6-8.1-10-2.1, AS AMENDED BY  
21 P.L.293-2013(ts), SECTION 34, IS AMENDED TO READ AS  
22 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 2.1. (a) Except as  
23 provided in ~~IC 6-3-4-12(j)~~ **IC 6-3-4-12(k)** and IC 6-3-4-13(l), a person  
24 that:

25 (1) fails to file a return for any of the listed taxes;

26 (2) fails to pay the full amount of tax shown on the person's return  
27 on or before the due date for the return or payment;

28 (3) incurs, upon examination by the department, a deficiency that  
29 is due to negligence;

30 (4) fails to timely remit any tax held in trust for the state; or

31 (5) is required to make a payment by electronic funds transfer (as  
32 defined in IC 4-8.1-2-7), overnight courier, or personal delivery  
33 and the payment is not received by the department by the due date  
34 in funds acceptable to the department;

35 is subject to a penalty.

36 (b) Except as provided in subsection (g), the penalty described in  
37 subsection (a) is ten percent (10%) of:

38 (1) the full amount of the tax due if the person failed to file the  
39 return;

40 (2) the amount of the tax not paid, if the person filed the return  
41 but failed to pay the full amount of the tax shown on the return;

42 (3) the amount of the tax held in trust that is not timely remitted;



- 1 (4) the amount of deficiency as finally determined by the  
2 department; or  
3 (5) the amount of tax due if a person failed to make payment by  
4 electronic funds transfer, overnight courier, or personal delivery  
5 by the due date.
- 6 (c) For purposes of this section, the filing of a substantially blank or  
7 unsigned return does not constitute a return.
- 8 (d) If a person subject to the penalty imposed under this section can  
9 show that the failure to file a return, pay the full amount of tax shown  
10 on the person's return, timely remit tax held in trust, or pay the  
11 deficiency determined by the department was due to reasonable cause  
12 and not due to willful neglect, the department shall waive the penalty.
- 13 (e) A person who wishes to avoid the penalty imposed under this  
14 section must make an affirmative showing of all facts alleged as a  
15 reasonable cause for the person's failure to file the return, pay the  
16 amount of tax shown on the person's return, pay the deficiency, or  
17 timely remit tax held in trust, in a written statement containing a  
18 declaration that the statement is made under penalty of perjury. The  
19 statement must be filed with the return or payment within the time  
20 prescribed for protesting departmental assessments. A taxpayer may  
21 also avoid the penalty imposed under this section by obtaining a ruling  
22 from the department before the end of a particular tax period on the  
23 amount of tax due for that tax period.
- 24 (f) The department shall adopt rules under IC 4-22-2 to prescribe the  
25 circumstances that constitute reasonable cause and negligence for  
26 purposes of this section.
- 27 (g) A person who fails to file a return for a listed tax that shows no  
28 tax liability for a taxable year, other than an information return (as  
29 defined in section 6 of this chapter), on or before the due date of the  
30 return shall pay a penalty of ten dollars (\$10) for each day that the  
31 return is past due, up to a maximum of two hundred fifty dollars  
32 (\$250).
- 33 (h) A:
- 34 (1) corporation which otherwise qualifies under IC 6-3-2-2.8(2);  
35 (2) partnership; or  
36 (3) trust;
- 37 that fails to withhold and pay any amount of tax required to be withheld  
38 under IC 6-3-4-12, IC 6-3-4-13, or IC 6-3-4-15 shall pay a penalty  
39 equal to twenty percent (20%) of the amount of tax required to be  
40 withheld under IC 6-3-4-12, IC 6-3-4-13, or IC 6-3-4-15. This penalty  
41 shall be in addition to any penalty imposed by section 6 of this chapter.
- 42 (i) Subsections (a) through (c) do not apply to a motor carrier fuel



1 tax return.

2 (j) If a partnership or an S corporation fails to include all  
3 nonresidential individual partners or nonresidential individual  
4 shareholders in a composite return as required by ~~IC 6-3-4-12(h)~~  
5 **IC 6-3-4-12(i)** or IC 6-3-4-13(j), a penalty of five hundred dollars  
6 (\$500) per partnership or S corporation is imposed on the partnership  
7 or S corporation.

8 SECTION 60. IC 6-9-0.5 IS ADDED TO THE INDIANA CODE  
9 AS A **NEW CHAPTER TO READ AS FOLLOWS** [EFFECTIVE  
10 JULY 1, 2016]:

11 **Chapter 0.5. Innkeeper's Tax Collection Requirements**

12 **Sec. 1. The tax collection requirements under IC 6-2.5-6-18 with**  
13 **respect to an innkeeper's tax apply to an innkeeper's tax adopted**  
14 **under any chapter of this article.**

15 SECTION 61. IC 6-9-29-3 IS AMENDED TO READ AS  
16 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 3. If an ordinance has  
17 been adopted requiring the payment of the innkeeper's tax to the county  
18 treasurer instead of the department of state revenue, the county  
19 treasurer has the same rights and powers with respect to collecting **and**  
20 **refunding** the county innkeeper's tax as the department of state  
21 revenue.

22 SECTION 62. IC 8-24-17-14, AS AMENDED BY P.L.250-2015,  
23 SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
24 JANUARY 1, 2017]: Sec. 14. (a) Except as otherwise provided in this  
25 chapter, all provisions of the adjusted gross income tax law (IC 6-3)  
26 concerning:

- 27 (1) definitions;
- 28 (2) declarations of estimated tax;
- 29 (3) filing of returns;
- 30 (4) remittances;
- 31 (5) incorporation of the provisions of the Internal Revenue Code;
- 32 (6) penalties and interest;
- 33 (7) exclusion of military pay credits for withholding; and
- 34 (8) exemptions and deductions;

35 apply to the imposition, collection, and administration of the  
36 improvement tax.

37 (b) IC 6-3-3-3 ~~IC 6-3-3-5~~; and IC 6-3-5-1 do not apply to the  
38 improvement tax.

39 (c) Notwithstanding subsections (a) and (b), each employer shall  
40 report to the department the amount of withholdings of the  
41 improvement tax attributable to each county. This report shall be  
42 submitted to the department:

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1 (1) each time the employer remits to the department the tax that  
2 is withheld; and

3 (2) annually along with the employer's annual withholding report.

4 SECTION 63. IC 21-12-7-4 IS REPEALED [EFFECTIVE  
5 JANUARY 1, 2017]. ~~Sec. 4. A contributor to the fund is entitled to an~~  
6 ~~income tax credit under IC 6-3-3-5.1.~~

7 SECTION 64. IC 36-1-8-14.2, AS AMENDED BY P.L.146-2008,  
8 SECTION 686, IS AMENDED TO READ AS FOLLOWS  
9 [EFFECTIVE JULY 1, 2016]: Sec. 14.2. **(a) PILOTS may not be**  
10 **imposed under this section for an assessment date occurring after**  
11 **January 1, 2017.**

12 ~~(a)~~ **(b)** As used in this section, the following terms have the  
13 meanings set forth in IC 6-1.1-1:

14 (1) Assessed value.

15 (2) Exemption.

16 (3) Owner.

17 (4) Person.

18 (5) Property taxation.

19 (6) Real property.

20 (7) Township assessor.

21 ~~(b)~~ **(c)** As used in this section, "PILOTS" means payments in lieu of  
22 taxes.

23 ~~(c)~~ **(d)** As used in this section, "property owner" means the owner  
24 of real property described in IC 6-1.1-10-16.7 **(before its expiration).**

25 ~~(d)~~ **(e)** Subject to **subsection (a) and** the approval of a property  
26 owner, the governing body of a political subdivision may adopt an  
27 ordinance to require the property owner to pay PILOTS at times set  
28 forth in the ordinance with respect to real property that is subject to an  
29 exemption under IC 6-1.1-10-16.7 **(before its expiration).** ~~if the~~  
30 ~~improvements that qualify the real property for an exemption were~~  
31 ~~begun or acquired after December 31, 2001.~~ The ordinance remains in  
32 full force and effect until:

33 **(1) the date the ordinance is** repealed or modified by the  
34 governing body, subject to the approval of the property owner; **or**

35 **(2) January 1, 2017;**

36 **whichever occurs first.**

37 ~~(e)~~ **(f)** The PILOTS must be calculated so that the PILOTS are in an  
38 amount equal to the amount of property taxes that would have been  
39 levied by the governing body for the political subdivision upon the real  
40 property described in subsection ~~(d)~~ **(e)** if the property were not subject  
41 to an exemption from property taxation.

42 ~~(f)~~ **(g)** PILOTS shall be imposed as are property taxes and shall be



1 based on the assessed value of the real property described in subsection  
 2 ~~(d)~~: **(e)**. Except as provided in subsection ~~(j)~~; **(k)**, the township  
 3 assessor, or the county assessor if there is no township assessor for the  
 4 township, shall assess the real property described in subsection ~~(d)~~ **(e)**  
 5 as though the property were not subject to an exemption.

6 ~~(g)~~ **(h)** PILOTS collected under this section shall be deposited in the  
 7 unit's affordable housing fund established under IC 5-20-5-15.5 and  
 8 used for any purpose for which the affordable housing fund may be  
 9 used.

10 ~~(h)~~ **(i)** PILOTS shall be due as set forth in the ordinance and bear  
 11 interest, if unpaid, as in the case of other taxes on property. PILOTS  
 12 shall be treated in the same manner as taxes for purposes of all  
 13 procedural and substantive provisions of law.

14 ~~(i)~~ **(j)** This section does not apply to a county that contains a  
 15 consolidated city or to a political subdivision of the county.

16 ~~(j)~~ **(k)** If the duties of the township assessor have been transferred  
 17 to the county assessor as described in IC 6-1.1-1-24, a reference to the  
 18 township assessor in this section is considered to be a reference to the  
 19 county assessor.

20 **(l) This section expires January 1, 2020.**

21 SECTION 65. IC 36-2-6-22, AS AMENDED BY P.L.146-2008,  
 22 SECTION 690, IS AMENDED TO READ AS FOLLOWS  
 23 [EFFECTIVE JULY 1, 2016]: Sec. 22. **(a) PILOTS may not be**  
 24 **imposed under this section for an assessment date occurring after**  
 25 **January 1, 2017.**

26 ~~(a)~~ **(b)** As used in this section, the following terms have the  
 27 meanings set forth in IC 6-1.1-1:

- 28 (1) Assessed value.
- 29 (2) Exemption.
- 30 (3) Owner.
- 31 (4) Person.
- 32 (5) Property taxation.
- 33 (6) Real property.
- 34 (7) Township assessor.

35 ~~(b)~~ **(c)** As used in this section, "PILOTS" means payments in lieu of  
 36 taxes.

37 ~~(c)~~ **(d)** As used in this section, "property owner" means the owner  
 38 of real property described in IC 6-1.1-10-16.7 **(before its expiration)**  
 39 that is not located in a county containing a consolidated city.

40 ~~(d)~~ **(e)** Subject to **subsection (a) and** the approval of a property  
 41 owner, the fiscal body of a county may adopt an ordinance to require  
 42 the property owner to pay PILOTS at times set forth in the ordinance



1 with respect to real property that is subject to an exemption under  
 2 IC 6-1.1-10-16.7 **(before its expiration)**. The ordinance remains in full  
 3 force and effect until:

- 4 **(1) the date the ordinance is** repealed or modified by the  
 5 legislative body, subject to the approval of the property owner; **or**  
 6 **(2) January 1, 2017;**

7 **whichever occurs first.**

8 ~~(e)~~ **(f)** The PILOTS must be calculated so that the PILOTS are in an  
 9 amount equal to the amount of property taxes that would have been  
 10 levied upon the real property described in subsection ~~(d)~~ **(e)** if the  
 11 property were not subject to an exemption from property taxation.

12 ~~(f)~~ **(g)** PILOTS shall be imposed in the same manner as property  
 13 taxes and shall be based on the assessed value of the real property  
 14 described in subsection ~~(d)~~ **(e)**. Except as provided in subsection ~~(i)~~  
 15 **(j)**, the township assessor, or the county assessor if there is no township  
 16 assessor for the township, shall assess the real property described in  
 17 subsection ~~(d)~~ **(e)** as though the property were not subject to an  
 18 exemption.

19 ~~(g)~~ **(h)** PILOTS collected under this section shall be distributed in  
 20 the same manner as if they were property taxes being distributed to  
 21 taxing units in the county.

22 ~~(h)~~ **(i)** PILOTS shall be due as set forth in the ordinance and bear  
 23 interest, if unpaid, as in the case of other taxes on property. PILOTS  
 24 shall be treated in the same manner as taxes for purposes of all  
 25 procedural and substantive provisions of law.

26 ~~(i)~~ **(j)** If the duties of the township assessor have been transferred to  
 27 the county assessor as described in IC 6-1.1-1-24, a reference to the  
 28 township assessor in this section is considered to be a reference to the  
 29 county assessor.

30 **(k) This section expires January 1, 2020.**

31 SECTION 66. IC 36-3-2-11, AS AMENDED BY P.L.146-2008,  
 32 SECTION 702, IS AMENDED TO READ AS FOLLOWS  
 33 [EFFECTIVE JULY 1, 2016]: Sec. 11. **(a) PILOTS may not be**  
 34 **imposed under this section for an assessment date occurring after**  
 35 **January 1, 2017.**

36 ~~(a)~~ **(b)** As used in this section, the following terms have the  
 37 meanings set forth in IC 6-1.1-1:

- 38 (1) Assessed value.  
 39 (2) Exemption.  
 40 (3) Owner.  
 41 (4) Person.  
 42 (5) Property taxation.





1 (6) Real property.

2 (7) Township assessor.

3 ~~(b)~~ (c) As used in this section, "PILOTS" means payments in lieu of  
4 taxes.

5 ~~(c)~~ (d) As used in this section, "property owner" means the owner  
6 of real property described in IC 6-1.1-10-16.7 **(before its expiration)**  
7 that is located in a county with a consolidated city.

8 ~~(d)~~ (e) Subject to **subsection (a) and** the approval of a property  
9 owner, the legislative body of the consolidated city may adopt an  
10 ordinance to require the property owner to pay PILOTS at times set  
11 forth in the ordinance with respect to real property that is subject to an  
12 exemption under IC 6-1.1-10-16.7 **(before its expiration)**. The  
13 ordinance remains in full force and effect until:

- 14 (1) **the date the ordinance is** repealed or modified by the  
15 legislative body, subject to the approval of the property owner; **or**  
16 **(2) January 1, 2017;**

17 **whichever occurs first.**

18 ~~(e)~~ (f) The PILOTS must be calculated so that the PILOTS are in an  
19 amount that is:

- 20 (1) agreed upon by the property owner and the legislative body of  
21 the consolidated city;  
22 (2) a percentage of the property taxes that would have been levied  
23 by the legislative body for the consolidated city and the county  
24 upon the real property described in subsection ~~(d)~~ (e) if the  
25 property were not subject to an exemption from property taxation;  
26 and  
27 (3) not more than the amount of property taxes that would have  
28 been levied by the legislative body for the consolidated city and  
29 county upon the real property described in subsection ~~(d)~~ (e) if the  
30 property were not subject to an exemption from property taxation.

31 ~~(f)~~ (g) PILOTS shall be imposed as are property taxes and shall be  
32 based on the assessed value of the real property described in subsection  
33 ~~(d)~~ (e). Except as provided in subsection ~~(i)~~ (j), the township assessor,  
34 or the county assessor if there is no township assessor for the township,  
35 shall assess the real property described in subsection ~~(d)~~ (e) as though  
36 the property were not subject to an exemption.

37 ~~(g)~~ (h) PILOTS collected under this section shall be deposited in the  
38 housing trust fund established under IC 36-7-15.1-35.5 and used for  
39 any purpose for which the housing trust fund may be used.

40 ~~(h)~~ (i) PILOTS shall be due as set forth in the ordinance and bear  
41 interest, if unpaid, as in the case of other taxes on property. PILOTS  
42 shall be treated in the same manner as taxes for purposes of all



1 procedural and substantive provisions of law.

2 (j) If the duties of the township assessor have been transferred to  
3 the county assessor as described in IC 6-1.1-1-24, a reference to the  
4 township assessor in this section is considered to be a reference to the  
5 county assessor.

6 **(k) This section expires January 1, 2020.**

7 SECTION 67. IC 36-7-15.1-35.5, AS AMENDED BY  
8 P.L.144-2013, SECTION 2, IS AMENDED TO READ AS FOLLOWS  
9 [EFFECTIVE JULY 1, 2016]: Sec. 35.5. (a) The general assembly  
10 finds the following:

11 (1) Federal law permits the sale of a multiple family housing  
12 project that is or has been covered, in whole or in part, by a  
13 contract for project based assistance from the United States  
14 Department of Housing and Urban Development without  
15 requiring the continuation of that project based assistance.

16 (2) Such a sale displaces the former residents of a multiple family  
17 housing project described in subdivision (1) and increases the  
18 shortage of safe and affordable housing for persons of low and  
19 moderate income within the county.

20 (3) The displacement of families and individuals from affordable  
21 housing requires increased expenditures of public funds for crime  
22 prevention, public health and safety, fire and accident prevention,  
23 and other public services and facilities.

24 (4) The establishment of a supplemental housing program under  
25 this section will do the following:

26 (A) Benefit the health, safety, morals, and welfare of the  
27 county and the state.

28 (B) Serve to protect and increase property values in the county  
29 and the state.

30 (C) Benefit persons of low and moderate income by making  
31 affordable housing available to them.

32 (5) The establishment of a supplemental housing program under  
33 this section and sections 32 through 35 of this chapter is:

34 (A) necessary in the public interest; and

35 (B) a public use and purpose for which public money may be  
36 spent and private property may be acquired.

37 (b) In addition to its other powers with respect to a housing program  
38 under sections 32 through 35 of this chapter, the commission may  
39 establish a supplemental housing program. Except as provided by this  
40 section, the commission has the same powers and duties with respect  
41 to the supplemental housing program that the commission has under  
42 sections 32 through 35 of this chapter with respect to the housing



- 1 program.
- 2 (c) One (1) allocation area may be established for the supplemental  
3 housing program. The commission is not required to make the findings  
4 required under section 34(5) through 34(8) of this chapter with respect  
5 to the allocation area. However, the commission must find that the  
6 property contained within the boundaries of the allocation area consists  
7 solely of one (1) or more multiple family housing projects that are or  
8 have been covered, in whole or in part, by a contract for project based  
9 assistance from the United States Department of Housing and Urban  
10 Development or have been owned at one time by a public housing  
11 agency. The allocation area need not be contiguous. The definition of  
12 "base assessed value" set forth in section 35(a) of this chapter applies  
13 to the special fund established under section 26(b) of this chapter for  
14 the allocation area.
- 15 (d) The special fund established under section 26(b) of this chapter  
16 for the allocation area established under this section may be used only  
17 for the following purposes:
- 18 (1) Subject to subdivision (2), on January 1 and July 1 of each  
19 year the balance of the special fund shall be transferred to the  
20 housing trust fund established under subsection (e).
- 21 (2) The commission may provide each taxpayer in the allocation  
22 area a credit for property tax replacement in the manner provided  
23 by section 35(b)(7) of this chapter. Transfers made under  
24 subdivision (1) shall be reduced by the amount necessary to  
25 provide the credit.
- 26 (e) The commission shall, by resolution, establish a housing trust  
27 fund to be administered, subject to the terms of the resolution, by:
- 28 (1) the housing division of the consolidated city; or  
29 (2) the department, division, or agency that has been designated  
30 to perform the public housing function by an ordinance adopted  
31 under IC 36-7-18-1.
- 32 (f) The housing trust fund consists of:
- 33 (1) amounts transferred to the fund under subsection (d);  
34 (2) payments in lieu of taxes deposited in the fund under  
35 IC 36-3-2-11 **(before its expiration)**;  
36 (3) gifts and grants to the fund;  
37 (4) investment income earned on the fund's assets;  
38 (5) money deposited in the fund under IC 36-2-7-10(j); and  
39 (6) other funds from sources approved by the commission.
- 40 (g) The commission shall, by resolution, establish uses for the  
41 housing trust fund. However, the uses must be limited to:
- 42 (1) providing financial assistance to those individuals and



- 1 families whose income is at or below eighty percent (80%) of the  
 2 county's median income for individuals and families, respectively,  
 3 to enable those individuals and families to purchase or lease  
 4 residential units within the county;
- 5 (2) paying expenses of administering the fund;
- 6 (3) making grants, loans, and loan guarantees for the  
 7 development, rehabilitation, or financing of affordable housing  
 8 for individuals and families whose income is at or below eighty  
 9 percent (80%) of the county's median income for individuals and  
 10 families, respectively, including the elderly, persons with  
 11 disabilities, and homeless individuals and families;
- 12 (4) providing technical assistance to nonprofit developers of  
 13 affordable housing; and
- 14 (5) funding other programs considered appropriate to meet the  
 15 affordable housing and community development needs of lower  
 16 income families (as defined in IC 5-20-4-5) and very low income  
 17 families (as defined in IC 5-20-4-6), including lower income  
 18 elderly individuals, individuals with disabilities, and homeless  
 19 individuals.
- 20 (h) At least fifty percent (50%) of the dollars allocated for  
 21 production, rehabilitation, or purchase of housing must be used for  
 22 units to be occupied by individuals and families whose income is at or  
 23 below fifty percent (50%) of the county's area median income for  
 24 individuals and families, respectively.
- 25 (i) The low income housing trust fund advisory committee is  
 26 established. The low-income housing trust fund advisory committee  
 27 consists of eleven (11) members. The membership of the low income  
 28 housing trust fund advisory committee is comprised of:
- 29 (1) one (1) member appointed by the mayor, to represent the  
 30 interests of low income families;
- 31 (2) one (1) member appointed by the mayor, to represent the  
 32 interests of owners of subsidized, multifamily housing  
 33 communities;
- 34 (3) one (1) member appointed by the mayor, to represent the  
 35 interests of banks and other financial institutions;
- 36 (4) one (1) member appointed by the mayor, of the department of  
 37 metropolitan development;
- 38 (5) three (3) members representing the community at large  
 39 appointed by the commission, from nominations submitted to the  
 40 commission as a result of a general call for nominations from  
 41 neighborhood associations, community based organizations, and  
 42 other social services agencies;



- 1 (6) one (1) member appointed by and representing the Coalition  
 2 for Homeless Intervention and Prevention of Greater Indianapolis;  
 3 (7) one (1) member appointed by and representing the Local  
 4 Initiatives Support Corporation;  
 5 (8) one (1) member appointed by and representing the  
 6 Indianapolis Coalition for Neighborhood Development; and  
 7 (9) one (1) member appointed by and representing the  
 8 Indianapolis Neighborhood Housing Partnership.

9 Members of the low income housing trust fund advisory committee  
 10 serve for a term of four (4) years, and are eligible for reappointment. If  
 11 a vacancy exists on the committee, the appointing authority who  
 12 appointed the former member whose position has become vacant shall  
 13 appoint an individual to fill the vacancy. A committee member may be  
 14 removed at any time by the appointing authority who appointed the  
 15 committee member.

16 (j) The low income housing trust fund advisory committee shall  
 17 make recommendations to the commission regarding:

- 18 (1) the development of policies and procedures for the uses of the  
 19 low income housing trust fund; and  
 20 (2) long term sources of capital for the low income housing trust  
 21 fund, including:  
 22 (A) revenue from:  
 23 (i) development ordinances;  
 24 (ii) fees; or  
 25 (iii) taxes;  
 26 (B) financial market based income;  
 27 (C) revenue derived from private sources; and  
 28 (D) revenue generated from grants, gifts, donations, or income  
 29 in any other form, from a:  
 30 (i) government program;  
 31 (ii) foundation; or  
 32 (iii) corporation.

33 (k) The county treasurer shall invest the money in the fund not  
 34 currently needed to meet the obligations of the fund in the same  
 35 manner as other public funds may be invested.

36 SECTION 68. [EFFECTIVE JULY 1, 2016] (a) **IC 6-2.5-6-18, as**  
 37 **added by this act, applies to transactions occurring after June 30,**  
 38 **2016.**

39 (b) **This SECTION expires January 1, 2018.**

40 SECTION 69. [EFFECTIVE JANUARY 1, 2017] (a) **IC 6-3-1-3.5,**  
 41 **as amended by this act, applies to taxable years beginning after**  
 42 **December 31, 2016.**



1           **(b) This SECTION expires January 1, 2019.**  
2           SECTION 70. [EFFECTIVE UPON PASSAGE] **(a) For any**  
3 **taxpayer predominately engaged in the business of cutting steel**  
4 **bars owned by others into billets, IC 6-2.5-5-3(a)(1)(B), as amended**  
5 **by P.L.250-2015, SECTION 10 (as in effect January 1, 2016), shall**  
6 **be applied retroactively as if it were in effect on January 1, 2011.**  
7 **However, a taxpayer predominantly engaged in the business of**  
8 **cutting steel bars owned by others into billets is not entitled to a**  
9 **refund of state gross retail or use taxes paid for any tax period**  
10 **beginning December 31, 2010, and before January 1, 2016, if that**  
11 **refund is based on a claim that applies IC 6-2.5-5-3(a)(1)(B).**  
12           **(b) This SECTION expires January 1, 2020.**  
13           SECTION 71. **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. 309, 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 14, delete lines 1 through 25, begin a new paragraph and insert:

"SECTION 14. IC 6-2.5-1-14.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 14.7. "Construction material" means any tangible personal property to be converted into real property.**

SECTION 15. IC 6-2.5-1-14.9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 14.9. "Contractor" means any person engaged in converting construction material into real property on behalf of another person. The term includes, but is not limited to, general or prime contractors, subcontractors, and specialty contractors.**

SECTION 16. IC 6-2.5-1-27.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 27.7. "Time and material contract" means a contract in which the cost of construction material and the cost of labor or other charges are stated separately.**

SECTION 17. IC 6-2.5-3-2, AS AMENDED BY P.L.13-2013, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 2. (a) An excise tax, known as the use tax, is imposed on the storage, use, or consumption of tangible personal property in Indiana if the property was acquired in a retail transaction, regardless of the location of that transaction or of the retail merchant making that transaction.

(b) The use tax is also imposed on the storage, use, or consumption of a vehicle, an aircraft, or a watercraft, if the vehicle, aircraft, or watercraft:

- (1) is acquired in a transaction that is an isolated or occasional sale; and
- (2) is required to be titled, licensed, or registered by this state for use in Indiana.

(c) The use tax is imposed on the addition of tangible personal property to a structure or facility, if, after its addition, the property



becomes part of the real estate on which the structure or facility is located. **a contractor's conversion of construction material into real property if that construction material was purchased by the contractor.** However, the use tax does not apply to ~~additions~~ **conversions of tangible personal property construction material** described in this subsection, if:

(1) the state gross retail or use tax has been previously imposed on the ~~sale~~ **contractor's acquisition** or use of that ~~property~~; or **construction material;**

(2) the ~~ultimate purchaser or recipient of that property would have been~~ **person for whom the construction material is being converted could have purchased the material** exempt from the state gross retail and use taxes, **as evidenced by a properly issued exemption certificate**, if that ~~purchaser or recipient person~~ had directly purchased the ~~property from the supplier for addition to the structure or facility.~~ **construction material from a retail merchant in a retail transaction; or**

(3) **the conversion of the construction material into real property is governed by a time and material contract as described in IC 6-2.5-4-9(b).**

(d) The use tax is imposed on a person who:

(1) manufactures, fabricates, or assembles tangible personal property from materials either within or outside Indiana; and

(2) uses, stores, distributes, or consumes tangible personal property in Indiana.

(e) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over tangible personal property, if:

(1) the property is delivered into Indiana by or for the purchaser of the property;

(2) the property is delivered in Indiana for the sole purpose of being processed, printed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property; and

(3) the property is subsequently transported out of state for use solely outside Indiana.

(f) As used in subsection (g) and IC 6-2.5-5-42:

(1) "completion work" means the addition of tangible personal property to or reconfiguration of the interior of an aircraft, if the work requires the issuance of an airworthiness certificate from the:

(A) Federal Aviation Administration; or





(B) equivalent foreign regulatory authority; due to the change in the type certification basis of the aircraft resulting from the addition to or reconfiguration of the interior of the aircraft;

(2) "delivery" means the physical delivery of the aircraft regardless of who holds title; and

(3) "prepurchase evaluation" means an examination of an aircraft by a potential purchaser for the purpose of obtaining information relevant to the potential purchase of the aircraft.

(g) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over an aircraft, if:

(1) the aircraft is or will be titled, registered, or based (as defined in IC 6-6-6.5-1(m)) in another state or country;

(2) the aircraft is delivered to Indiana by or for a nonresident owner or purchaser of the aircraft;

(3) the aircraft is delivered to Indiana for the sole purpose of being repaired, refurbished, remanufactured, or subjected to completion work or a prepurchase evaluation; and

(4) after completion of the repair, refurbishment, remanufacture, completion work, or prepurchase evaluation, the aircraft is transported to a destination outside Indiana.

(h) The amendments made to this section by P.L.153-2012 shall be interpreted to specify and not to change the general assembly's intent with respect to this section.

SECTION 18. IC 6-2.5-4-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]:  
Sec. 9. (a) A person is a retail merchant making a retail transaction when the person sells tangible personal property which:

(1) is to be added to a structure or facility by the purchaser; and

(2) after its addition to the structure or facility, would become a part of the real estate property on which the structure or facility is located.

(b) Notwithstanding subsection (a), a transaction described in subsection (a) is not a retail transaction, if the ultimate purchaser or recipient of the property to be added to the structure or facility would be exempt from the state gross retail and use taxes if that purchaser or recipient had directly purchased the property from the supplier for addition to the structure or facility. **A contractor is a retail merchant making a retail transaction when the contractor:**

**(1) disposes of tangible personal property; or**

**(2) converts tangible personal property into real property;**



**under a time and material contract. As such a retail merchant, a contractor described in this subsection shall collect, as an agent of the state, the state gross retail tax on the resale of the construction material and remit the state gross retail tax as provided in this article.**

SECTION 19. IC 6-2.5-5-3, AS AMENDED BY P.L.250-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 3. (a) For purposes of this section:

(1) the:

(A) retreading of tires; **and**

~~(B) cutting of steel bars into billets; and~~

~~(C) (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 (c), transactions involving manufacturing machinery, tools, and equipment 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, including material handling equipment purchased for the purpose of transporting materials into such activities from an onsite location.

(c) The exemption provided in subsection (b) does not apply to transactions involving distribution equipment or transmission equipment acquired by a public utility engaged in generating electricity."

Page 15, line 2, delete "or the owner of the" and insert ".".

Page 15, delete line 3.

Page 16, line 14, reset in roman "151(c)(1)(B)".

Page 16, line 14, delete "151(c)".

Page 16, line 15, delete "Code;" and insert "Code".

Page 16, line 15, reset in roman "(as effective January 1, 2004);".

Page 16, line 15, strike "and".

Page 16, between lines 15 and 16, begin a new line double block indented and insert:

**"(B) one thousand five hundred dollars (\$1,500) for each exemption allowed under Section 151(c) of the Internal Revenue Code 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".**

Page 16, line 16, strike "(B)" and insert "(C)".

Page 54, delete lines 16 through 42.

Delete page 55.

Page 56, delete lines 1 through 8.

Page 66, delete lines 33 through 36, begin a new paragraph and insert:

**"SECTION 72. [EFFECTIVE UPON PASSAGE] (a) For any taxpayer predominately engaged in the business of cutting steel bars owned by others into billets, IC 6-2.5-5-3(a)(1)(B), as amended by P.L.250-2015, SECTION 10 (as in effect January 1, 2016), shall be applied retroactively as if it were in effect on January 1, 2011. However, a taxpayer predominantly engaged in the business of cutting steel bars owned by others into billets is not entitled to a refund of state gross retail or use taxes paid for any tax period beginning December 31, 2010, and before January 1, 2016, if that refund is based on a claim that applies IC 6-2.5-5-3(a)(1)(B).**

**(b) This SECTION expires January 1, 2020."**

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 309 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 8, Nays 4.

