

SENATE BILL No. 515

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-2.5-5; IC 6-3; IC 9-18.1-5.

Synopsis: Tax administration. Provides a sales tax exemption for certain transactions involving agricultural or industrial processing machinery, tools, and equipment. Provides a sales tax exemption for prosthetic devices, including artificial limbs, orthopedic devices, dental prosthetic devices, eyeglasses, and contact lenses. Provides an income tax deduction for certain amounts a taxpayer included as an item of income in a prior tax year, paying tax on the amount, but later returned the item in a subsequent tax year because it was established that the taxpayer did not have an unrestricted right to the item of income. Specifies that the modifications that are required to be made in determining a taxpayer's Indiana adjusted gross income include those exemptions, deductions, and add backs that are provided for in other provisions of the Indiana Code. Specifies that, in determining an Indiana net operating loss deduction, certain modifications to adjusted gross income shall not be applied. Amends the due date for a corporation to file its state tax return to coincide with the due date for the corporation's federal tax return. Provides that fees collected under the International Registration Plan for the registration or renewal of certain vehicles shall be distributed as follows: (1) The first \$125,000 to the state police building account. (2) Any remaining amounts to the motor vehicle highway account. Makes technical corrections.

Effective: July 1, 2017.

Hershman

January 17, 2017, read first time and referred to Committee on Tax and Fiscal Policy.



First Regular Session 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

SENATE BILL No. 515

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

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

1 SECTION 1. IC 6-2.5-5-2.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2017]: **Sec. 2.5. (a) Transactions involving agricultural or**
4 **industrial processing machinery, tools, and equipment are exempt**
5 **from the state gross retail tax if:**
6 **(1) the person acquiring the property acquires it for the**
7 **person's direct use in the direct provision of agricultural or**
8 **industrial processing services used in the direct production of**
9 **agricultural commodities or other tangible personal property**
10 **owned by another person; and**
11 **(2) the agricultural commodities or other tangible personal**
12 **property will be sold by the owner either in the same form or**
13 **as part of other commodities or other tangible personal**
14 **property produced in the owner's business of agriculture or**
15 **manufacturing.**
16 **(b) For purposes of this section, "agricultural and industrial**
17 **processing services" means activities that would rise to the level of**



1 **production or manufacturing if the activities had been performed**
 2 **by the person in the business of agriculture or manufacturing as**
 3 **part of that person's integrated production process.**

4 SECTION 2. IC 6-2.5-5-18, AS AMENDED BY P.L.242-2015,
 5 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2017]: Sec. 18. (a) As used in this section, "legend drug"
 7 means a drug (as defined in IC 6-2.5-1-17) that is also a legend drug for
 8 purposes of IC 16-18-2-199.

9 (b) As used in this section, "nonlegend drug" means a drug (as
 10 defined in IC 6-2.5-1-17) that is not a legend drug.

11 (c) Transactions involving the following are exempt from the state
 12 gross retail tax if the end user acquires the property upon a prescription
 13 or drug order (as defined in IC 16-42-19-3) ~~that is required by law for~~
 14 ~~the transaction~~ from a licensed practitioner:

15 (1) Durable medical equipment. ~~(including a repair or a~~
 16 ~~replacement part).~~

17 (2) Mobility enhancing equipment. ~~(including a repair or~~
 18 ~~replacement part).~~

19 (3) Prosthetic devices, including artificial limbs, orthopedic
 20 devices, dental prosthetic devices, eyeglasses, and contact lenses.
 21 ~~(and including a repair or a replacement part).~~

22 (4) Other medical supplies or devices that are used exclusively for
 23 medical treatment of a medically diagnosed condition, including
 24 a medically diagnosed condition due to:

25 (A) injury;

26 (B) bodily dysfunction; or

27 (C) surgery.

28 (5) Hearing aid devices that are worn on the body and designed
 29 to aid, improve, or correct defective human hearing, including:

30 (A) parts;

31 (B) attachments;

32 (C) batteries; or

33 (D) accessories;

34 reasonably necessary for use of a hearing aid device.

35 (6) Legend drugs and nonlegend drugs, if:

36 (A) a registered pharmacist makes the sale to a patient upon
 37 the prescription of a licensed practitioner; or

38 (B) a licensed practitioner makes the sale to a patient.

39 (7) A nonlegend drug, if:

40 (A) the nonlegend drug is dispensed upon an original
 41 prescription or a drug order (as defined in IC 16-42-19-3); and

42 (B) the ultimate user of the drug is a person confined to a



- 1 hospital or health care facility.
- 2 (8) Food, food ingredients, and dietary supplements that are sold
- 3 by a licensed practitioner or pharmacist.
- 4 (d) Transactions involving the following are exempt from the state
- 5 gross retail tax if the patient acquires the property for the patient's own
- 6 use without a prescription or drug order:
- 7 (1) Hearing aid devices that are:
- 8 (A) worn on the body and designed to aid, improve, or correct
- 9 defective human hearing, including:
- 10 (i) parts;
- 11 (ii) attachments;
- 12 (iii) batteries; or
- 13 (iv) accessories;
- 14 reasonably necessary for the use of a hearing aid device; and
- 15 (B) fitted or dispensed by a person licensed or registered for
- 16 that purpose.
- 17 **(2) Prosthetic devices, including artificial limbs, orthopedic**
- 18 **devices, dental prosthetic devices, eyeglasses, and contact**
- 19 **lenses, that are:**
- 20 **(A) used to aid, improve, or correct human movement and**
- 21 **operation; and**
- 22 **(B) fitted or dispensed by a person licensed or registered**
- 23 **for that purpose.**
- 24 ~~(2)~~ **(3)** Colostomy bags, ileostomy bags, and the medical
- 25 equipment, supplies, and devices used in conjunction with those
- 26 bags.
- 27 ~~(3)~~ **(4)** Devices and equipment used to administer insulin.
- 28 ~~(4)~~ **(5)** Insulin, oxygen, blood, and blood plasma, if purchased for
- 29 medical purposes.
- 30 SECTION 3. IC 6-3-1-3.5, AS AMENDED BY P.L.181-2016,
- 31 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 32 JULY 1, 2017]: Sec. 3.5. When used in this article, the term "adjusted
- 33 gross income" shall mean the following:
- 34 (a) In the case of all individuals, "adjusted gross income" (as
- 35 defined in Section 62 of the Internal Revenue Code), modified as
- 36 follows:
- 37 (1) Subtract income that is exempt from taxation under this article
- 38 by the Constitution and statutes of the United States.
- 39 (2) Add an amount equal to any deduction or deductions allowed
- 40 or allowable pursuant to Section 62 of the Internal Revenue Code
- 41 for taxes based on or measured by income and levied at the state
- 42 level by any state of the United States.



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



- 1 (8) Subtract an amount equal to the amount of federal Social
2 Security and Railroad Retirement benefits included in a taxpayer's
3 federal gross income by Section 86 of the Internal Revenue Code.
4 (9) In the case of a nonresident taxpayer or a resident taxpayer
5 residing in Indiana for a period of less than the taxpayer's entire
6 taxable year, the total amount of the deductions allowed pursuant
7 to subdivisions (3), (4), and (5) shall be reduced to an amount
8 which bears the same ratio to the total as the taxpayer's income
9 taxable in Indiana bears to the taxpayer's total income.
10 (10) In the case of an individual who is a recipient of assistance
11 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
12 subtract an amount equal to that portion of the individual's
13 adjusted gross income with respect to which the individual is not
14 allowed under federal law to retain an amount to pay state and
15 local income taxes.
16 (11) In the case of an eligible individual, subtract the amount of
17 a Holocaust victim's settlement payment included in the
18 individual's federal adjusted gross income.
19 (12) Subtract an amount equal to the portion of any premiums
20 paid during the taxable year by the taxpayer for a qualified long
21 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer
22 or the taxpayer's spouse, or both.
23 (13) Subtract an amount equal to the lesser of:
24 (A) two thousand five hundred dollars (\$2,500); or
25 (B) the amount of property taxes that are paid during the
26 taxable year in Indiana by the individual on the individual's
27 principal place of residence.
28 (14) Subtract an amount equal to the amount of a September 11
29 terrorist attack settlement payment included in the individual's
30 federal adjusted gross income.
31 (15) Add or subtract the amount necessary to make the adjusted
32 gross income of any taxpayer that owns property for which bonus
33 depreciation was allowed in the current taxable year or in an
34 earlier taxable year equal to the amount of adjusted gross income
35 that would have been computed had an election not been made
36 under Section 168(k) of the Internal Revenue Code to apply bonus
37 depreciation to the property in the year that it was placed in
38 service.
39 (16) Add an amount equal to any deduction allowed under
40 Section 172 of the Internal Revenue Code.
41 (17) Add or subtract the amount necessary to make the adjusted
42 gross income of any taxpayer that placed Section 179 property (as



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

9 (18) Add an amount equal to the amount that a taxpayer claimed
10 as a deduction for domestic production activities for the taxable
11 year under Section 199 of the Internal Revenue Code for federal
12 income tax purposes.

13 (19) Subtract an amount equal to the amount of the taxpayer's
14 qualified military income that was not excluded from the
15 taxpayer's gross income for federal income tax purposes under
16 Section 112 of the Internal Revenue Code.

17 (20) Subtract income that is:

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

19 (B) included in the individual's federal adjusted gross income
20 under the Internal Revenue Code.

21 (21) Add an amount equal to any income not included in gross
22 income as a result of the deferral of income arising from business
23 indebtedness discharged in connection with the reacquisition after
24 December 31, 2008, and before January 1, 2011, of an applicable
25 debt instrument, as provided in Section 108(i) of the Internal
26 Revenue Code. Subtract the amount necessary from the adjusted
27 gross income of any taxpayer that added an amount to adjusted
28 gross income in a previous year to offset the amount included in
29 federal gross income as a result of the deferral of income arising
30 from business indebtedness discharged in connection with the
31 reacquisition after December 31, 2008, and before January 1,
32 2011, of an applicable debt instrument, as provided in Section
33 108(i) of the Internal Revenue Code.

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

39 **(23) Subtract an amount as described in Section 1341(a)(2) of**
40 **the Internal Revenue Code to the extent, if any, that the**
41 **amount was previously included in the taxpayer's adjusted**
42 **gross income for a prior taxable year.**



- 1 **(24) Subtract any other amounts the taxpayer is entitled to**
2 **deduct under IC 6-3-2.**
3 (b) In the case of corporations, the same as "taxable income" (as
4 defined in Section 63 of the Internal Revenue Code) adjusted as
5 follows:
6 (1) Subtract income that is exempt from taxation under this article
7 by the Constitution and statutes of the United States.
8 (2) Add an amount equal to any deduction or deductions allowed
9 or allowable pursuant to Section 170 of the Internal Revenue
10 Code.
11 (3) Add an amount equal to any deduction or deductions allowed
12 or allowable pursuant to Section 63 of the Internal Revenue Code
13 for taxes based on or measured by income and levied at the state
14 level by any state of the United States.
15 (4) Subtract an amount equal to the amount included in the
16 corporation's taxable income under Section 78 of the Internal
17 Revenue Code.
18 (5) Add or subtract the amount necessary to make the adjusted
19 gross income of any taxpayer that owns property for which bonus
20 depreciation was allowed in the current taxable year or in an
21 earlier taxable year equal to the amount of adjusted gross income
22 that would have been computed had an election not been made
23 under Section 168(k) of the Internal Revenue Code to apply bonus
24 depreciation to the property in the year that it was placed in
25 service.
26 (6) Add an amount equal to any deduction allowed under Section
27 172 of the Internal Revenue Code.
28 (7) Add or subtract the amount necessary to make the adjusted
29 gross income of any taxpayer that placed Section 179 property (as
30 defined in Section 179 of the Internal Revenue Code) in service
31 in the current taxable year or in an earlier taxable year equal to
32 the amount of adjusted gross income that would have been
33 computed had an election for federal income tax purposes not
34 been made for the year in which the property was placed in
35 service to take deductions under Section 179 of the Internal
36 Revenue Code in a total amount exceeding twenty-five thousand
37 dollars (\$25,000).
38 (8) Add an amount equal to the amount that a taxpayer claimed as
39 a deduction for domestic production activities for the taxable year
40 under Section 199 of the Internal Revenue Code for federal
41 income tax purposes.
42 (9) Add to the extent required by IC 6-3-2-20 the amount of



1 intangible expenses (as defined in IC 6-3-2-20) and any directly
 2 related interest expenses (as defined in IC 6-3-2-20) for the
 3 taxable year that reduced the corporation's taxable income (as
 4 defined in Section 63 of the Internal Revenue Code) for federal
 5 income tax purposes.

6 (10) Add an amount equal to any deduction for dividends paid (as
 7 defined in Section 561 of the Internal Revenue Code) to
 8 shareholders of a captive real estate investment trust (as defined
 9 in section 34.5 of this chapter).

10 (11) Subtract income that is:

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

12 (B) included in the corporation's taxable income under the
 13 Internal Revenue Code.

14 (12) 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 from the adjusted gross income of any
 20 taxpayer that added an amount to adjusted gross income in a
 21 previous year the amount necessary to offset the amount included
 22 in federal gross income as a result of the deferral of income
 23 arising from business indebtedness discharged in connection with
 24 the 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 (13) 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 **(14) Add or subtract any other amounts the taxpayer is:**

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

34 **(B) entitled to deduct;**

35 **under IC 6-3-2.**

36 (c) In the case of life insurance companies (as defined in Section
 37 816(a) of the Internal Revenue Code) that are organized under Indiana
 38 law, the same as "life insurance company taxable income" (as defined
 39 in Section 801 of the Internal Revenue Code), adjusted as follows:

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

42 (2) Add an amount equal to any deduction allowed or allowable



- 1 under Section 170 of the Internal Revenue Code.
- 2 (3) Add an amount equal to a deduction allowed or allowable
- 3 under Section 805 or Section 832(c) of the Internal Revenue Code
- 4 for taxes based on or measured by income and levied at the state
- 5 level by any state.
- 6 (4) Subtract an amount equal to the amount included in the
- 7 company's taxable income under Section 78 of the Internal
- 8 Revenue Code.
- 9 (5) Add or subtract the amount necessary to make the adjusted
- 10 gross income of any taxpayer that owns property for which bonus
- 11 depreciation was allowed in the current taxable year or in an
- 12 earlier taxable year equal to the amount of adjusted gross income
- 13 that would have been computed had an election not been made
- 14 under Section 168(k) of the Internal Revenue Code to apply bonus
- 15 depreciation to the property in the year that it was placed in
- 16 service.
- 17 (6) Add an amount equal to any deduction allowed under Section
- 18 172 or Section 810 of the Internal Revenue Code.
- 19 (7) Add or subtract the amount necessary to make the adjusted
- 20 gross income of any taxpayer that placed Section 179 property (as
- 21 defined in Section 179 of the Internal Revenue Code) in service
- 22 in the current taxable year or in an earlier taxable year equal to
- 23 the amount of adjusted gross income that would have been
- 24 computed had an election for federal income tax purposes not
- 25 been made for the year in which the property was placed in
- 26 service to take deductions under Section 179 of the Internal
- 27 Revenue Code in a total amount exceeding twenty-five thousand
- 28 dollars (\$25,000).
- 29 (8) Add an amount equal to the amount that a taxpayer claimed as
- 30 a deduction for domestic production activities for the taxable year
- 31 under Section 199 of the Internal Revenue Code for federal
- 32 income tax purposes.
- 33 (9) Subtract income that is:
- 34 (A) exempt from taxation under IC 6-3-2-21.7; and
- 35 (B) included in the insurance company's taxable income under
- 36 the Internal Revenue Code.
- 37 (10) Add an amount equal to any income not included in gross
- 38 income as a result of the deferral of income arising from business
- 39 indebtedness discharged in connection with the reacquisition after
- 40 December 31, 2008, and before January 1, 2011, of an applicable
- 41 debt instrument, as provided in Section 108(i) of the Internal
- 42 Revenue Code. Subtract from the adjusted gross income of any



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

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

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

17 **(13) Add or subtract any other amounts the taxpayer is:**

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

19 **(B) entitled to deduct;**

20 **under IC 6-3-2.**

21 (d) In the case of insurance companies subject to tax under Section
 22 831 of the Internal Revenue Code and organized under Indiana law, the
 23 same as "taxable income" (as defined in Section 832 of the Internal
 24 Revenue Code), adjusted as follows:

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

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

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

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

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



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



1 December 31, 2011.

2 **(13) Add or subtract any other amounts the taxpayer is:**

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

4 **(B) entitled to deduct;**

5 **under IC 6-3-2.**

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

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

11 (2) Subtract an amount equal to the amount of a September 11
12 terrorist attack settlement payment included in the federal
13 adjusted gross income of the estate of a victim of the September
14 11 terrorist attack or a trust to the extent the trust benefits a victim
15 of the September 11 terrorist attack.

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

24 (4) Add an amount equal to any deduction allowed under Section
25 172 of the Internal Revenue Code.

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

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

40 (7) Subtract income that is:

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

42 (B) included in the taxpayer's taxable income under the



1 Internal Revenue Code.

2 (8) Add an amount equal to any income not included in gross
3 income as a result of the deferral of income arising from business
4 indebtedness discharged in connection with the reacquisition after
5 December 31, 2008, and before January 1, 2011, of an applicable
6 debt instrument, as provided in Section 108(i) of the Internal
7 Revenue Code. Subtract from the adjusted gross income of any
8 taxpayer that added an amount to adjusted gross income in a
9 previous year the amount necessary to offset the amount included
10 in federal gross income as a result of the deferral of income
11 arising from business indebtedness discharged in connection with
12 the reacquisition after December 31, 2008, and before January 1,
13 2011, of an applicable debt instrument, as provided in Section
14 108(i) of the Internal Revenue Code.

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

20 **(10) Add or subtract any other amounts the taxpayer is:**

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

22 **(B) entitled to deduct;**

23 **under IC 6-3-2.**

24 SECTION 4. IC 6-3-2-2.5, AS AMENDED BY P.L.172-2011,
25 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
26 JULY 1, 2017]: Sec. 2.5. (a) This section applies to a resident person.

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

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

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

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

42 **(A) IC 6-3-1-3.5(a)(3);**



- 1 **(B) IC 6-3-1-3.5(a)(4);**
 2 **(C) IC 6-3-1-3.5(a)(5);**
 3 **(D) IC 6-3-1-3.5(a)(24); and**
 4 **(E) IC 6-3-1-3.5(e)(10).**
 5 (2) An Indiana net operating loss includes a net operating loss that
 6 arises when the **applicable** modifications required by IC 6-3-1-3.5
 7 **as set forth in subdivision (1)** exceed the taxpayer's federal
 8 adjusted gross income (as defined in Section 62 of the Internal
 9 Revenue Code) for the taxable year in which the Indiana net
 10 operating loss is determined.
 11 (e) Subject to the limitations contained in subsection (g), an Indiana
 12 net operating loss carryover shall be available as a deduction from the
 13 taxpayer's adjusted gross income (as defined in IC 6-3-1-3.5) in the
 14 carryover year provided in subsection (f).
 15 (f) Carryovers shall be determined under this subsection as follows:
 16 (1) An Indiana net operating loss shall be an Indiana net operating
 17 loss carryover to each of the carryover years following the taxable
 18 year of the loss.
 19 (2) Carryover years shall be determined by reference to the
 20 number of years allowed for carrying over net operating losses
 21 under Section 172(b) of the Internal Revenue Code.
 22 (g) The entire amount of the Indiana net operating loss for any
 23 taxable year shall be carried to the earliest of the taxable years to which
 24 (as determined under subsection (f)) the loss may be carried. The
 25 amount of the Indiana net operating loss remaining after the deduction
 26 is taken under this section in a taxable year may be carried over as
 27 provided in subsection (f). The amount of the Indiana net operating loss
 28 carried over from year to year shall be reduced to the extent that the
 29 Indiana net operating loss carryover is used by the taxpayer to obtain
 30 a deduction in a taxable year until the occurrence of the earlier of the
 31 following:
 32 (1) The entire amount of the Indiana net operating loss has been
 33 used as a deduction.
 34 (2) The Indiana net operating loss has been carried over to each
 35 of the carryover years provided by subsection (f).
 36 SECTION 5. IC 6-3-2-2.6, AS AMENDED BY P.L.172-2011,
 37 SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2017]: Sec. 2.6. (a) This section applies to a corporation or a
 39 nonresident person.
 40 (b) Corporations and nonresident persons are entitled to a net
 41 operating loss deduction. The amount of the deduction taken in a
 42 taxable year may not exceed the taxpayer's unused Indiana net



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

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

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

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

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

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

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

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

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

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

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

21 (H) IC 6-3-1-3.5(e)(10).

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

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

38 (e) Subject to the limitations contained in subsection (g), an Indiana
39 net operating loss carryover shall be available as a deduction from the
40 taxpayer's adjusted gross income derived from sources within Indiana
41 (as defined in section 2 of this chapter) in the carryover year provided
42 in subsection (f).



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

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

5 (2) Carryover years shall be determined by reference to the
6 number of years allowed for carrying over net operating losses
7 under Section 172(b) of the Internal Revenue Code.

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

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

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

22 (h) An Indiana net operating loss deduction determined under this
23 section shall be allowed notwithstanding the fact that in the year the
24 taxpayer incurred the net operating loss the taxpayer was not subject to
25 the tax imposed under section 1 of this chapter because the taxpayer
26 was:

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

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

31 (i) In the case of a life insurance company that claims an operations
32 loss deduction under Section 810 of the Internal Revenue Code, this
33 section shall be applied by:

34 (1) substituting the corresponding provisions of Section 810 of the
35 Internal Revenue Code in place of references to Section 172 of
36 the Internal Revenue Code; and

37 (2) substituting life insurance company taxable income (as
38 defined in Section 801 the Internal Revenue Code) in place of
39 references to taxable income (as defined in Section 63 of the
40 Internal Revenue Code).

41 SECTION 6. IC 6-3-4-3, AS AMENDED BY P.L.172-2011,
42 SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2017]: Sec. 3. Returns required to be made pursuant to section
 2 1 of this chapter shall be filed with the department on or before the
 3 later of the following:

- 4 (1) The 15th day of the fourth month following the close of the
 5 taxable year.
 6 (2) For a corporation whose federal tax return is due on or after
 7 the date set forth in subdivision (1), as determined without regard
 8 to any extensions, weekends, or holidays, ~~the 15th day of the~~
 9 ~~month following~~ the due date of the federal tax return.

10 SECTION 7. IC 9-18.1-5-8, AS ADDED BY P.L.198-2016,
 11 SECTION 326, IS AMENDED TO READ AS FOLLOWS
 12 [EFFECTIVE JULY 1, 2017]: Sec. 8. (a) Except as provided in section
 13 11 of this chapter, the fee to register a trailer is as follows:

14 Declared Gross	Weight (Pounds)	Fee (\$)
15 Greater than	Equal to	
16	or less than	
17 0	3,000	\$ 16.35
18 3,000	9,000	25.35
19 9,000	12,000	72
20 12,000	16,000	108
21 16,000	22,000	168
22 22,000		228

23 **(b) A fee described in subsection (a) that is collected under the**
 24 **International Registration Plan shall be distributed as set forth in**
 25 **section 10.5 of this chapter.**

26 ~~(b)~~ **(c) A fee described in subsection (a) that is not required to be**
 27 **distributed under subsection (b) shall be distributed as follows:**

- 28 (1) Twenty-five cents (\$0.25) to the state police building account.
 29 (2) Fifty cents (\$0.50) to the state motor vehicle technology fund.
 30 (3) Two dollars and ninety cents (\$2.90) to the highway, road and
 31 street fund.
 32 (4) Four dollars (\$4) to the crossroads 2000 fund.
 33 (5) For a vehicle registered before July 1, 2019, as follows:
 34 (A) One dollar and twenty-five cents (\$1.25) to the integrated
 35 public safety communications fund.
 36 (B) Three dollars and ten cents (\$3.10) to the commission
 37 fund.
 38 (6) For a vehicle registered after June 30, 2019, four dollars and
 39 thirty-five cents (\$4.35) to the commission fund.
 40 (7) Any remaining amount to the motor vehicle highway account.

41 SECTION 8. IC 9-18.1-5-9, AS ADDED BY P.L.198-2016,
 42 SECTION 326, IS AMENDED TO READ AS FOLLOWS



1 [EFFECTIVE JULY 1, 2017]: Sec. 9. (a) Except as provided in section
 2 11 of this chapter, the fee to register a truck, a tractor used with a
 3 semitrailer, or a for-hire bus is determined as follows:

4 Declared Gross	Weight (Pounds)	Fee (\$)
5 Greater than	Equal to	
	or less than	
6 0	11,000	\$ 30.35
7 11,000	16,000	144
8 16,000	26,000	180
9 26,000	36,000	300
10 36,000	48,000	504
11 48,000	66,000	720
12 66,000	78,000	960
13 78,000		1,356

14
 15 **(b) A fee described in subsection (a) that is collected under the**
 16 **International Registration Plan shall be distributed as set forth in**
 17 **section 10.5 of this chapter.**

18 ~~(b)~~ **(c) A fee described in subsection (a) that is not required to be**
 19 **distributed under subsection (b) shall be distributed as follows:**

- 20 (1) Twenty-five cents (\$0.25) to the state police building account.
 21 (2) For a truck with a declared gross weight of eleven thousand
 22 (11,000) pounds or less, thirty cents (\$0.30) to the spinal cord and
 23 brain injury fund.
 24 (3) Fifty cents (\$0.50) to the state motor vehicle technology fund.
 25 (4) Two dollars and ninety cents (\$2.90) to the highway, road and
 26 street fund.
 27 (5) Four dollars (\$4) to the crossroads 2000 fund.
 28 (6) For a vehicle registered before July 1, 2019, as follows:
 29 (A) One dollar and twenty-five cents (\$1.25) to the integrated
 30 public safety communications fund.
 31 (B) Three dollars and ten cents (\$3.10) to the commission
 32 fund.
 33 (7) For a vehicle registered after June 30, 2019, four dollars and
 34 thirty-five cents (\$4.35) to the commission fund.
 35 (8) Any remaining amount to the motor vehicle highway account.

36 ~~(c)~~ **(d) A trailer that is towed by a truck must be registered**
 37 **separately, and the appropriate fee must be paid under this chapter.**

38 SECTION 9. IC 9-18.1-5-10, AS ADDED BY P.L.198-2016,
 39 SECTION 326, IS AMENDED TO READ AS FOLLOWS
 40 [EFFECTIVE JULY 1, 2017]: Sec. 10. (a) The following vehicles shall
 41 be registered as semitrailers:

- 42 (1) A semitrailer converted to a full trailer through the use of a



- 1 converter dolly.
- 2 (2) A trailer drawn behind a semitrailer.
- 3 (3) A trailer drawn by a vehicle registered under the International
4 Registration Plan.
- 5 (b) The fee for a permanent registration of a semitrailer is
6 eighty-two dollars (\$82).
- 7 **(c) A fee described in subsection (b) that is collected under the
8 International Registration Plan shall be distributed as set forth in
9 section 10.5 of this chapter.**
- 10 **(d) The fee described in subsection (b) that is not required to be
11 distributed under subsection (c) shall be distributed as follows:**
- 12 (1) Twenty-five cents (\$0.25) to the state police building account.
- 13 (2) Fifty cents (\$0.50) to the state motor vehicle technology fund.
- 14 (3) Two dollars and ninety cents (\$2.90) to the highway, road and
15 street fund.
- 16 (4) Twelve dollars (\$12) to the crossroads 2000 fund.
- 17 (5) For a vehicle registered before July 1, 2019, as follows:
- 18 (A) One dollar and twenty-five cents (\$1.25) to the integrated
19 public safety communications fund.
- 20 (B) Three dollars and ten cents (\$3.10) to the commission
21 fund.
- 22 (6) For a vehicle registered after June 30, 2019, four dollars and
23 thirty-five cents (\$4.35) to the commission fund.
- 24 (7) Any remaining amount to the motor vehicle highway account.
- 25 ~~(e)~~ (e) A permanent registration under subsection (b) must be
26 renewed on an annual basis. The fee to renew a permanent registration
27 is eight dollars and seventy-five cents (\$8.75). The fee is in addition to
28 any applicable excise tax. ~~and shall be distributed as follows:~~
- 29 **(f) A fee described in subsection (e) that is collected under the
30 International Registration Plan shall be distributed as set forth in
31 section 10.5 of this chapter.**
- 32 **(g) A fee described in subsection (e) that is not required to be
33 distributed under subsection (f) shall be distributed as follows:**
- 34 (1) Twenty-five cents (\$0.25) to the state police building account.
- 35 (2) Fifty cents (\$0.50) to the state motor vehicle technology fund.
- 36 (3) Three dollars (\$3) to the crossroads 2000 fund.
- 37 (4) Three dollars and ten cents (\$3.10) to the commission fund.
- 38 (5) Any remaining amount to the motor vehicle highway account.
- 39 ~~(d)~~ (h) A permanent registration under subsection (b) may be
40 transferred under IC 9-18.1-11.
- 41 ~~(e)~~ (i) A semitrailer that is registered under IC 9-18-10-2(a)(2)
42 (before its expiration) or IC 9-18-10-2(a)(3) (before its expiration)



1 remains valid until its expiration and is not subject to renewal under
2 subsection ~~(e)~~: **(e)**. This subsection expires July 1, 2020.
3 SECTION 10. IC 9-18.1-5-10.5 IS ADDED TO THE INDIANA
4 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
5 [EFFECTIVE JULY 1, 2017]: **Sec. 10.5. (a) This section applies after**
6 **June 30, 2017.**
7 **(b) This section applies only to fees described in sections 8(a),**
8 **9(a), 10(b), and 10(e) of this chapter that are collected under the**
9 **International Registration Plan.**
10 **(c) The fees collected under the International Registration Plan**
11 **shall be distributed as follows:**
12 **(1) The first one hundred twenty-five thousand dollars**
13 **(\$125,000) to the state police building account.**
14 **(2) Any remaining amounts to the motor vehicle highway**
15 **account.**

