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.

Introduced

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:

SECTION 1. IC 6-2.5-5-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 2.5. (a) Transactions involving agricultural or industrial processing machinery, tools, and equipment are exempt from the state gross retail tax if:**

(1) the person acquiring the property acquires it for the person's direct use in the direct provision of agricultural or industrial processing services used in the direct production of agricultural commodities or other tangible personal property owned by another person; and

(2) the agricultural commodities or other tangible personal property will be sold by the owner either in the same form or as part of other commodities or other tangible personal property produced in the owner's business of agriculture or manufacturing.

(b) For purposes of this section, "agricultural and industrial processing services" means activities that would rise to the level of

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

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

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

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

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

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

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

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

(A) injury;

(B) bodily dysfunction; or

(C) surgery.

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

(A) parts;

(B) attachments;

(C) batteries; or

(D) accessories;

reasonably necessary for use of a hearing aid device.

(6) Legend drugs and nonlegend drugs, if:

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

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

(7) A nonlegend drug, if:

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

(B) the ultimate user of the drug is a person confined to a hospital or health care facility.

(8) Food, food ingredients, and dietary supplements that are sold by a licensed practitioner or pharmacist.

(d) Transactions involving the following are exempt from the state gross retail tax if the patient acquires the property for the patient's own use without a prescription or drug order:

(1) Hearing aid devices that are:

(A) worn on the body and designed to aid, improve, or correct defective human hearing, including:

(i) parts;

(ii) attachments;

(iii) batteries; or

(iv) accessories;

reasonably necessary for the use of a hearing aid device; and

(B) fitted or dispensed by a person licensed or registered for that purpose.

(2) Prosthetic devices, including artificial limbs, orthopedic devices, dental prosthetic devices, eyeglasses, and contact lenses, that are:

(A) used to aid, improve, or correct human movement and operation; and

(B) fitted or dispensed by a person licensed or registered for that purpose.

~~(2)~~ **(3)** Colostomy bags, ileostomy bags, and the medical equipment, supplies, and devices used in conjunction with those bags.

~~(3)~~ **(4)** Devices and equipment used to administer insulin.

~~(4)~~ **(5)** Insulin, oxygen, blood, and blood plasma, if purchased for medical purposes.

SECTION 3. IC 6-3-1-3.5, AS AMENDED BY P.L.181-2016, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

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

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

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

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

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

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

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars ($1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code (as effective January 1, 2004);

(B) for taxable years beginning after December 31, 2017, one thousand five hundred dollars ($1,500) for each exemption allowed under Section 151(c) of the Internal Revenue Code for an individual:

(i) who is less than nineteen (19) years of age or is a full-time student who is less than twenty-four (24) years of age;

(ii) for whom the taxpayer is the legal guardian; and

(iii) for whom the taxpayer does not claim an exemption under clause (A); and

(C) five hundred dollars ($500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars ($40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(7) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

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

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

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

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

(20) Subtract income that is:

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

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

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

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

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

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

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

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

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

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

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

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

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

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

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

(9) Add to the extent required by IC 6-3-2-20 the amount of

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

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

(11) Subtract income that is:

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

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

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

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

(14) Add or subtract any other amounts the taxpayer is:

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

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

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

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

under Section 170 of the Internal Revenue Code.

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

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

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

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

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

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

(9) Subtract income that is:

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

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

(10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any

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

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

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

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

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

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

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

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

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

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

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

service.

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

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

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

(9) Subtract income that is:

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

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

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

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

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

December 31, 2011.

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

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

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

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

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

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

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

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

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

(7) Subtract income that is:

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

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

Internal Revenue Code.

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

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

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

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

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

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

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

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

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

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

(B) IC 6-3-1-3.5(a)(4);
(C) IC 6-3-1-3.5(a)(5);
(D) IC 6-3-1-3.5(a)(24); and
(E) IC 6-3-1-3.5(e)(10).

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

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

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

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

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

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

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

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

SECTION 5. IC 6-3-2-2.6, AS AMENDED BY P.L.172-2011, SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2.6. (a) This section applies to a corporation or a nonresident person.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Declared Gross Greater than	Weight (Pounds) Equal to or less than	Fee ($)
0	3,000	$ 16.35
3,000	9,000	25.35
9,000	12,000	72
12,000	16,000	108
16,000	22,000	168
22,000		228

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

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

(1) Twenty-five cents ($0.25) to the state police building account.

(2) Fifty cents ($0.50) to the state motor vehicle technology fund.

(3) Two dollars and ninety cents ($2.90) to the highway, road and street fund.

(4) Four dollars ($4) to the crossroads 2000 fund.

(5) For a vehicle registered before July 1, 2019, as follows:

(A) One dollar and twenty-five cents ($1.25) to the integrated public safety communications fund.

(B) Three dollars and ten cents ($3.10) to the commission fund.

(6) For a vehicle registered after June 30, 2019, four dollars and thirty-five cents ($4.35) to the commission fund.

(7) Any remaining amount to the motor vehicle highway account.

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

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

Declared Gross	Weight (Pounds)	Fee ($)
Greater than	Equal to or less than	
0	11,000	$ 30.35
11,000	16,000	144
16,000	26,000	180
26,000	36,000	300
36,000	48,000	504
48,000	66,000	720
66,000	78,000	960
78,000		1,356

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

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

(1) Twenty-five cents ($0.25) to the state police building account.

(2) For a truck with a declared gross weight of eleven thousand (11,000) pounds or less, thirty cents ($0.30) to the spinal cord and brain injury fund.

(3) Fifty cents ($0.50) to the state motor vehicle technology fund.

(4) Two dollars and ninety cents ($2.90) to the highway, road and street fund.

(5) Four dollars ($4) to the crossroads 2000 fund.

(6) For a vehicle registered before July 1, 2019, as follows:

(A) One dollar and twenty-five cents ($1.25) to the integrated public safety communications fund.

(B) Three dollars and ten cents ($3.10) to the commission fund.

(7) For a vehicle registered after June 30, 2019, four dollars and thirty-five cents ($4.35) to the commission fund.

(8) Any remaining amount to the motor vehicle highway account.

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

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

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

converter dolly.
(2) A trailer drawn behind a semitrailer.
(3) A trailer drawn by a vehicle registered under the International Registration Plan.

(b) The fee for a permanent registration of a semitrailer is eighty-two dollars ($82).

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

(d) The fee **described in subsection (b) that is not required to be distributed under subsection (c)** shall be distributed as follows:
(1) Twenty-five cents ($0.25) to the state police building account.
(2) Fifty cents ($0.50) to the state motor vehicle technology fund.
(3) Two dollars and ninety cents ($2.90) to the highway, road and street fund.
(4) Twelve dollars ($12) to the crossroads 2000 fund.
(5) For a vehicle registered before July 1, 2019, as follows:
(A) One dollar and twenty-five cents ($1.25) to the integrated public safety communications fund.
(B) Three dollars and ten cents ($3.10) to the commission fund.
(6) For a vehicle registered after June 30, 2019, four dollars and thirty-five cents ($4.35) to the commission fund.
(7) Any remaining amount to the motor vehicle highway account.

~~(c)~~ **(e)** A permanent registration under subsection (b) must be renewed on an annual basis. The fee to renew a permanent registration is eight dollars and seventy-five cents ($8.75). The fee is in addition to any applicable excise tax. ~~and shall be distributed as follows:~~

(f) A fee described in subsection (e) that is collected under the International Registration Plan shall be distributed as set forth in section 10.5 of this chapter.

(g) A fee described in subsection (e) that is not required to be distributed under subsection (f) shall be distributed as follows:
(1) Twenty-five cents ($0.25) to the state police building account.
(2) Fifty cents ($0.50) to the state motor vehicle technology fund.
(3) Three dollars ($3) to the crossroads 2000 fund.
(4) Three dollars and ten cents ($3.10) to the commission fund.
(5) Any remaining amount to the motor vehicle highway account.

~~(d)~~ **(h)** A permanent registration under subsection (b) may be transferred under IC 9-18.1-11.

~~(e)~~ **(i)** A semitrailer that is registered under IC 9-18-10-2(a)(2) (before its expiration) or IC 9-18-10-2(a)(3) (before its expiration) remains valid until its expiration and is not subject to renewal under subsection ~~(c).~~ **(e).** This subsection expires July 1, 2020.

SECTION 10. IC 9-18.1-5-10.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 10.5. (a) This section applies after June 30, 2017.**

(b) This section applies only to fees described in sections 8(a), 9(a), 10(b), and 10(e) of this chapter that are collected under the International Registration Plan.

(c) The fees collected under the International Registration Plan shall be distributed as follows:

(1) The first one hundred twenty-five thousand dollars ($125,000) to the state police building account.

(2) Any remaining amounts to the motor vehicle highway account.