February 15, 2017

SENATE BILL No. 515

DIGEST OF SB 515 (Updated February 14, 2017 11:09 am - DI 120)

Citations Affected: IC 6-2.5; IC 6-3; IC 6-3.6; IC 9-18.1; noncode.

Synopsis: Tax administration. Provides that transactions involving agricultural machinery or equipment are exempt from the state sales tax if the person acquiring the property: (1) acquires it for the person's direct use in the direct application of fertilizers, insecticides, fungicides, seeds, and other tangible personal property for consideration or the direct extraction, harvesting, or processing of agricultural commodities for consideration; and (2) is occupationally engaged in providing those services on property that is owned or rented by another person occupationally engaged in agricultural production and used for agricultural production. Provides that transactions involving manufacturing machinery, tools, and equipment are exempt from the state sales tax if: (1) the person acquiring that property acquires it for the person's direct use in an industrial processing service; and (2) that person is an industrial processor. In the double direct sales tax exemptions, relocates the language related to material handling equipment purchased for the purpose of transporting materials from an onsite location. Provides that transactions involving tangible personal property are exempt from the state sales tax if: (1) the person acquiring that property acquires it for the person's direct consumption as a material to be consumed in an industrial processing service; and (2) that person is an industrial processor. Specifies that the existing sales tax exemption for bullion applies to bullion that would be a permitted investment of an individual retirement account or an individually-directed account if the bullion were in the physical possession of a trustee. Provides a sales tax exemption for prosthetic
(Continued next page)

Effective: Upon passage; July 1, 2016 (retroactive); July 1, 2017; January 1, 2018.

Hershman

January 17, 2017, read first time and referred to Committee on Tax and Fiscal Policy.
February 14, 2017, amended, reported favorably — Do Pass.

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. Increases to $7,500 the amount of the military income tax deduction, including retirement or survivor's benefits received during the taxable year by an individual, or the individual's surviving spouse, for the individual's service in an active or reserve component of the armed forces of the United States, including the army, navy, air force, coast guard, marine corps, merchant marine, Indiana army national guard, or Indiana air national guard. 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 in the case of an individual who has income apportioned to Indiana as a professional sports team member or as a race team member for services rendered in a county, but who is not a resident of the county and does not have a principal place of business or employment in the county, the individual's apportioned Indiana income is subject to the local income tax. (Under current law, a county's local income tax applies only to residents of the county and to nonresidents who have their principal place of business or employment in the county.) Specifies that in the case of Marion County, the county auditor shall transfer the part of the county's certified distribution that is attributable to the local income tax on such team members to the bid fund established by the capital improvement board. 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. Requires the legislative services agency to conduct a study concerning the correlation between employment growth and the statutory tax relief realized by C corporations during the period 2011 through 2016. Makes technical corrections.

February 15, 2017

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 6-2.5-1-20.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 20.1. "Industrial processing service" means an activity performed on behalf of a manufacturer that would rise to the level of manufacturing or production if the activity were performed by the manufacturer as part of the manufacturer's integrated production process.**

SECTION 2. IC 6-2.5-1-20.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 20.2. "Industrial processor" means a person that:**

(1) acquires tangible personal property owned by another person;

(2) provides industrial processing services, including enameling or plating, on the property; and

(3) transfers the property back to the owner to be sold by that owner either in the same form or as a part of other tangible

personal property produced by that owner in the owner's business of manufacturing, assembling, constructing, refining, or processing.

SECTION 3. IC 6-2.5-5-2, AS AMENDED BY P.L.250-2015, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2. (a) Transactions involving agricultural machinery, tools, and equipment, **including material handling equipment purchased for the purpose of transporting materials into activities described in this subsection from an onsite location,** are exempt from the state gross retail tax if the person acquiring that property acquires it for the person's direct use in the direct production, extraction, harvesting, or processing of agricultural commodities. ~~and including material handling equipment purchased for the purpose of transporting materials into such activities from an onsite location.~~

(b) Transactions involving agricultural machinery or equipment are exempt from the state gross retail tax if:

(1) the person acquiring the property acquires it for use in conjunction with the production of food and food ingredients or commodities for sale;

(2) the person acquiring the property is occupationally engaged in the production of food or commodities which the person sells for human or animal consumption or uses for further food and food ingredients or commodity production; and

(3) the machinery or equipment is designed for use in gathering, moving, or spreading animal waste.

(c) Transactions involving agricultural machinery or equipment are exempt from the state gross retail tax if the person acquiring the property:

(1) acquires it for the person's direct use in:

(A) the direct application of fertilizers, insecticides, fungicides, seeds, and other tangible personal property; or

(B) the direct extraction, harvesting, or processing of agricultural commodities;

for consideration; and

(2) is occupationally engaged in providing the services described in subdivision (1) on property that is:

(A) owned or rented by another person occupationally engaged in agricultural production; and

(B) used for agricultural production.

SECTION 4. IC 6-2.5-5-3, AS AMENDED BY P.L.181-2016, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3. (a) For purposes of this section:

(1) the:
(A) retreading of tires; and
(B) felling of trees for further use in production or for sale in the ordinary course of business;
shall be treated as the processing of tangible personal property; and
(2) commercial printing shall be treated as the production and manufacture of tangible personal property.

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

(c) Except as provided in subsection (d), transactions involving manufacturing machinery, tools, and equipment, including material handling equipment purchased for the purpose of transporting materials into an industrial process from an onsite location, are exempt from the state gross retail tax if the person acquiring that property:
(1) acquires it for the person's direct use in an industrial processing service; and
(2) is an industrial processor.

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

SECTION 5. IC 6-2.5-5-4, AS AMENDED BY P.L.250-2015, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4. Transactions involving tangible personal property, **including material handling equipment purchased for the purpose of transporting materials into activities described in this subsection from an onsite location,** are exempt from the state gross retail tax if the person acquiring the property acquires it for the person's direct use in the direct production of the machinery, tools, or equipment described in section 2 or 3 of this chapter. ~~including material handling equipment purchased for the purpose of transporting materials into such activities from an onsite location.~~

SECTION 6. IC 6-2.5-5-5.1, AS AMENDED BY P.L.242-2015, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5.1. (a) As used in this section, "tangible personal property" includes electrical energy, natural or artificial gas, water, steam, and steam heat.

(b) Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring the property acquires it for direct consumption as a material to be consumed in the direct production of other tangible personal property in the person's business of manufacturing, processing, refining, repairing, mining, agriculture, horticulture, floriculture, or arboriculture. This exemption includes transactions involving acquisitions of tangible personal property used in commercial printing.

(c) Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring that property:

(1) acquires it for the person's direct consumption as a material to be consumed in an industrial processing service; and

(2) is an industrial processor.

SECTION 7. 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 8. IC 6-2.5-5-47, AS ADDED BY P.L.195-2016, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016 (RETROACTIVE)]: Sec. 47. Transactions involving the sale of or the lease or rental of storage for:

(1) coins that are permitted investments by an individual retirement account or by an individually-directed account under 26 U.S.C. 408(m);

(2) bullion that ~~is~~ **would be** a permitted investment by an individual retirement account or by an individually-directed account under 26 U.S.C. 408(m) **if the bullion was in the physical possession of a trustee;** or

(3) legal tender;

are exempt from the state gross retail tax.

SECTION 9. 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 10. 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 11. 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 12. IC 6-3-2-4, AS AMENDED BY P.L.250-2015, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 4. (a) Each taxable year, an individual, or the individual's surviving spouse, is entitled to an adjusted gross income tax deduction for the first ~~five~~ **seven** thousand **five hundred** dollars ~~($5,000)~~ **($7,500)** of income, including retirement or survivor's benefits, received during the taxable year by the individual, or the individual's surviving spouse, for the individual's service in an active or reserve component of the armed forces of the United States, including the army, navy, air force, coast guard, marine corps, merchant marine, Indiana army national guard, or Indiana air national guard. However, a person who is less than sixty (60) years of age on the last day of the person's taxable year, is not, for that taxable year, entitled to a deduction under this section for retirement or survivor's benefits.

(b) An individual whose qualified military income is subtracted from the individual's federal adjusted gross income under IC 6-3-1-3.5(a)(19) for Indiana individual income tax purposes is not, for that taxable year, entitled to a deduction under this section for the individual's qualified military income.

SECTION 13. 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 14. IC 6-3.6-2-2, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 2. "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5. However:

(1) **except as provided in subdivision (3),** in the case of a local taxpayer who is not treated as a resident local taxpayer of a county, the term includes only adjusted gross income derived from the taxpayer's principal place of business or employment; ~~and~~

(2) in the case of a resident local taxpayer of Perry County, the term does not include adjusted gross income described in IC 6-3.6-8-7; **and**

(3) in the case of a local taxpayer described in section 13(3) of this chapter, the term includes only the individual's adjusted gross income that:

(A) is apportioned to Indiana under IC 6-3-2-2.7 or IC 6-3-2-3.2; and

(B) is paid to the individual as compensation for services rendered in the county as a team member or race team member.

SECTION 15. IC 6-3.6-2-13, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 13. "Local taxpayer", as it relates to a particular county, means any ~~individual who:~~ **of the following:**

(1) **An individual who** resides in that county on the date specified

in IC 6-3.6-8-3. ~~or~~

(2) **An individual who** maintains the taxpayer's principal place of business or employment in that county on the date specified in IC 6-3.6-8-3 and who does not reside on that same date in another county in Indiana in which a tax under this article is in effect.

(3) An individual who:

(A) has income apportioned to Indiana as:

(i) a team member under IC 6-3-2-2.7; or

(ii) a race team member under IC 6-3-2-3.2;

for services rendered in the county; and

(B) is not described in subdivision (1) or (2).

SECTION 16. IC 6-3.6-9-10, AS AMENDED BY P.L.180-2016, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 10. The budget agency shall also certify information concerning the part of the certified distribution that is attributable to each of the following:

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

(2) The tax rate imposed under IC 6-3.6-6, separately stating the part of the distribution attributable to a tax rate imposed under IC 6-3.6-6-2.5.

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

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

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

SECTION 17. IC 6-3.6-11-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: **Sec. 1.5. (a) This section applies only to Marion County.**

(b) If the capital improvement board established under IC 36-10-9 has established a bid fund described in IC 5-13-10.5-18(g), the county auditor shall transfer to the bid fund an amount equal to the part of the county's certified distribution that is certified under IC 6-3.6-9-10(4).

SECTION 18. 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 19. 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 Greater than	Weight (Pounds) Equal to or less than	Fee ($)
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 20. 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 21. 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.

SECTION 22. [EFFECTIVE UPON PASSAGE] **(a) The following definitions apply throughout this SECTION:**

(1) "C corporation" means a corporation subject to Internal Revenue Code Subtitle A, Chapter 1, Subchapter C (Internal Revenue Code Section 301 et seq.) for federal income tax purposes.

(2) "Listed taxes" has the meaning set forth in IC 6-8.1-1-1.

(3) "Statutory tax relief" means the amount equal to:

(A) the best estimate of the sum of all listed taxes revenue and property tax revenue that would have been received from C corporations during the period 2011 through 2016 if the Indiana Code in effect on January 1, 2010, were effective throughout the calendar year; minus

(B) the best estimate of the sum of all listed taxes revenue and property tax revenue received from C corporations during the period 2011 through 2016.

(b) The legislative services agency shall conduct a study concerning the correlation between employment growth and the statutory tax relief realized by C corporations during the period 2011 through 2016.

(c) Not later than October 1, 2017, the legislative services agency shall submit a report of the study to the legislative council, the interim study committee on fiscal policy, and the chairperson and ranking minority member of the house committee on ways and means and the senate committee on tax and fiscal policy. The report to the legislative council must be in an electronic format under IC 5-14-6.

(d) This SECTION expires December 31, 2017.

SECTION 23. [EFFECTIVE JANUARY 1, 2018] **(a) IC 6-3-2-4, as amended by this act, applies to taxable years beginning after December 31, 2017.**

(b) This SECTION expires January 1, 2020.

SECTION 24. [EFFECTIVE JANUARY 1, 2018] **(a) IC 6-3.6-2-2 and IC 6-3.6-2-13, both as amended by this act, apply only to taxable years beginning after December 31, 2017.**

(b) This SECTION expires July 1, 2021.

SECTION 25. **An emergency is declared for this act.**

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 515, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 1. IC 6-2.5-1-20.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 20.1. "Industrial processing service" means an activity performed on behalf of a manufacturer that would rise to the level of manufacturing or production if the activity were performed by the manufacturer as part of the manufacturer's integrated production process.**

SECTION 2. IC 6-2.5-1-20.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 20.2. "Industrial processor" means a person that:**

(1) acquires tangible personal property owned by another person;

(2) provides industrial processing services, including enameling or plating, on the property; and

(3) transfers the property back to the owner to be sold by that owner either in the same form or as a part of other tangible personal property produced by that owner in the owner's business of manufacturing, assembling, constructing, refining, or processing.

SECTION 3. IC 6-2.5-5-2, AS AMENDED BY P.L.250-2015, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2. (a) Transactions involving agricultural machinery, tools, and equipment, **including material handling equipment purchased for the purpose of transporting materials into activities described in this subsection from an onsite location,** are exempt from the state gross retail tax if the person acquiring that property acquires it for the person's direct use in the direct production, extraction, harvesting, or processing of agricultural commodities. ~~and including material handling equipment purchased for the purpose of transporting materials into such activities from an onsite location.~~

(b) Transactions involving agricultural machinery or equipment are exempt from the state gross retail tax if:

(1) the person acquiring the property acquires it for use in conjunction with the production of food and food ingredients or commodities for sale;

(2) the person acquiring the property is occupationally engaged in the production of food or commodities which the person sells for human or animal consumption or uses for further food and food ingredients or commodity production; and

(3) the machinery or equipment is designed for use in gathering, moving, or spreading animal waste.

(c) Transactions involving agricultural machinery or equipment are exempt from the state gross retail tax if the person acquiring the property:

(1) acquires it for the person's direct use in:

(A) the direct application of fertilizers, insecticides, fungicides, seeds, and other tangible personal property; or

(B) the direct extraction, harvesting, or processing of agricultural commodities;

for consideration; and

(2) is occupationally engaged in providing the services described in subdivision (1) on property that is:

(A) owned or rented by another person occupationally engaged in agricultural production; and

(B) used for agricultural production.

SECTION 4. IC 6-2.5-5-3, AS AMENDED BY P.L.181-2016, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3. (a) For purposes of this section:

(1) the:

(A) retreading of tires; and

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

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

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

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

(c) Except as provided in subsection (d), transactions involving

manufacturing machinery, tools, and equipment, including material handling equipment purchased for the purpose of transporting materials into an industrial process from an onsite location, are exempt from the state gross retail tax if the person acquiring that property:

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

(2) is an industrial processor.

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

SECTION 5. IC 6-2.5-5-4, AS AMENDED BY P.L.250-2015, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4. Transactions involving tangible personal property, **including material handling equipment purchased for the purpose of transporting materials into activities described in this subsection from an onsite location,** are exempt from the state gross retail tax if the person acquiring the property acquires it for the person's direct use in the direct production of the machinery, tools, or equipment described in section 2 or 3 of this chapter. ~~including material handling equipment purchased for the purpose of transporting materials into such activities from an onsite location.~~

SECTION 6. IC 6-2.5-5-5.1, AS AMENDED BY P.L.242-2015, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5.1. (a) As used in this section, "tangible personal property" includes electrical energy, natural or artificial gas, water, steam, and steam heat.

(b) Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring the property acquires it for direct consumption as a material to be consumed in the direct production of other tangible personal property in the person's business of manufacturing, processing, refining, repairing, mining, agriculture, horticulture, floriculture, or arboriculture. This exemption includes transactions involving acquisitions of tangible personal property used in commercial printing.

(c) Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring that property:

(1) acquires it for the person's direct consumption as a material to be consumed in an industrial processing service; and

(2) is an industrial processor.".

Page 2, delete lines 1 through 3.

Page 3, between lines 29 and 30, begin a new paragraph and insert:

"SECTION 8. IC 6-2.5-5-47, AS ADDED BY P.L.195-2016, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016 (RETROACTIVE)]: Sec. 47. Transactions involving the sale of or the lease or rental of storage for:

(1) coins that are permitted investments by an individual retirement account or by an individually-directed account under 26 U.S.C. 408(m);

(2) bullion that ~~is~~ **would be** a permitted investment by an individual retirement account or by an individually-directed account under 26 U.S.C. 408(m) **if the bullion was in the physical possession of a trustee;** or

(3) legal tender;

are exempt from the state gross retail tax.".

Page 16, between lines 40 and 41, begin a new paragraph and insert:

"SECTION 22. IC 6-3-2-4, AS AMENDED BY P.L.250-2015, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 4. (a) Each taxable year, an individual, or the individual's surviving spouse, is entitled to an adjusted gross income tax deduction for the first ~~five~~ **seven** thousand **five hundred** dollars ~~($5,000)~~ **($7,500)** of income, including retirement or survivor's benefits, received during the taxable year by the individual, or the individual's surviving spouse, for the individual's service in an active or reserve component of the armed forces of the United States, including the army, navy, air force, coast guard, marine corps, merchant marine, Indiana army national guard, or Indiana air national guard. However, a person who is less than sixty (60) years of age on the last day of the person's taxable year, is not, for that taxable year, entitled to a deduction under this section for retirement or survivor's benefits.

(b) An individual whose qualified military income is subtracted from the individual's federal adjusted gross income under IC 6-3-1-3.5(a)(19) for Indiana individual income tax purposes is not, for that taxable year, entitled to a deduction under this section for the individual's qualified military income.".

Page 17, between lines 9 and 10, begin a new paragraph and insert:

"SECTION 24. IC 6-3.6-2-2, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 2. "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5. However:

(1) **except as provided in subdivision (3),** in the case of a local taxpayer who is not treated as a resident local taxpayer of a county, the term includes only adjusted gross income derived from the taxpayer's principal place of business or employment; ~~and~~

(2) in the case of a resident local taxpayer of Perry County, the term does not include adjusted gross income described in IC 6-3.6-8-7; **and**

(3) in the case of a local taxpayer described in section 13(3) of this chapter, the term includes only the individual's adjusted gross income that:

(A) is apportioned to Indiana under IC 6-3-2-2.7 or IC 6-3-2-3.2; and

(B) is paid to the individual as compensation for services rendered in the county as a team member or race team member.

SECTION 25. IC 6-3.6-2-13, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 13. "Local taxpayer", as it relates to a particular county, means any ~~individual~~ ~~who:~~ **of the following:**

(1) **An individual who** resides in that county on the date specified in IC 6-3.6-8-3. ~~or~~

(2) **An individual who** maintains the taxpayer's principal place of business or employment in that county on the date specified in IC 6-3.6-8-3 and who does not reside on that same date in another county in Indiana in which a tax under this article is in effect.

(3) An individual who:

(A) has income apportioned to Indiana as:

(i) a team member under IC 6-3-2-2.7; or

(ii) a race team member under IC 6-3-2-3.2;

for services rendered in the county; and

(B) is not described in subdivision (1) or (2).

SECTION 26. IC 6-3.6-9-10, AS AMENDED BY P.L.180-2016, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 10. The budget agency shall also certify information concerning the part of the certified distribution that is attributable to each of the following:

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

(2) The tax rate imposed under IC 6-3.6-6, separately stating the part of the distribution attributable to a tax rate imposed under IC 6-3.6-6-2.5.

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

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

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

SECTION 27. IC 6-3.6-11-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: **Sec. 1.5. (a) This section applies only to Marion County.**

(b) If the capital improvement board established under IC 36-10-9 has established a bid fund described in IC 5-13-10.5-18(g), the county auditor shall transfer to the bid fund an amount equal to the part of the county's certified distribution that is certified under IC 6-3.6-9-10(4).".

Page 20, after line 15, begin a new paragraph and insert:

"SECTION 32. [EFFECTIVE UPON PASSAGE] **(a) The following definitions apply throughout this SECTION:**

(1) "C corporation" means a corporation subject to Internal Revenue Code Subtitle A, Chapter 1, Subchapter C (Internal Revenue Code Section 301 et seq.) for federal income tax purposes.

(2) "Listed taxes" has the meaning set forth in IC 6-8.1-1-1.

(3) "Statutory tax relief" means the amount equal to:

(A) the best estimate of the sum of all listed taxes revenue and property tax revenue that would have been received from C corporations during the period 2011 through 2016 if the Indiana Code in effect on January 1, 2010, were effective throughout the calendar year; minus

(B) the best estimate of the sum of all listed taxes revenue and property tax revenue received from C corporations during the period 2011 through 2016.

(b) The legislative services agency shall conduct a study concerning the correlation between employment growth and the statutory tax relief realized by C corporations during the period 2011 through 2016.

(c) Not later than October 1, 2017, the legislative services agency shall submit a report of the study to the legislative council, the interim study committee on fiscal policy, and the chairperson and ranking minority member of the house committee on ways and means and the senate committee on tax and fiscal policy. The report to the legislative council must be in an electronic format under IC 5-14-6.

(d) This SECTION expires December 31, 2017.

SECTION 33. [EFFECTIVE JANUARY 1, 2018] **(a) IC 6-3-2-4, as amended by this act, applies to taxable years beginning after December 31, 2017.**

(b) This SECTION expires January 1, 2020.

SECTION 34. [EFFECTIVE JANUARY 1, 2018] **(a) IC 6-3.6-2-2 and IC 6-3.6-2-13, both as amended by this act, apply only to taxable years beginning after December 31, 2017.**

(b) This SECTION expires July 1, 2021.

SECTION 35. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 515 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 13, Nays 0.