



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.

SB 515—LS 7502/DI 120



Digest Continued

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.

SB 515—LS 7502/DI 120



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:

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

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

- 12 (1) **acquires tangible personal property owned by another**
13 **person;**
14 (2) **provides industrial processing services, including**
15 **enameling or plating, on the property; and**
16 (3) **transfers the property back to the owner to be sold by that**
17 **owner either in the same form or as a part of other tangible**

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

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

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

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

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

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

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

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

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

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

34 **for consideration; and**

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

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

39 **(B) used for agricultural production.**

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



- 1 (1) the:
- 2 (A) retreading of tires; and
- 3 (B) felling of trees for further use in production or for sale in
- 4 the ordinary course of business;
- 5 shall be treated as the processing of tangible personal property;
- 6 and
- 7 (2) commercial printing shall be treated as the production and
- 8 manufacture of tangible personal property.
- 9 (b) Except as provided in subsection ~~(c)~~, **(d)**, transactions involving
- 10 manufacturing machinery, tools, and equipment, **including material**
- 11 **handling equipment purchased for the purpose of transporting**
- 12 **materials into activities described in this subsection from an onsite**
- 13 **location**, are exempt from the state gross retail tax if the person
- 14 acquiring that property acquires it for direct use in the direct
- 15 production, manufacture, fabrication, assembly, extraction, mining,
- 16 processing, refining, or finishing of other tangible personal property.
- 17 ~~including material handling equipment purchased for the purpose of~~
- 18 ~~transporting materials into such activities from an onsite location.~~
- 19 (c) ~~Except as provided in subsection (d), transactions involving~~
- 20 ~~manufacturing machinery, tools, and equipment, including~~
- 21 ~~material handling equipment purchased for the purpose of~~
- 22 ~~transporting materials into an industrial process from an onsite~~
- 23 ~~location, are exempt from the state gross retail tax if the person~~
- 24 ~~acquiring that property:~~
- 25 (1) ~~acquires it for the person's direct use in an industrial~~
- 26 ~~processing service; and~~
- 27 (2) ~~is an industrial processor.~~
- 28 ~~(e) (d) The exemption exemptions provided in subsection~~
- 29 ~~subsections (b) and (c) does do not apply to transactions involving~~
- 30 ~~distribution equipment or transmission equipment acquired by a public~~
- 31 ~~utility engaged in generating electricity.~~
- 32 SECTION 5. IC 6-2.5-5-4, AS AMENDED BY P.L.250-2015,
- 33 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 34 JULY 1, 2017]: Sec. 4. Transactions involving tangible personal
- 35 property, **including material handling equipment purchased for the**
- 36 **purpose of transporting materials into activities described in this**
- 37 **subsection from an onsite location**, are exempt from the state gross
- 38 retail tax if the person acquiring the property acquires it for the person's
- 39 direct use in the direct production of the machinery, tools, or
- 40 equipment described in section 2 or 3 of this chapter. ~~including~~
- 41 ~~material handling equipment purchased for the purpose of transporting~~
- 42 ~~materials into such activities from an onsite location.~~



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

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

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

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

20 **(2) is an industrial processor.**

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

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

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

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

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

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

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

42 (A) injury;



- 1 (B) bodily dysfunction; or
 2 (C) surgery.
 3 (5) Hearing aid devices that are worn on the body and designed
 4 to aid, improve, or correct defective human hearing, including:
 5 (A) parts;
 6 (B) attachments;
 7 (C) batteries; or
 8 (D) accessories;
 9 reasonably necessary for use of a hearing aid device.
 10 (6) Legend drugs and nonlegend drugs, if:
 11 (A) a registered pharmacist makes the sale to a patient upon
 12 the prescription of a licensed practitioner; or
 13 (B) a licensed practitioner makes the sale to a patient.
 14 (7) A nonlegend drug, if:
 15 (A) the nonlegend drug is dispensed upon an original
 16 prescription or a drug order (as defined in IC 16-42-19-3); and
 17 (B) the ultimate user of the drug is a person confined to a
 18 hospital or health care facility.
 19 (8) Food, food ingredients, and dietary supplements that are sold
 20 by a licensed practitioner or pharmacist.
 21 (d) Transactions involving the following are exempt from the state
 22 gross retail tax if the patient acquires the property for the patient's own
 23 use without a prescription or drug order:
 24 (1) Hearing aid devices that are:
 25 (A) worn on the body and designed to aid, improve, or correct
 26 defective human hearing, including:
 27 (i) parts;
 28 (ii) attachments;
 29 (iii) batteries; or
 30 (iv) accessories;
 31 reasonably necessary for the use of a hearing aid device; and
 32 (B) fitted or dispensed by a person licensed or registered for
 33 that purpose.
 34 **(2) Prosthetic devices, including artificial limbs, orthopedic**
 35 **devices, dental prosthetic devices, eyeglasses, and contact**
 36 **lenses, that are:**
 37 **(A) used to aid, improve, or correct human movement and**
 38 **operation; and**
 39 **(B) fitted or dispensed by a person licensed or registered**
 40 **for that purpose.**
 41 ~~(2)~~ **(3) Colostomy bags, ileostomy bags, and the medical**
 42 **equipment, supplies, and devices used in conjunction with those**



- 1 bags.
- 2 ~~(3)~~ (4) Devices and equipment used to administer insulin.
- 3 ~~(4)~~ (5) Insulin, oxygen, blood, and blood plasma, if purchased for
- 4 medical purposes.
- 5 SECTION 8. IC 6-2.5-5-47, AS ADDED BY P.L.195-2016,
- 6 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 7 JULY 1, 2016 (RETROACTIVE)]: Sec. 47. Transactions involving the
- 8 sale of or the lease or rental of storage for:
- 9 (1) coins that are permitted investments by an individual
- 10 retirement account or by an individually-directed account under
- 11 26 U.S.C. 408(m);
- 12 (2) bullion that ~~is~~ **would be** a permitted investment by an
- 13 individual retirement account or by an individually-directed
- 14 account under 26 U.S.C. 408(m) **if the bullion was in the**
- 15 **physical possession of a trustee;** or
- 16 (3) legal tender;
- 17 are exempt from the state gross retail tax.
- 18 SECTION 9. IC 6-3-1-3.5, AS AMENDED BY P.L.181-2016,
- 19 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 20 JULY 1, 2017]: Sec. 3.5. When used in this article, the term "adjusted
- 21 gross income" shall mean the following:
- 22 (a) In the case of all individuals, "adjusted gross income" (as
- 23 defined in Section 62 of the Internal Revenue Code), modified as
- 24 follows:
- 25 (1) Subtract income that is exempt from taxation under this article
- 26 by the Constitution and statutes of the United States.
- 27 (2) Add an amount equal to any deduction or deductions allowed
- 28 or allowable pursuant to Section 62 of the Internal Revenue Code
- 29 for taxes based on or measured by income and levied at the state
- 30 level by any state of the United States.
- 31 (3) Subtract one thousand dollars (\$1,000), or in the case of a
- 32 joint return filed by a husband and wife, subtract for each spouse
- 33 one thousand dollars (\$1,000).
- 34 (4) Subtract one thousand dollars (\$1,000) for:
- 35 (A) each of the exemptions provided by Section 151(c) of the
- 36 Internal Revenue Code;
- 37 (B) each additional amount allowable under Section 63(f) of
- 38 the Internal Revenue Code; and
- 39 (C) the spouse of the taxpayer if a separate return is made by
- 40 the taxpayer and if the spouse, for the calendar year in which
- 41 the taxable year of the taxpayer begins, has no gross income
- 42 and is not the dependent of another taxpayer.



- 1 (5) Subtract:
 2 (A) one thousand five hundred dollars (\$1,500) for each of the
 3 exemptions allowed under Section 151(c)(1)(B) of the Internal
 4 Revenue Code (as effective January 1, 2004);
 5 (B) for taxable years beginning after December 31, 2017, one
 6 thousand five hundred dollars (\$1,500) for each exemption
 7 allowed under Section 151(c) of the Internal Revenue Code for
 8 an individual:
 9 (i) who is less than nineteen (19) years of age or is a
 10 full-time student who is less than twenty-four (24) years of
 11 age;
 12 (ii) for whom the taxpayer is the legal guardian; and
 13 (iii) for whom the taxpayer does not claim an exemption
 14 under clause (A); and
 15 (C) five hundred dollars (\$500) for each additional amount
 16 allowable under Section 63(f)(1) of the Internal Revenue Code
 17 if the adjusted gross income of the taxpayer, or the taxpayer
 18 and the taxpayer's spouse in the case of a joint return, is less
 19 than forty thousand dollars (\$40,000).
 20 This amount is in addition to the amount subtracted under
 21 subdivision (4).
 22 (6) Subtract any amounts included in federal adjusted gross
 23 income under Section 111 of the Internal Revenue Code as a
 24 recovery of items previously deducted as an itemized deduction
 25 from adjusted gross income.
 26 (7) Subtract any amounts included in federal adjusted gross
 27 income under the Internal Revenue Code which amounts were
 28 received by the individual as supplemental railroad retirement
 29 annuities under 45 U.S.C. 231 and which are not deductible under
 30 subdivision (1).
 31 (8) Subtract an amount equal to the amount of federal Social
 32 Security and Railroad Retirement benefits included in a taxpayer's
 33 federal gross income by Section 86 of the Internal Revenue Code.
 34 (9) In the case of a nonresident taxpayer or a resident taxpayer
 35 residing in Indiana for a period of less than the taxpayer's entire
 36 taxable year, the total amount of the deductions allowed pursuant
 37 to subdivisions (3), (4), and (5) shall be reduced to an amount
 38 which bears the same ratio to the total as the taxpayer's income
 39 taxable in Indiana bears to the taxpayer's total income.
 40 (10) In the case of an individual who is a recipient of assistance
 41 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
 42 subtract an amount equal to that portion of the individual's



- 1 adjusted gross income with respect to which the individual is not
2 allowed under federal law to retain an amount to pay state and
3 local income taxes.
- 4 (11) In the case of an eligible individual, subtract the amount of
5 a Holocaust victim's settlement payment included in the
6 individual's federal adjusted gross income.
- 7 (12) Subtract an amount equal to the portion of any premiums
8 paid during the taxable year by the taxpayer for a qualified long
9 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer
10 or the taxpayer's spouse, or both.
- 11 (13) Subtract an amount equal to the lesser of:
12 (A) two thousand five hundred dollars (\$2,500); or
13 (B) the amount of property taxes that are paid during the
14 taxable year in Indiana by the individual on the individual's
15 principal place of residence.
- 16 (14) Subtract an amount equal to the amount of a September 11
17 terrorist attack settlement payment included in the individual's
18 federal adjusted gross income.
- 19 (15) Add or subtract the amount necessary to make the adjusted
20 gross income of any taxpayer that owns property for which bonus
21 depreciation was allowed in the current taxable year or in an
22 earlier taxable year equal to the amount of adjusted gross income
23 that would have been computed had an election not been made
24 under Section 168(k) of the Internal Revenue Code to apply bonus
25 depreciation to the property in the year that it was placed in
26 service.
- 27 (16) Add an amount equal to any deduction allowed under
28 Section 172 of the Internal Revenue Code.
- 29 (17) Add or subtract the amount necessary to make the adjusted
30 gross income of any taxpayer that placed Section 179 property (as
31 defined in Section 179 of the Internal Revenue Code) in service
32 in the current taxable year or in an earlier taxable year equal to
33 the amount of adjusted gross income that would have been
34 computed had an election for federal income tax purposes not
35 been made for the year in which the property was placed in
36 service to take deductions under Section 179 of the Internal
37 Revenue Code in a total amount exceeding twenty-five thousand
38 dollars (\$25,000).
- 39 (18) Add an amount equal to the amount that a taxpayer claimed
40 as a deduction for domestic production activities for the taxable
41 year under Section 199 of the Internal Revenue Code for federal
42 income tax purposes.



- 1 (19) Subtract an amount equal to the amount of the taxpayer's
 2 qualified military income that was not excluded from the
 3 taxpayer's gross income for federal income tax purposes under
 4 Section 112 of the Internal Revenue Code.
- 5 (20) Subtract income that is:
 6 (A) exempt from taxation under IC 6-3-2-21.7; and
 7 (B) included in the individual's federal adjusted gross income
 8 under the Internal Revenue Code.
- 9 (21) Add an amount equal to any income not included in gross
 10 income as a result of the deferral of income arising from business
 11 indebtedness discharged in connection with the reacquisition after
 12 December 31, 2008, and before January 1, 2011, of an applicable
 13 debt instrument, as provided in Section 108(i) of the Internal
 14 Revenue Code. Subtract the amount necessary from the adjusted
 15 gross income of any taxpayer that added an amount to adjusted
 16 gross income in a previous year to offset the amount included in
 17 federal gross income as a result of the deferral of income arising
 18 from business indebtedness discharged in connection with the
 19 reacquisition after December 31, 2008, and before January 1,
 20 2011, of an applicable debt instrument, as provided in Section
 21 108(i) of the Internal Revenue Code.
- 22 (22) Add the amount excluded from federal gross income under
 23 Section 103 of the Internal Revenue Code for interest received on
 24 an obligation of a state other than Indiana, or a political
 25 subdivision of such a state, that is acquired by the taxpayer after
 26 December 31, 2011.
- 27 **(23) Subtract an amount as described in Section 1341(a)(2) of**
 28 **the Internal Revenue Code to the extent, if any, that the**
 29 **amount was previously included in the taxpayer's adjusted**
 30 **gross income for a prior taxable year.**
- 31 **(24) Subtract any other amounts the taxpayer is entitled to**
 32 **deduct under IC 6-3-2.**
- 33 (b) In the case of corporations, the same as "taxable income" (as
 34 defined in Section 63 of the Internal Revenue Code) adjusted as
 35 follows:
 36 (1) Subtract income that is exempt from taxation under this article
 37 by the Constitution and statutes of the United States.
 38 (2) Add an amount equal to any deduction or deductions allowed
 39 or allowable pursuant to Section 170 of the Internal Revenue
 40 Code.
 41 (3) Add an amount equal to any deduction or deductions allowed
 42 or allowable pursuant to Section 63 of the Internal Revenue Code



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



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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



- 1 that would have been computed had an election not been made
2 under Section 168(k) of the Internal Revenue Code to apply bonus
3 depreciation to the property in the year that it was placed in
4 service.
- 5 (6) Add an amount equal to any deduction allowed under Section
6 172 or Section 810 of the Internal Revenue Code.
- 7 (7) Add or subtract the amount necessary to make the adjusted
8 gross income of any taxpayer that placed Section 179 property (as
9 defined in Section 179 of the Internal Revenue Code) in service
10 in the current taxable year or in an earlier taxable year equal to
11 the amount of adjusted gross income that would have been
12 computed had an election for federal income tax purposes not
13 been made for the year in which the property was placed in
14 service to take deductions under Section 179 of the Internal
15 Revenue Code in a total amount exceeding twenty-five thousand
16 dollars (\$25,000).
- 17 (8) Add an amount equal to the amount that a taxpayer claimed as
18 a deduction for domestic production activities for the taxable year
19 under Section 199 of the Internal Revenue Code for federal
20 income tax purposes.
- 21 (9) Subtract income that is:
- 22 (A) exempt from taxation under IC 6-3-2-21.7; and
23 (B) included in the insurance company's taxable income under
24 the Internal Revenue Code.
- 25 (10) Add an amount equal to any income not included in gross
26 income as a result of the deferral of income arising from business
27 indebtedness discharged in connection with the reacquisition after
28 December 31, 2008, and before January 1, 2011, of an applicable
29 debt instrument, as provided in Section 108(i) of the Internal
30 Revenue Code. Subtract from the adjusted gross income of any
31 taxpayer that added an amount to adjusted gross income in a
32 previous year the amount necessary to offset the amount included
33 in federal gross income as a result of the deferral of income
34 arising from business indebtedness discharged in connection with
35 the reacquisition after December 31, 2008, and before January 1,
36 2011, of an applicable debt instrument, as provided in Section
37 108(i) of the Internal Revenue Code.
- 38 (11) Add an amount equal to any exempt insurance income under
39 Section 953(e) of the Internal Revenue Code that is active
40 financing income under Subpart F of Subtitle A, Chapter 1,
41 Subchapter N of the Internal Revenue Code.
- 42 (12) Add the amount excluded from federal gross income under



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

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

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

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

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

9 (d) In the case of insurance companies subject to tax under Section
 10 831 of the Internal Revenue Code and organized under Indiana law, the
 11 same as "taxable income" (as defined in Section 832 of the Internal
 12 Revenue Code), adjusted as follows:

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

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

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

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

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

32 (6) Add an amount equal to any deduction allowed under Section
 33 172 of the Internal Revenue Code.

34 (7) Add or subtract the amount necessary to make the adjusted
 35 gross income of any taxpayer that placed Section 179 property (as
 36 defined in Section 179 of the Internal Revenue Code) in service
 37 in the current taxable year or in an earlier taxable year equal to
 38 the amount of adjusted gross income that would have been
 39 computed had an election for federal income tax purposes not
 40 been made for the year in which the property was placed in
 41 service to take deductions under Section 179 of the Internal
 42 Revenue Code in a total amount exceeding twenty-five thousand



- 1 dollars (\$25,000).
- 2 (8) Add an amount equal to the amount that a taxpayer claimed as
- 3 a deduction for domestic production activities for the taxable year
- 4 under Section 199 of the Internal Revenue Code for federal
- 5 income tax purposes.
- 6 (9) Subtract income that is:
- 7 (A) exempt from taxation under IC 6-3-2-21.7; and
- 8 (B) included in the insurance company's taxable income under
- 9 the Internal Revenue Code.
- 10 (10) Add an amount equal to any income not included in gross
- 11 income as a result of the deferral of income arising from business
- 12 indebtedness discharged in connection with the reacquisition after
- 13 December 31, 2008, and before January 1, 2011, of an applicable
- 14 debt instrument, as provided in Section 108(i) of the Internal
- 15 Revenue Code. Subtract from the adjusted gross income of any
- 16 taxpayer that added an amount to adjusted gross income in a
- 17 previous year the amount necessary to offset the amount included
- 18 in federal gross income as a result of the deferral of income
- 19 arising from business indebtedness discharged in connection with
- 20 the reacquisition after December 31, 2008, and before January 1,
- 21 2011, of an applicable debt instrument, as provided in Section
- 22 108(i) of the Internal Revenue Code.
- 23 (11) Add an amount equal to any exempt insurance income under
- 24 Section 953(e) of the Internal Revenue Code that is active
- 25 financing income under Subpart F of Subtitle A, Chapter 1,
- 26 Subchapter N of the Internal Revenue Code.
- 27 (12) Add the amount excluded from federal gross income under
- 28 Section 103 of the Internal Revenue Code for interest received on
- 29 an obligation of a state other than Indiana, or a political
- 30 subdivision of such a state, that is acquired by the taxpayer after
- 31 December 31, 2011.
- 32 **(13) Add or subtract any other amounts the taxpayer is:**
- 33 **(A) required to add or subtract; or**
- 34 **(B) entitled to deduct;**
- 35 **under IC 6-3-2.**
- 36 (e) In the case of trusts and estates, "taxable income" (as defined for
- 37 trusts and estates in Section 641(b) of the Internal Revenue Code)
- 38 adjusted as follows:
- 39 (1) Subtract income that is exempt from taxation under this article
- 40 by the Constitution and statutes of the United States.
- 41 (2) Subtract an amount equal to the amount of a September 11
- 42 terrorist attack settlement payment included in the federal



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



1 2011, of an applicable debt instrument, as provided in Section
2 108(i) of the Internal Revenue Code.

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

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

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

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

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

12 SECTION 10. IC 6-3-2-2.5, AS AMENDED BY P.L.172-2011,
13 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 JULY 1, 2017]: Sec. 2.5. (a) This section applies to a resident person.

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

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

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

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

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

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

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

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

34 **(E) IC 6-3-1-3.5(e)(10).**

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

41 (e) Subject to the limitations contained in subsection (g), an Indiana
42 net operating loss carryover shall be available as a deduction from the



1 taxpayer's adjusted gross income (as defined in IC 6-3-1-3.5) in the
2 carryover year provided in subsection (f).

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

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

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

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

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

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

24 SECTION 11. IC 6-3-2-2.6, AS AMENDED BY P.L.172-2011,
25 SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
26 JULY 1, 2017]: Sec. 2.6. (a) This section applies to a corporation or a
27 nonresident person.

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

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

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

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



1 **under:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38 (g) The entire amount of the Indiana net operating loss for any
39 taxable year shall be carried to the earliest of the taxable years to which
40 (as determined under subsection (f)) the loss may be carried. The
41 amount of the Indiana net operating loss remaining after the deduction
42 is taken under this section in a taxable year may be carried over as



1 provided in subsection (f). The amount of the Indiana net operating loss
 2 carried over from year to year shall be reduced to the extent that the
 3 Indiana net operating loss carryover is used by the taxpayer to obtain
 4 a deduction in a taxable year until the occurrence of the earlier of the
 5 following:

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

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

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

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

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

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

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

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

29 SECTION 12. IC 6-3-2-4, AS AMENDED BY P.L.250-2015,
 30 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JANUARY 1, 2018]: Sec. 4. (a) Each taxable year, an individual, or the
 32 individual's surviving spouse, is entitled to an adjusted gross income
 33 tax deduction for the first ~~five~~ **seven** thousand **five hundred** dollars
 34 ~~(\$5,000)~~ **(\$7,500)** of income, including retirement or survivor's
 35 benefits, received during the taxable year by the individual, or the
 36 individual's surviving spouse, for the individual's service in an active
 37 or reserve component of the armed forces of the United States,
 38 including the army, navy, air force, coast guard, marine corps,
 39 merchant marine, Indiana army national guard, or Indiana air national
 40 guard. However, a person who is less than sixty (60) years of age on the
 41 last day of the person's taxable year, is not, for that taxable year,
 42 entitled to a deduction under this section for retirement or survivor's



1 benefits.

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

7 SECTION 13. IC 6-3-4-3, AS AMENDED BY P.L.172-2011,
8 SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
9 JULY 1, 2017]: Sec. 3. Returns required to be made pursuant to section
10 1 of this chapter shall be filed with the department on or before the
11 later of the following:

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

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

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

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

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

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

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

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

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

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



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

6 (3) **An individual who:**
 7 (A) **has income apportioned to Indiana as:**
 8 (i) **a team member under IC 6-3-2-2.7; or**
 9 (ii) **a race team member under IC 6-3-2-3.2;**
 10 **for services rendered in the county; and**
 11 **(B) is not described in subdivision (1) or (2).**

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

- 17 (1) The tax rate imposed under IC 6-3.6-5.
- 18 (2) The tax rate imposed under IC 6-3.6-6, separately stating the
 19 part of the distribution attributable to a tax rate imposed under
 20 IC 6-3.6-6-2.5.
- 21 (3) Each tax rate imposed under IC 6-3.6-7.
- 22 (4) **In the case of Marion County, the local income taxes paid**
 23 **by a local taxpayer described in IC 6-3.6-2-13(3).**

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

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

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

35 SECTION 18. IC 9-18.1-5-8, AS ADDED BY P.L.198-2016,
 36 SECTION 326, IS AMENDED TO READ AS FOLLOWS
 37 [EFFECTIVE JULY 1, 2017]: Sec. 8. (a) Except as provided in section
 38 11 of this chapter, the fee to register a trailer is as follows:

39 Declared Gross	Weight (Pounds)	Fee (\$)
40 Greater than	Equal to	
	or less than	
41 0	3,000	\$ 16.35
42		



1	3,000	9,000	25.35
2	9,000	12,000	72
3	12,000	16,000	108
4	16,000	22,000	168
5	22,000		228

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

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

- 11 (1) Twenty-five cents (\$0.25) to the state police building account.
- 12 (2) Fifty cents (\$0.50) to the state motor vehicle technology fund.
- 13 (3) Two dollars and ninety cents (\$2.90) to the highway, road and
- 14 street fund.
- 15 (4) Four dollars (\$4) to the crossroads 2000 fund.
- 16 (5) For a vehicle registered before July 1, 2019, as follows:
- 17 (A) One dollar and twenty-five cents (\$1.25) to the integrated
- 18 public safety communications fund.
- 19 (B) Three dollars and ten cents (\$3.10) to the commission
- 20 fund.
- 21 (6) For a vehicle registered after June 30, 2019, four dollars and
- 22 thirty-five cents (\$4.35) to the commission fund.
- 23 (7) Any remaining amount to the motor vehicle highway account.

24 SECTION 19. IC 9-18.1-5-9, AS ADDED BY P.L.198-2016,
 25 SECTION 326, IS AMENDED TO READ AS FOLLOWS
 26 [EFFECTIVE JULY 1, 2017]: Sec. 9. (a) Except as provided in section
 27 11 of this chapter, the fee to register a truck, a tractor used with a
 28 semitrailer, or a for-hire bus is determined as follows:

29	Declared Gross	Weight (Pounds)	Fee (\$)
30	Greater than	Equal to	
31		or less than	
32	0	11,000	\$ 30.35
33	11,000	16,000	144
34	16,000	26,000	180
35	26,000	36,000	300
36	36,000	48,000	504
37	48,000	66,000	720
38	66,000	78,000	960
39	78,000		1,356

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



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

- 3 (1) Twenty-five cents (\$0.25) to the state police building account.
 4 (2) For a truck with a declared gross weight of eleven thousand
 5 (11,000) pounds or less, thirty cents (\$0.30) to the spinal cord and
 6 brain injury fund.
 7 (3) Fifty cents (\$0.50) to the state motor vehicle technology fund.
 8 (4) Two dollars and ninety cents (\$2.90) to the highway, road and
 9 street fund.
 10 (5) Four dollars (\$4) to the crossroads 2000 fund.
 11 (6) For a vehicle registered before July 1, 2019, as follows:
 12 (A) One dollar and twenty-five cents (\$1.25) to the integrated
 13 public safety communications fund.
 14 (B) Three dollars and ten cents (\$3.10) to the commission
 15 fund.
 16 (7) For a vehicle registered after June 30, 2019, four dollars and
 17 thirty-five cents (\$4.35) to the commission fund.
 18 (8) Any remaining amount to the motor vehicle highway account.

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

21 SECTION 20. IC 9-18.1-5-10, AS ADDED BY P.L.198-2016,
 22 SECTION 326, IS AMENDED TO READ AS FOLLOWS
 23 [EFFECTIVE JULY 1, 2017]: Sec. 10. (a) The following vehicles shall
 24 be registered as semitrailers:

- 25 (1) A semitrailer converted to a full trailer through the use of a
 26 converter dolly.
 27 (2) A trailer drawn behind a semitrailer.
 28 (3) A trailer drawn by a vehicle registered under the International
 29 Registration Plan.

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

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

35 **(d) The fee described in subsection (b) that is not required to be**
 36 **distributed under subsection (c)** shall be distributed as follows:

- 37 (1) Twenty-five cents (\$0.25) to the state police building account.
 38 (2) Fifty cents (\$0.50) to the state motor vehicle technology fund.
 39 (3) Two dollars and ninety cents (\$2.90) to the highway, road and
 40 street fund.
 41 (4) Twelve dollars (\$12) to the crossroads 2000 fund.
 42 (5) For a vehicle registered before July 1, 2019, as follows:



- 1 (A) One dollar and twenty-five cents (\$1.25) to the integrated
2 public safety communications fund.
- 3 (B) Three dollars and ten cents (\$3.10) to the commission
4 fund.
- 5 (6) For a vehicle registered after June 30, 2019, four dollars and
6 thirty-five cents (\$4.35) to the commission fund.
- 7 (7) Any remaining amount to the motor vehicle highway account.
- 8 ~~(e)~~ (e) A permanent registration under subsection (b) must be
9 renewed on an annual basis. The fee to renew a permanent registration
10 is eight dollars and seventy-five cents (\$8.75). The fee is in addition to
11 any applicable excise tax. ~~and shall be distributed as follows:~~
- 12 **(f) A fee described in subsection (e) that is collected under the**
13 **International Registration Plan shall be distributed as set forth in**
14 **section 10.5 of this chapter.**
- 15 **(g) A fee described in subsection (e) that is not required to be**
16 **distributed under subsection (f) shall be distributed as follows:**
- 17 (1) Twenty-five cents (\$0.25) to the state police building account.
18 (2) Fifty cents (\$0.50) to the state motor vehicle technology fund.
19 (3) Three dollars (\$3) to the crossroads 2000 fund.
20 (4) Three dollars and ten cents (\$3.10) to the commission fund.
21 (5) Any remaining amount to the motor vehicle highway account.
- 22 ~~(h)~~ (h) A permanent registration under subsection (b) may be
23 transferred under IC 9-18.1-11.
- 24 ~~(i)~~ (i) A semitrailer that is registered under IC 9-18-10-2(a)(2)
25 (before its expiration) or IC 9-18-10-2(a)(3) (before its expiration)
26 remains valid until its expiration and is not subject to renewal under
27 subsection ~~(e)~~: (e). This subsection expires July 1, 2020.
- 28 SECTION 21. IC 9-18.1-5-10.5 IS ADDED TO THE INDIANA
29 CODE AS A NEW SECTION TO READ AS FOLLOWS
30 [EFFECTIVE JULY 1, 2017]: **Sec. 10.5. (a) This section applies after**
31 **June 30, 2017.**
- 32 **(b) This section applies only to fees described in sections 8(a),**
33 **9(a), 10(b), and 10(e) of this chapter that are collected under the**
34 **International Registration Plan.**
- 35 **(c) The fees collected under the International Registration Plan**
36 **shall be distributed as follows:**
- 37 (1) The first one hundred twenty-five thousand dollars
38 (\$125,000) to the state police building account.
39 (2) Any remaining amounts to the motor vehicle highway
40 account.
- 41 SECTION 22. [EFFECTIVE UPON PASSAGE] **(a) The following**
42 **definitions apply throughout this SECTION:**



- 1 (1) "C corporation" means a corporation subject to Internal
2 Revenue Code Subtitle A, Chapter 1, Subchapter C (Internal
3 Revenue Code Section 301 et seq.) for federal income tax
4 purposes.
5 (2) "Listed taxes" has the meaning set forth in IC 6-8.1-1-1.
6 (3) "Statutory tax relief" means the amount equal to:
7 (A) the best estimate of the sum of all listed taxes revenue
8 and property tax revenue that would have been received
9 from C corporations during the period 2011 through 2016
10 if the Indiana Code in effect on January 1, 2010, were
11 effective throughout the calendar year; minus
12 (B) the best estimate of the sum of all listed taxes revenue
13 and property tax revenue received from C corporations
14 during the period 2011 through 2016.
15 (b) The legislative services agency shall conduct a study
16 concerning the correlation between employment growth and the
17 statutory tax relief realized by C corporations during the period
18 2011 through 2016.
19 (c) Not later than October 1, 2017, the legislative services agency
20 shall submit a report of the study to the legislative council, the
21 interim study committee on fiscal policy, and the chairperson and
22 ranking minority member of the house committee on ways and
23 means and the senate committee on tax and fiscal policy. The
24 report to the legislative council must be in an electronic format
25 under IC 5-14-6.
26 (d) This SECTION expires December 31, 2017.
27 SECTION 23. [EFFECTIVE JANUARY 1, 2018] (a) IC 6-3-2-4,
28 as amended by this act, applies to taxable years beginning after
29 December 31, 2017.
30 (b) This SECTION expires January 1, 2020.
31 SECTION 24. [EFFECTIVE JANUARY 1, 2018] (a) IC 6-3.6-2-2
32 and IC 6-3.6-2-13, both as amended by this act, apply only to
33 taxable years beginning after December 31, 2017.
34 (b) This SECTION expires July 1, 2021.
35 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;**

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

