



March 24, 2017

ENGROSSED SENATE BILL No. 515

DIGEST OF SB 515 (Updated March 22, 2017 8:57 am - DI 58)

Citations Affected: IC 6-2.5; IC 6-3; IC 6-3.6; IC 6-5.5; IC 6-6; IC 6-8; IC 6-8.1; noncode.

Synopsis: Various tax matters. Provides and modifies sales and use tax exemptions. Provides an income tax deduction for certain amounts a taxpayer included as an item of income in a prior tax year. Specifies that, in determining an Indiana net operating loss deduction, certain modifications to adjusted gross income are not to be applied. Provides that a professional sports team member or a race team member is subject to the local income tax and that in Marion County the local income tax revenue must be deposited in a dedicated fund established by its capital improvement board. Adds exemptions to certain taxes in connection with an NBA All-Star game and NBA related events when
(Continued next page)

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

**Hershman, Holdman,
Randolph Lonnie M**
(HOUSE SPONSORS — BROWN T, HUSTON)

January 17, 2017, read first time and referred to Committee on Tax and Fiscal Policy.
February 14, 2017, amended, reported favorably — Do Pass.
February 23, 2017, read second time, amended, ordered engrossed.
February 24, 2017, engrossed.
February 27, 2017, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

March 7, 2017, read first time and referred to Committee on Ways and Means.
March 23, 2017, amended, reported — Do Pass.

ES 515—LS 7502/DI 120



Digest Continued

held in Indiana. Provides that a return under the financial institutions tax is due one month after the taxpayer's federal tax return is due. Creates a three month window during which an owner of an aircraft that is located in another state may register in Indiana without paying the difference in the sales tax paid to that state at its rate and the Indiana use tax rate. Provides that the department of state revenue may collect debts of a local unit of government through a tax refund set off program. Makes technical corrections.

ES 515—LS 7502/DI 120



March 24, 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.

ENGROSSED 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**

ES 515—LS 7502/DI 120



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 6-2.5-5-1 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 1. Transactions
 6 involving animals, feed, seed, plants, fertilizer, ~~insecticides,~~ **pesticides,**
 7 fungicides, and other tangible personal property are exempt from the
 8 state gross retail tax if:

9 (1) the person acquiring the property acquires it for ~~his~~ **the**
 10 **person's** direct use in the direct production of food and food
 11 ingredients or commodities for sale or for further use in the
 12 production of food and food ingredients or commodities for sale;
 13 and

14 (2) the person acquiring the property is occupationally engaged in
 15 the production of food and food ingredients or commodities which
 16 **he the person** sells for human or animal consumption or uses for
 17 further food and food ingredient or commodity production.

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

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

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

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

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

40 **(c) Transactions involving agricultural machinery or**
 41 **equipment, including material handling equipment purchased for**
 42 **the purpose of transporting materials into activities described in**



1 this subsection from an onsite location, are exempt from the state
2 gross retail tax if the person acquiring the property:

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

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

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

8 for consideration; and

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

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

13 (B) used for agricultural production.

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

17 (1) the:

18 (A) retreading of tires; and

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

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

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

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

35 (c) Except as provided in subsection (d), transactions involving
36 manufacturing machinery, tools, and equipment, **including**
37 **material handling equipment purchased for the purpose of**
38 **transporting materials into an industrial process from an onsite**
39 **location**, are exempt from the state gross retail tax if the person
40 acquiring that property:

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



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

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

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

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

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

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

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

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

37 **(d) Transactions involving tangible personal property are**
38 **exempt from the state gross retail tax if the person acquiring the**
39 **property:**

40 **(1) acquires it for the person's direct consumption as a**
41 **material to be consumed in:**

42 **(A) the direct application of fertilizers, pesticides,**



- 1 fungicides, seeds, and other tangible personal property; or
 2 **(B) the direct extraction, harvesting, or processing of**
 3 **agricultural commodities;**
 4 **for consideration; and**
 5 **(2) is occupationally engaged in providing the services**
 6 **described in subdivision (1) on property that is:**
 7 **(A) owned or rented by another person occupationally**
 8 **engaged in agricultural production; and**
 9 **(B) used for agricultural production.**
- 10 SECTION 8. IC 6-2.5-5-18, AS AMENDED BY P.L.242-2015,
 11 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2017]: Sec. 18. (a) As used in this section, "legend drug"
 13 means a drug (as defined in IC 6-2.5-1-17) that is also a legend drug for
 14 purposes of IC 16-18-2-199.
 15 (b) As used in this section, "nonlegend drug" means a drug (as
 16 defined in IC 6-2.5-1-17) that is not a legend drug.
 17 (c) Transactions involving the following are exempt from the state
 18 gross retail tax if the end user acquires the property upon a prescription
 19 or drug order (as defined in IC 16-42-19-3) ~~that is required by law for~~
 20 ~~the transaction~~ from a licensed practitioner:
 21 (1) Durable medical equipment. ~~(including a repair or a~~
 22 ~~replacement part).~~
 23 (2) Mobility enhancing equipment. ~~(including a repair or~~
 24 ~~replacement part).~~
 25 (3) Prosthetic devices, including artificial limbs, orthopedic
 26 devices, dental prosthetic devices, eyeglasses, and contact lenses.
 27 ~~(and including a repair or a replacement part).~~
 28 (4) Other medical supplies or devices that are used exclusively for
 29 medical treatment of a medically diagnosed condition, including
 30 a medically diagnosed condition due to:
 31 (A) injury;
 32 (B) bodily dysfunction; or
 33 (C) surgery.
 34 (5) Hearing aid devices that are worn on the body and designed
 35 to aid, improve, or correct defective human hearing, including:
 36 (A) parts;
 37 (B) attachments;
 38 (C) batteries; or
 39 (D) accessories;
 40 reasonably necessary for use of a hearing aid device.
 41 (6) Legend drugs and nonlegend drugs, if:
 42 (A) a registered pharmacist makes the sale to a patient upon



- 1 the prescription of a licensed practitioner; or
 2 (B) a licensed practitioner makes the sale to a patient.
 3 (7) A nonlegend drug, if:
 4 (A) the nonlegend drug is dispensed upon an original
 5 prescription or a drug order (as defined in IC 16-42-19-3); and
 6 (B) the ultimate user of the drug is a person confined to a
 7 hospital or health care facility.
 8 (8) Food, food ingredients, and dietary supplements that are sold
 9 by a licensed practitioner or pharmacist.
 10 (d) Transactions involving the following are exempt from the state
 11 gross retail tax if the patient acquires the property for the patient's own
 12 use without a prescription or drug order:
 13 (1) Hearing aid devices that are:
 14 (A) worn on the body and designed to aid, improve, or correct
 15 defective human hearing, including:
 16 (i) parts;
 17 (ii) attachments;
 18 (iii) batteries; or
 19 (iv) accessories;
 20 reasonably necessary for the use of a hearing aid device; and
 21 (B) fitted or dispensed by a person licensed or registered for
 22 that purpose.
 23 **(2) Prosthetic devices, including artificial limbs, orthopedic**
 24 **devices, dental prosthetic devices, eyeglasses, and contact**
 25 **lenses, that are:**
 26 **(A) used to aid, improve, or correct human movement and**
 27 **operation; and**
 28 **(B) fitted or dispensed by a person licensed or registered**
 29 **for that purpose.**
 30 ~~(2)~~ **(3)** Colostomy bags, ileostomy bags, and the medical
 31 equipment, supplies, and devices used in conjunction with those
 32 bags.
 33 ~~(3)~~ **(4)** Devices and equipment used to administer insulin.
 34 ~~(4)~~ **(5)** Insulin, oxygen, blood, and blood plasma, if purchased for
 35 medical purposes.
 36 SECTION 9. IC 6-2.5-5-47, AS ADDED BY P.L.195-2016,
 37 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2016 (RETROACTIVE)]: Sec. 47. Transactions involving the
 39 sale of or the lease or rental of storage for:
 40 (1) coins that are permitted investments by an individual
 41 retirement account or by an individually-directed account under
 42 26 U.S.C. 408(m);



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

5 (3) legal tender;

6 are exempt from the state gross retail tax.

7 SECTION 10. IC 6-2.5-5-48 IS ADDED TO THE INDIANA CODE
 8 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 9 1, 2017]: **Sec. 48. (a) As used in this section, "drainage water**
 10 **management system" means a subsurface system of drainage**
 11 **tubing, drainage tiles, water flowgates, control valves, and related**
 12 **control systems designed to facilitate controlled water drainage**
 13 **from agricultural land used for crop production.**

14 **(b) A transaction involving a component of a drainage water**
 15 **management system intended for use as described in subsection (a)**
 16 **is exempt from the state gross retail tax if the person acquiring the**
 17 **component is engaged in the business of agriculture.**

18 SECTION 11. 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



- 1 Internal Revenue Code.
- 2 (12) Add an amount equal to any income not included in gross
3 income as a result of the deferral of income arising from business
4 indebtedness discharged in connection with the reacquisition after
5 December 31, 2008, and before January 1, 2011, of an applicable
6 debt instrument, as provided in Section 108(i) of the Internal
7 Revenue Code. Subtract from the adjusted gross income of any
8 taxpayer that added an amount to adjusted gross income in a
9 previous year the amount necessary to offset the amount included
10 in federal gross income as a result of the deferral of income
11 arising from business indebtedness discharged in connection with
12 the reacquisition after December 31, 2008, and before January 1,
13 2011, of an applicable debt instrument, as provided in Section
14 108(i) of the Internal Revenue Code.
- 15 (13) Add the amount excluded from federal gross income under
16 Section 103 of the Internal Revenue Code for interest received on
17 an obligation of a state other than Indiana, or a political
18 subdivision of such a state, that is acquired by the taxpayer after
19 December 31, 2011.
- 20 **(14) Add or subtract any other amounts the taxpayer is:**
21 **(A) required to add or subtract; or**
22 **(B) entitled to deduct;**
23 **under IC 6-3-2.**
- 24 (c) In the case of life insurance companies (as defined in Section
25 816(a) of the Internal Revenue Code) that are organized under Indiana
26 law, the same as "life insurance company taxable income" (as defined
27 in Section 801 of the Internal Revenue Code), adjusted as follows:
28 (1) Subtract income that is exempt from taxation under this article
29 by the Constitution and statutes of the United States.
30 (2) Add an amount equal to any deduction allowed or allowable
31 under Section 170 of the Internal Revenue Code.
32 (3) Add an amount equal to a deduction allowed or allowable
33 under Section 805 or Section 832(c) of the Internal Revenue Code
34 for taxes based on or measured by income and levied at the state
35 level by any state.
36 (4) Subtract an amount equal to the amount included in the
37 company's taxable income under Section 78 of the Internal
38 Revenue Code.
39 (5) Add or subtract the amount necessary to make the adjusted
40 gross income of any taxpayer that owns property for which bonus
41 depreciation was allowed in the current taxable year or in an
42 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 12. 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 13. 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 14. IC 6-3.6-2-2, AS ADDED BY P.L.243-2015,
 30 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JANUARY 1, 2018]: Sec. 2. "Adjusted gross income" has the meaning
 32 set forth in IC 6-3-1-3.5. However:

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

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

41 (3) **in the case of a local taxpayer described in section 13(3) of**
 42 **this chapter, the term includes only that part of the**



1 **individual's total income that:**

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

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

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

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

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

17 **(3) An individual who:**

18 **(A) has income apportioned to Indiana as:**

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

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

21 **for services rendered in the county; and**

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

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

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

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

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

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

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

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

41 **(b) If the capital improvement board established under**
42 **IC 36-10-9 has established a bid fund described in**



1 **IC 5-13-10.5-18(g), the county auditor shall transfer to the bid fund**
 2 **an amount equal to the part of the county's certified distribution**
 3 **that is certified under IC 6-3.6-9-10(4).**

4 SECTION 18. IC 6-5.5-6-2 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2. Annual returns
 6 required by this chapter shall be filed with the department on or before
 7 **the later of the following:**

8 (1) The fifteenth day of the fourth month following the close of
 9 the taxpayer's taxable year.

10 (2) **For a taxpayer whose federal tax return is due on or after**
 11 **the date set forth in subdivision (1), as determined without**
 12 **regard to any extensions, weekends, or holidays, the fifteenth**
 13 **day of the month following the due date of the federal tax**
 14 **return.**

15 However, if a taxpayer receives an extension of time from the United
 16 States Internal Revenue Service for the filing of its federal income tax
 17 return for a taxable year, the department shall grant a similar extension
 18 of time to the taxpayer for the filing of a return required by this chapter
 19 for that taxable year. In addition, the department may grant an
 20 additional reasonable extension of time for filing a return required by
 21 this chapter.

22 SECTION 19. IC 6-6-6.5-25, AS ADDED BY P.L.113-2010,
 23 SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 UPON PASSAGE]: Sec. 25. An aircraft may be registered under this
 25 chapter without the payment of the state use tax under IC 6-2.5-3 if:

26 (1) the aircraft was registered in another state as of January 1,
 27 ~~2010~~, **2017**, and any sales or use tax due in the registration state
 28 was paid and ownership of the aircraft has not changed after
 29 December 31, ~~2009~~; **2016**;

30 (2) there is no outstanding tax liability in the registration state that
 31 directly relates to the aircraft; and

32 (3) an application for the registration of the aircraft under this
 33 chapter is filed after June 30, ~~2010~~, **2017**, and **on or** before
 34 September 30, ~~2010~~, **2017**, and the registration fee under section
 35 3 of this chapter and the aircraft excise tax under section 13 of
 36 this chapter are paid.

37 SECTION 20. IC 6-8-12-1, AS AMENDED BY P.L.131-2008,
 38 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2017]: Sec. 1. As used in this chapter, "eligible entity" means:

40 (1) the National Football League and its affiliates; ~~and~~

41 (2) the National Collegiate Athletic Association and its affiliates;

42 **and**



1 **(3) the National Basketball Association and its affiliates.**

2 SECTION 21. IC 6-8-12-2, AS AMENDED BY P.L.131-2008,
3 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2017]: Sec. 2. As used in this chapter, "eligible event" means:

5 (1) an event known as the Super Bowl that is conducted after
6 December 31, 2011, by an eligible entity described in section 1(1)
7 of this chapter; ~~or~~

8 (2) an event known as the Men's Final Four or the Women's Final
9 Four, including the ancillary events associated with the Men's
10 Final Four or the Women's Final Four, that is conducted after
11 December 31, 2011, by an eligible entity described in section 1(2)
12 of this chapter; **or**

13 **(3) an event comprising NBA All-Star Weekend conducted by**
14 **an eligible entity described in section 1(3) of this chapter,**
15 **including the NBA All-Star Game, All-Star Saturday Night,**
16 **Rising Stars Challenge, Celebrity Game, D-League All-Star**
17 **Game, and additional events as the NBA may establish.**

18 SECTION 22. IC 6-8-12-3, AS AMENDED BY P.L.197-2016,
19 SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
20 JULY 1, 2017]: Sec. 3. (a) Except as provided in ~~subsection~~
21 **subsections (b) and (c)**, all property owned by an eligible entity,
22 revenues of an eligible entity, and expenditures and transactions of an
23 eligible entity:

24 (1) in connection with an eligible event; and

25 (2) resulting from holding an eligible event in Indiana or making
26 preparatory advance visits to Indiana in connection with an
27 eligible event;

28 are exempt from taxation in Indiana for all purposes.

29 (b) Salaries and wages paid to employees of the National Collegiate
30 Athletic Association and its affiliates that are ordinarily subject to
31 taxation under:

32 (1) IC 6-3-1 through IC 6-3-7; and

33 (2) IC 6-3.6;

34 are subject to income taxation regardless of whether the salaries and
35 wages are paid in connection with an eligible event, holding an eligible
36 event in Indiana, or making a preparatory advance visit to Indiana in
37 connection with an eligible event.

38 **(c) Salaries and wages paid to employees of the National**
39 **Basketball Association and its affiliates that are ordinarily subject**
40 **to taxation under:**

41 **(1) IC 6-3-1 through IC 6-3-7; and**

42 **(2) IC 6-3.6;**



1 **are subject to income taxation regardless of whether the salaries**
 2 **and wages are paid in connection with an eligible event, holding an**
 3 **eligible event in Indiana, or making a preparatory advance visit to**
 4 **Indiana in connection with an eligible event.**

5 SECTION 23. IC 6-8.1-9-14, AS AMENDED BY P.L.103-2007,
 6 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JANUARY 1, 2018]: Sec. 14. (a) Except as provided in subsection (n),
 8 the department shall establish, administer, and make available a
 9 centralized debt collection program for use by state agencies to collect
 10 delinquent accounts, charges, fees, loans, taxes, or other indebtedness
 11 owed to or being collected by state agencies. The department's
 12 collection facilities shall be available for use by other state agencies
 13 only when resources are available to the department.

14 (b) The commissioner shall prescribe the appropriate form and
 15 manner in which collection information is to be submitted to the
 16 department.

17 (c) The debt must be delinquent and not subject to litigation, claim,
 18 appeal, or review under the appropriate remedies of a state agency.

19 (d) The department has the authority to collect for the state or
 20 claimant agency (as defined in IC 6-8.1-9.5-1) delinquent accounts,
 21 charges, fees, loans, taxes, or other indebtedness due:

22 (1) the state; ~~or~~

23 (2) a claimant agency that has a formal agreement with the
 24 department for central debt collection; or

25 (3) a claimant agency described in IC 6-8.1-9.5-1(1)(B) that
 26 has an interlocal agreement with a clearinghouse that:

27 (A) is established under IC 6-8.1-9.5-3.5; and

28 (B) has a formal agreement with the department for
 29 central debt collection.

30 (e) The formal agreement must provide that the information
 31 provided to the department be sufficient to establish the obligation in
 32 court and to render the agreement as a legal judgment on behalf of the
 33 state. After transferring a file for collection to the department for
 34 collection, the claimant agency shall terminate all collection procedures
 35 and be available to provide assistance to the department. Upon receipt
 36 of a file for collection, the department shall comply with all applicable
 37 state and federal laws governing collection of the debt.

38 (f) The department may use a claimant agency's statutory authority
 39 to collect the claimant agency's delinquent accounts, charges, fees,
 40 loans, taxes, or other indebtedness owed to the claimant agency.

41 (g) The department's right to credit against taxes due may not be
 42 impaired by any right granted the department or other state agency



1 under this section.

2 (h) The department of state revenue may charge ~~the claimant agency~~
 3 **a debtor** a fee not to exceed fifteen percent (15%) of any funds the
 4 department collects for a claimant agency. Notwithstanding any law
 5 concerning delinquent accounts, charges, fees, loans, taxes, or other
 6 indebtedness, the fifteen percent (15%) fee shall be added to the
 7 amount due to the state or claimant agency when the collection is
 8 made.

9 (i) Fees collected under subsection (h) shall be retained by the
 10 department after the debt is collected for the claimant agency and are
 11 appropriated to the department for use by the department in
 12 administering this section.

13 (j) The department shall transfer any funds collected from a debtor
 14 to the claimant agency within thirty (30) days after the end of the
 15 month in which the funds were collected.

16 (k) When a claimant agency requests collection by the department,
 17 the claimant agency shall provide the department with:

- 18 (1) the full name;
 19 (2) the Social Security number or federal identification number,
 20 or both;
 21 (3) the last known mailing address; and
 22 (4) additional information that the department may request;
 23 concerning the debtor.

24 (l) The department shall establish a minimum amount that the
 25 department will attempt to collect for the claimant agency.

26 (m) The commissioner shall report, not later than March 1 for the
 27 previous calendar year, to the governor, the budget director, and the
 28 legislative council concerning the implementation of the centralized
 29 debt collection program, the number of debts, the dollar amounts of
 30 debts collected, and an estimate of the future costs and benefits that
 31 may be associated with the collection program. A report to the
 32 legislative council under this subsection must be in an electronic
 33 format under IC 5-14-6.

34 (n) The department may not assess a fee to a state agency or a
 35 custodial parent for seeking a ~~setoff~~ **set off** to a state or federal income
 36 tax refund for past due child support.

37 SECTION 24. IC 6-8.1-9.5-1 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 1. For purposes
 39 of **The following definitions apply throughout** this chapter:

- 40 (1) "Claimant agency" means:
 41 (A) any state department, institution, commission, committee,
 42 board, division, bureau, authority, officer, official, or clerk of



- 1 a circuit court; or
- 2 **(B) a unit of local government that has an interlocal**
- 3 **agreement with a clearinghouse established under section**
- 4 **3.5 of this chapter.**
- 5 **(2) "Debtor"** means any person or legal entity that is delinquent in
- 6 paying a debt to a claimant agency that has not been adjudicated,
- 7 satisfied by court order, set aside by court order, or discharged in
- 8 bankruptcy.
- 9 **(3) "Debt"** means any liquidated amount owed and due to a Title
- 10 IV-D agency of another state, or to any claimant agency which has
- 11 accrued through contract, subrogation, assignment for purposes
- 12 of collection, tort, operation of law, or any other legal theory,
- 13 regardless of whether there is an outstanding judgment for that
- 14 sum.
- 15 **(4) "Unit of local government" means a county, city, town,**
- 16 **township, and any other political subdivision, commission, or**
- 17 **agency created under Indiana law. The term includes a school**
- 18 **corporation under IC 20.**
- 19 SECTION 25. IC 6-8.1-9.5-3 IS AMENDED TO READ AS
- 20 FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 3. (a) To obtain
- 21 a set off by the department, a claimant agency must:
- 22 **(1) in the case of a claimant agency described in section**
- 23 **1(1)(A) of this chapter, file an application for the set off; or**
- 24 **(2) in the case of a claimant agency described in section**
- 25 **1(1)(B) of this chapter, direct the clearinghouse with which**
- 26 **the claimant agency has an interlocal agreement under section**
- 27 **3.5(d) of this chapter to file an application for the set off on**
- 28 **behalf of the claimant agency;**
- 29 with the department before November 30 of the year preceding the
- 30 calendar year in which a tax refund is payable by the department. The
- 31 department shall prescribe the form of and the contents of the
- 32 application.
- 33 (b) An application filed pursuant to this section is effective only for
- 34 the purpose of set off of tax refunds that are payable in the calendar
- 35 year that succeeds the calendar year in which an application is filed.
- 36 SECTION 26. IC 6-8.1-9.5-3.5 IS ADDED TO THE INDIANA
- 37 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 38 [EFFECTIVE JANUARY 1, 2018]: **Sec. 3.5. (a) As used in this**
- 39 **section, "claimant agency" refers only to a claimant agency**
- 40 **described in section 1(1)(B) of this chapter.**
- 41 **(b) The department may enter into a contract with a nonprofit**
- 42 **entity organized in Indiana that represents units of local**



1 government exclusively in Indiana to establish a clearinghouse for
2 the following purposes:

3 (1) To compile and consolidate debts of claimant agencies in
4 a format that is consistent with the department's
5 requirements for the set off of tax refunds under this chapter.

6 (2) To act as an intermediary on behalf of a claimant agency
7 with respect to the department for purposes of this chapter.

8 (3) To submit an application for the set off of tax refunds with
9 the department on behalf of a claimant agency under section
10 3(a)(2) of this chapter.

11 (4) To provide any other assistance to a claimant agency or
12 the department that the department considers appropriate.
13 Assistance under this subdivision may include authorization
14 for the clearinghouse to establish and maintain a toll-free
15 telephone number that enables a debtor to make inquiries
16 concerning a tax refund set off under this chapter.

17 (c) A clearinghouse established under subsection (b) must
18 register with the department. Only one (1) clearinghouse may be
19 registered to represent units of local government at any given time.

20 (d) A unit of local government may enter into an interlocal
21 agreement under IC 36-1-7 with a clearinghouse established under
22 subsection (b) to carry out activities on behalf of the unit of local
23 government as authorized in a contract under subsection (b).

24 (e) The department may adopt rules under IC 4-22-2 that set
25 forth the procedures and format requirements that must be
26 included in an interlocal agreement entered into under subsection
27 (d).

28 SECTION 27. IC 6-8.1-9.5-3.7 IS ADDED TO THE INDIANA
29 CODE AS A NEW SECTION TO READ AS FOLLOWS
30 [EFFECTIVE JANUARY 1, 2018]: Sec. 3.7. (a) A unit of local
31 government may not submit a debt for a set off of a tax refund
32 under section 3(a)(2) of this chapter unless the unit of local
33 government first complies with the requirements of this section.

34 (b) A unit of local government must send written notice to a
35 debtor that the unit of local government intends to submit the debt
36 owed by the debtor for the tax refund set off under this chapter.
37 The notice must state substantially the following:

38 (1) The unit of local government's basis for the claim to the
39 debt and set off.

40 (2) The unit of local government intends to submit the debt
41 owed by the debtor for the tax refund set off under this
42 chapter.



1 **(3) The debtor has the right to contest the matter by filing a**
 2 **protest and request for hearing with the fiscal officer of the**
 3 **unit of local government.**

4 **(4) The time limits and procedures for protesting and**
 5 **requesting the hearing.**

6 **(5) A statement that the failure to protest and request a**
 7 **hearing within the required time will result in the debt being**
 8 **submitted for the tax refund set off under this chapter.**

9 **(6) A statement that in addition to the amount of the debt**
 10 **owed by the debtor the total amount of the set off of the**
 11 **debtor's tax refund may include the following fees for**
 12 **processing the set off of the debtor's tax refund, as applicable:**

13 **(A) The collection fee described in section 10(a) of this**
 14 **chapter.**

15 **(B) One (1) or more local collection assistance fees**
 16 **described in section 10(b) of this chapter.**

17 **The notice required under this subsection must be made in the**
 18 **same manner as set forth in IC 4-21.5-3-1 for adjudicative**
 19 **proceedings.**

20 **(c) A debtor may protest a proposed tax refund set off by**
 21 **submitting a written objection to the fiscal officer of the unit of**
 22 **local government not later than thirty (30) days after the notice**
 23 **under subsection (b) was served on the debtor. The rules for**
 24 **computing a period of time under IC 4-21.5-3-2 apply.**

25 **(d) The fiscal officer of the unit of local government shall hold**
 26 **a hearing on a debtor's protest that is timely filed under subsection**
 27 **(c). The hearing must be conducted in an informal manner without**
 28 **recourse to the technical, common law rules of evidence applicable**
 29 **to civil actions in the courts. The debtor must be afforded the**
 30 **opportunity to respond to the written notice provided under**
 31 **subsection (b), present evidence and argument, cross-examine**
 32 **witnesses, and submit rebuttal evidence. At the conclusion of a**
 33 **hearing, the fiscal officer of the unit of local government shall issue**
 34 **a written decision on the debtor's protest that includes findings of**
 35 **fact and conclusions of law for all aspects of the decision.**

36 **(e) A debtor that disagrees with a written decision of the fiscal**
 37 **officer of a unit of local government may file an action in the**
 38 **circuit or superior court of the county in which the unit of local**
 39 **government is located to stay the submission of the debt owed by**
 40 **the debtor for the tax refund set off under this chapter. The court**
 41 **has jurisdiction in such an action and shall determine the matter**
 42 **de novo, with the burden of proof on the unit of local government**



1 to sustain its written decision.

2 (f) A unit of local government that fails to comply with the
3 requirements of this section before submitting a debt for a tax
4 refund set off under this chapter is liable to the debtor for the
5 amount of any tax refund set off applied by the department for the
6 debt to the claimant agency, including any collection fee.

7 SECTION 28. IC 6-8.1-9.5-7 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 7. (a) **This**
9 **subsection applies to a claimant agency described in section 1(1)(A)**
10 **of this chapter.** If a claimant agency receives written notice that a
11 debtor intends to contest its claim to a debt and set off, the claimant
12 agency shall hold a hearing under IC 4-21.5-3.

13 (b) **This subsection applies to a claimant agency described in**
14 **section 1(1)(B) of this chapter.** If a claimant agency receives
15 written notice that a debtor intends to contest the claim to a debt
16 and set off following the notice provided under section 5 of this
17 chapter, the claimant agency shall hold a hearing under section
18 3.7(d) of this chapter. If a hearing was previously held on the
19 debtor's protest under section 3.7(d) of this chapter, the hearing
20 under this subsection shall be conducted as a rehearing of the unit
21 of local government's written decision.

22 SECTION 29. IC 6-8.1-9.5-10, AS AMENDED BY P.L.103-2007,
23 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
24 JANUARY 1, 2018]: Sec. 10. (a) The department of state revenue may
25 charge the claimant agency a debtor a fee of fifteen percent (15%) of
26 any funds it sets off debts collected under this chapter as a collection
27 fee for its the department's services, not including any local
28 collection assistance fees charged under subsection (b). The
29 department must bill the claimant agency in order to collect this fee.
30 However, the department may not assess a fee to a state agency or
31 custodial parent for seeking a setoff to a state or federal income tax
32 refund for past due child support.

33 (b) **This subsection applies to a debt collected for a claimant**
34 **agency described in section 1(1)(B) of this chapter.** A local
35 collection assistance fee not to exceed twenty dollars (\$20) shall be
36 imposed on each debt submitted by the claimant agency and
37 collected through a set off under this chapter. The board of the
38 nonprofit organization that operates the clearinghouse registered
39 under section 3.5 of this chapter shall determine the amount of the
40 fee by resolution. Notwithstanding any law concerning delinquent
41 accounts, charges, fees, loans, taxes, or other indebtedness, the
42 local collection assistance fee shall be added to the amount due the



1 claimant agency when the collection is made, not including any fee
 2 charged by the department of state revenue under subsection (a).
 3 A fee collected under this subsection shall be distributed by the
 4 department to the nonprofit entity with which the department has
 5 entered into a contract under section 3.5(b) of this chapter.

6 SECTION 30. IC 6-8.1-9.5-12 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 12. Priority in
 8 multiple claims to refunds allowed to be set off under this chapter shall
 9 be in the **following** order: in time which a claimant agency has filed a
 10 written notice with the department of its intention to effect collection
 11 through set off under this chapter.

12 (1) Department of state revenue.

13 (2) Child support bureau.

14 (3) Department of workforce development.

15 (4) Family and social services administration for claims
 16 concerning the Temporary Assistance for Needy Families
 17 program (TANF).

18 (5) Family and social services administration for claims
 19 concerning the federal Supplemental Nutrition Assistance
 20 program (SNAP).

21 (6) Family and social services administration for claims
 22 concerning the Child Care and Development Fund (CCDF).

23 (7) Approved postsecondary educational institutions (as
 24 defined in IC 21-7-13-6).

25 (8) Office of judicial administration for claims concerning the
 26 judicial technology and automation project fund.

27 (9) A claimant agency described in section 1(1)(A) of this
 28 chapter:

29 (A) that is not listed in subdivisions (1) through (8); and

30 (B) that enters into a formal agreement with the
 31 department under IC 6-8.1-9-14(d) after December 31,
 32 2017.

33 The priority of multiple claims of claimant agencies in this
 34 subsection must be in the order in time that a claimant agency
 35 entered into a formal agreement with the department.

36 (10) United States Internal Revenue Service.

37 (11) A claimant agency described in section 1(1)(A) of this
 38 chapter that is not identified in the order priority under
 39 subdivisions (1) through (9). The priority of multiple claims of
 40 claimant agencies in this subsection must be in the order in
 41 time that a claimant agency has filed a written notice with the
 42 department of its intention to effect collection through a set



1 **off under this chapter.**
2 **(12) A claimant agency described in section 1(1)(B) of this**
3 **chapter. The priority of multiple claims of claimant agencies**
4 **in this subsection must be in the order in time that the**
5 **clearinghouse representing the claimant agency files an**
6 **application on behalf of the claimant agency to effect**
7 **collection through a set off under this chapter.**
8 SECTION 31. IC 6-8.1-9.5-13, AS AMENDED BY P.L.145-2006,
9 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JANUARY 1, 2018]: Sec. 13. (a) Notwithstanding IC 6-8.1-7 or any
11 other provision of law prohibiting disclosure of a taxpayer's records or
12 information, all information exchanged among the department, the
13 claimant agency, **a clearinghouse registered under section 3.5 of this**
14 **chapter**, and the debtor necessary to accomplish the purpose of this
15 chapter is lawful.
16 (b) Whenever the child support bureau of the department of child
17 services seeks to enforce a child support obligation through a setoff
18 against a debtor's tax refund, the department shall make the following
19 information available to that agency and to any other state's Title IV-D
20 agency that is enforcing the child support order against the debtor:
21 (1) The debtor's Social Security account number (or numbers, if
22 the debtor has more than one (1) number).
23 (2) The debtor's home address.
24 SECTION 32. [EFFECTIVE JANUARY 1, 2018] **(a) IC 6-3.6-2-2**
25 **and IC 6-3.6-2-13, both as amended by this act, apply only to**
26 **taxable years beginning after December 31, 2017.**
27 **(b) This SECTION expires July 1, 2021.**
28 SECTION 33. **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:

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(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."**

Re-number 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.

SENATE MOTION

Madam President: I move that Senate Bill 515 be amended to read as follows:

Page 20, line 31, after "only" insert "**that part of**".

Page 20, line 31, delete "adjusted" and insert "**total**".

Page 20, line 32, delete "gross".

(Reference is to SB 515 as printed February 15, 2017.)

HERSHMAN

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 515, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 3. IC 6-2.5-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 1. Transactions involving animals, feed, seed, plants, fertilizer, ~~insecticides, pesticides,~~ fungicides, and other tangible personal property are exempt from the

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state gross retail tax if:

- (1) the person acquiring the property acquires it for ~~his~~ **the person's** direct use in the direct production of food and food ingredients or commodities for sale or for further use in the production of food and food ingredients or commodities for sale; and
- (2) the person acquiring the property is occupationally engaged in the production of food and food ingredients or commodities which ~~he~~ **the person** sells for human or animal consumption or uses for further food and food ingredient or commodity production."

Page 2, line 26, after "equipment" insert ", **including material handling equipment purchased for the purpose of transporting materials into activities described in this subsection from an onsite location,**".

Page 2, line 30, delete "insecticides," and insert "**pesticides,**".

Page 4, between lines 20 and 21, begin a new paragraph and insert:

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

- (1) **acquires it for the person's direct consumption as a material to be consumed in:**
 - (A) **the direct application of fertilizers, pesticides, 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."**

Page 6, between lines 17 and 18, begin a new paragraph and insert:

"SECTION 9. IC 6-2.5-5-48 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 48. (a) As used in this section, "drainage water management system" means a subsurface system of drainage tubing, drainage tiles, water flowgates, control valves, and related control systems designed to facilitate controlled water drainage from agricultural land used for crop production.

(b) A transaction involving a component of a drainage water management system intended for use as described in subsection (a) is exempt from the state gross retail tax if the person acquiring the



component is engaged in the business of agriculture."

Page 19, delete lines 29 through 42.

Page 20, delete lines 1 through 17.

Page 21, delete lines 35 through 42.

Delete pages 22 through 24.

Page 25, delete lines 1 through 30, begin a new paragraph and insert:

"SECTION 18. IC 6-5.5-6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2. Annual returns required by this chapter shall be filed with the department on or before **the later of the following:**

- (1) The fifteenth day of the fourth month following the close of the taxpayer's taxable year.
- (2) **For a taxpayer 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 fifteenth day of the month following the due date of the federal tax return.**

However, if a taxpayer receives an extension of time from the United States Internal Revenue Service for the filing of its federal income tax return for a taxable year, the department shall grant a similar extension of time to the taxpayer for the filing of a return required by this chapter for that taxable year. In addition, the department may grant an additional reasonable extension of time for filing a return required by this chapter.

SECTION 19. IC 6-6-6.5-25, AS ADDED BY P.L.113-2010, SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25. An aircraft may be registered under this chapter without the payment of the state use tax under IC 6-2.5-3 if:

- (1) the aircraft was registered in another state as of January 1, ~~2010~~, **2017**, and any sales or use tax due in the registration state was paid and ownership of the aircraft has not changed after December 31, ~~2009~~; **2016**;
- (2) there is no outstanding tax liability in the registration state that directly relates to the aircraft; and
- (3) an application for the registration of the aircraft under this chapter is filed after June 30, ~~2010~~, **2017**, and **on or** before September 30, ~~2010~~, **2017**, and the registration fee under section 3 of this chapter and the aircraft excise tax under section 13 of this chapter are paid.

SECTION 20. IC 6-8-12-1, AS AMENDED BY P.L.131-2008, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JULY 1, 2017]: Sec. 1. As used in this chapter, "eligible entity" means:

- (1) the National Football League and its affiliates; ~~and~~
 - (2) the National Collegiate Athletic Association and its affiliates;
- and**
- (3) the National Basketball Association and its affiliates.**

SECTION 21. IC 6-8-12-2, AS AMENDED BY P.L.131-2008, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2. As used in this chapter, "eligible event" means:

- (1) an event known as the Super Bowl that is conducted after December 31, 2011, by an eligible entity described in section 1(1) of this chapter; ~~or~~
 - (2) an event known as the Men's Final Four or the Women's Final Four, including the ancillary events associated with the Men's Final Four or the Women's Final Four, that is conducted after December 31, 2011, by an eligible entity described in section 1(2) of this chapter; ~~or~~
- (3) an event comprising NBA All-Star Weekend conducted by an eligible entity described in section 1(3) of this chapter, including the NBA All-Star Game, All-Star Saturday Night, Rising Stars Challenge, Celebrity Game, D-League All-Star Game, and additional events as the NBA may establish.**

SECTION 22. IC 6-8-12-3, AS AMENDED BY P.L.197-2016, SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3. (a) Except as provided in ~~subsection~~ **subsections (b) and (c)**, all property owned by an eligible entity, revenues of an eligible entity, and expenditures and transactions of an eligible entity:

- (1) in connection with an eligible event; and
- (2) resulting from holding an eligible event in Indiana or making preparatory advance visits to Indiana in connection with an eligible event;

are exempt from taxation in Indiana for all purposes.

(b) Salaries and wages paid to employees of the National Collegiate Athletic Association and its affiliates that are ordinarily subject to taxation under:

- (1) IC 6-3-1 through IC 6-3-7; and
- (2) IC 6-3.6;

are subject to income taxation regardless of whether the salaries and wages are paid in connection with an eligible event, holding an eligible event in Indiana, or making a preparatory advance visit to Indiana in connection with an eligible event.

(c) Salaries and wages paid to employees of the National



Basketball Association and its affiliates that are ordinarily subject to taxation under:

- (1) IC 6-3-1 through IC 6-3-7; and**
- (2) IC 6-3.6;**

are subject to income taxation regardless of whether the salaries and wages are paid in connection with an eligible event, holding an eligible event in Indiana, or making a preparatory advance visit to Indiana in connection with an eligible event.

SECTION 23. IC 6-8.1-9-14, AS AMENDED BY P.L.103-2007, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 14. (a) Except as provided in subsection (n), the department shall establish, administer, and make available a centralized debt collection program for use by state agencies to collect delinquent accounts, charges, fees, loans, taxes, or other indebtedness owed to or being collected by state agencies. The department's collection facilities shall be available for use by other state agencies only when resources are available to the department.

(b) The commissioner shall prescribe the appropriate form and manner in which collection information is to be submitted to the department.

(c) The debt must be delinquent and not subject to litigation, claim, appeal, or review under the appropriate remedies of a state agency.

(d) The department has the authority to collect for the state or claimant agency (as defined in IC 6-8.1-9.5-1) delinquent accounts, charges, fees, loans, taxes, or other indebtedness due:

- (1) the state; or**
- (2) a claimant agency that has a formal agreement with the department for central debt collection; or**
- (3) a claimant agency described in IC 6-8.1-9.5-1(1)(B) that has an interlocal agreement with a clearinghouse that:**
 - (A) is established under IC 6-8.1-9.5-3.5; and**
 - (B) has a formal agreement with the department for central debt collection.**

(e) The formal agreement must provide that the information provided to the department be sufficient to establish the obligation in court and to render the agreement as a legal judgment on behalf of the state. After transferring a file for collection to the department for collection, the claimant agency shall terminate all collection procedures and be available to provide assistance to the department. Upon receipt of a file for collection, the department shall comply with all applicable state and federal laws governing collection of the debt.

(f) The department may use a claimant agency's statutory authority



to collect the claimant agency's delinquent accounts, charges, fees, loans, taxes, or other indebtedness owed to the claimant agency.

(g) The department's right to credit against taxes due may not be impaired by any right granted the department or other state agency under this section.

(h) The department of state revenue may charge ~~the claimant agency~~ **a debtor** a fee not to exceed fifteen percent (15%) of any funds the department collects for a claimant agency. Notwithstanding any law concerning delinquent accounts, charges, fees, loans, taxes, or other indebtedness, the fifteen percent (15%) fee shall be added to the amount due to the state or claimant agency when the collection is made.

(i) Fees collected under subsection (h) shall be retained by the department after the debt is collected for the claimant agency and are appropriated to the department for use by the department in administering this section.

(j) The department shall transfer any funds collected from a debtor to the claimant agency within thirty (30) days after the end of the month in which the funds were collected.

(k) When a claimant agency requests collection by the department, the claimant agency shall provide the department with:

- (1) the full name;
- (2) the Social Security number or federal identification number, or both;
- (3) the last known mailing address; and
- (4) additional information that the department may request;

concerning the debtor.

(l) The department shall establish a minimum amount that the department will attempt to collect for the claimant agency.

(m) The commissioner shall report, not later than March 1 for the previous calendar year, to the governor, the budget director, and the legislative council concerning the implementation of the centralized debt collection program, the number of debts, the dollar amounts of debts collected, and an estimate of the future costs and benefits that may be associated with the collection program. A report to the legislative council under this subsection must be in an electronic format under IC 5-14-6.

(n) The department may not assess a fee to a state agency or a custodial parent for seeking a ~~setoff~~ **set off** to a state or federal income tax refund for past due child support.

SECTION 24. IC 6-8.1-9.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 1. ~~For purposes~~

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of **The following definitions apply throughout** this chapter:

(1) "Claimant agency" means:

(A) any state department, institution, commission, committee, board, division, bureau, authority, officer, official, or clerk of a circuit court; **or**

(B) **a unit of local government that has an interlocal agreement with a clearinghouse established under section 3.5 of this chapter.**

(2) "Debtor" means any person or legal entity that is delinquent in paying a debt to a claimant agency that has not been adjudicated, satisfied by court order, set aside by court order, or discharged in bankruptcy.

(3) "Debt" means any liquidated amount owed and due to a Title IV-D agency of another state, or to any claimant agency which has accrued through contract, subrogation, assignment for purposes of collection, tort, operation of law, or any other legal theory, regardless of whether there is an outstanding judgment for that sum.

(4) **"Unit of local government" means a county, city, town, township, and any other political subdivision, commission, or agency created under Indiana law. The term includes a school corporation under IC 20.**

SECTION 25. IC 6-8.1-9.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 3. (a) To obtain a set off by the department, a claimant agency must:

(1) **in the case of a claimant agency described in section 1(1)(A) of this chapter, file an application for the set off; or**

(2) **in the case of a claimant agency described in section 1(1)(B) of this chapter, direct the clearinghouse with which the claimant agency has an interlocal agreement under section 3.5(d) of this chapter to file an application for the set off on behalf of the claimant agency;**

with the department before November 30 of the year preceding the calendar year in which a tax refund is payable by the department. The department shall prescribe the form of and the contents of the application.

(b) An application filed pursuant to this section is effective only for the purpose of set off of tax refunds that are payable in the calendar year that succeeds the calendar year in which an application is filed.

SECTION 26. IC 6-8.1-9.5-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: **Sec. 3.5. (a) As used in this**



section, "claimant agency" refers only to a claimant agency described in section 1(1)(B) of this chapter.

(b) The department may enter into a contract with a nonprofit entity organized in Indiana that represents units of local government exclusively in Indiana to establish a clearinghouse for the following purposes:

- (1) To compile and consolidate debts of claimant agencies in a format that is consistent with the department's requirements for the set off of tax refunds under this chapter.
- (2) To act as an intermediary on behalf of a claimant agency with respect to the department for purposes of this chapter.
- (3) To submit an application for the set off of tax refunds with the department on behalf of a claimant agency under section 3(a)(2) of this chapter.
- (4) To provide any other assistance to a claimant agency or the department that the department considers appropriate. Assistance under this subdivision may include authorization for the clearinghouse to establish and maintain a toll-free telephone number that enables a debtor to make inquiries concerning a tax refund set off under this chapter.

(c) A clearinghouse established under subsection (b) must register with the department. Only one (1) clearinghouse may be registered to represent units of local government at any given time.

(d) A unit of local government may enter into an interlocal agreement under IC 36-1-7 with a clearinghouse established under subsection (b) to carry out activities on behalf of the unit of local government as authorized in a contract under subsection (b).

(e) The department may adopt rules under IC 4-22-2 that set forth the procedures and format requirements that must be included in an interlocal agreement entered into under subsection (d).

SECTION 27. IC 6-8.1-9.5-3.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: **Sec. 3.7. (a) A unit of local government may not submit a debt for a set off of a tax refund under section 3(a)(2) of this chapter unless the unit of local government first complies with the requirements of this section.**

(b) A unit of local government must send written notice to a debtor that the unit of local government intends to submit the debt owed by the debtor for the tax refund set off under this chapter. The notice must state substantially the following:

- (1) The unit of local government's basis for the claim to the**



debt and set off.

(2) The unit of local government intends to submit the debt owed by the debtor for the tax refund set off under this chapter.

(3) The debtor has the right to contest the matter by filing a protest and request for hearing with the fiscal officer of the unit of local government.

(4) The time limits and procedures for protesting and requesting the hearing.

(5) A statement that the failure to protest and request a hearing within the required time will result in the debt being submitted for the tax refund set off under this chapter.

(6) A statement that in addition to the amount of the debt owed by the debtor the total amount of the set off of the debtor's tax refund may include the following fees for processing the set off of the debtor's tax refund, as applicable:

(A) The collection fee described in section 10(a) of this chapter.

(B) One (1) or more local collection assistance fees described in section 10(b) of this chapter.

The notice required under this subsection must be made in the same manner as set forth in IC 4-21.5-3-1 for adjudicative proceedings.

(c) A debtor may protest a proposed tax refund set off by submitting a written objection to the fiscal officer of the unit of local government not later than thirty (30) days after the notice under subsection (b) was served on the debtor. The rules for computing a period of time under IC 4-21.5-3-2 apply.

(d) The fiscal officer of the unit of local government shall hold a hearing on a debtor's protest that is timely filed under subsection (c). The hearing must be conducted in an informal manner without recourse to the technical, common law rules of evidence applicable to civil actions in the courts. The debtor must be afforded the opportunity to respond to the written notice provided under subsection (b), present evidence and argument, cross-examine witnesses, and submit rebuttal evidence. At the conclusion of a hearing, the fiscal officer of the unit of local government shall issue a written decision on the debtor's protest that includes findings of fact and conclusions of law for all aspects of the decision.

(e) A debtor that disagrees with a written decision of the fiscal officer of a unit of local government may file an action in the circuit or superior court of the county in which the unit of local



government is located to stay the submission of the debt owed by the debtor for the tax refund set off under this chapter. The court has jurisdiction in such an action and shall determine the matter de novo, with the burden of proof on the unit of local government to sustain its written decision.

(f) A unit of local government that fails to comply with the requirements of this section before submitting a debt for a tax refund set off under this chapter is liable to the debtor for the amount of any tax refund set off applied by the department for the debt to the claimant agency, including any collection fee.

SECTION 28. IC 6-8.1-9.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 7. (a) **This subsection applies to a claimant agency described in section 1(1)(A) of this chapter.** If a claimant agency receives written notice that a debtor intends to contest its claim to a debt and set off, the claimant agency shall hold a hearing under IC 4-21.5-3.

(b) **This subsection applies to a claimant agency described in section 1(1)(B) of this chapter. If a claimant agency receives written notice that a debtor intends to contest the claim to a debt and set off following the notice provided under section 5 of this chapter, the claimant agency shall hold a hearing under section 3.7(d) of this chapter. If a hearing was previously held on the debtor's protest under section 3.7(d) of this chapter, the hearing under this subsection shall be conducted as a rehearing of the unit of local government's written decision.**

SECTION 29. IC 6-8.1-9.5-10, AS AMENDED BY P.L.103-2007, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 10. (a) The department of state revenue may charge the claimant agency a debtor a fee of fifteen percent (15%) of any funds it sets off debts collected under this chapter as a collection fee for its the department's services, **not including any local collection assistance fees charged under subsection (b).** The department must bill the claimant agency in order to collect this fee. However, the department may not assess a fee to a state agency or custodial parent for seeking a setoff to a state or federal income tax refund for past due child support.

(b) **This subsection applies to a debt collected for a claimant agency described in section 1(1)(B) of this chapter. A local collection assistance fee not to exceed twenty dollars (\$20) shall be imposed on each debt submitted by the claimant agency and collected through a set off under this chapter. The board of the nonprofit organization that operates the clearinghouse registered**



under section 3.5 of this chapter shall determine the amount of the fee by resolution. Notwithstanding any law concerning delinquent accounts, charges, fees, loans, taxes, or other indebtedness, the local collection assistance fee shall be added to the amount due the claimant agency when the collection is made, not including any fee charged by the department of state revenue under subsection (a). A fee collected under this subsection shall be distributed by the department to the nonprofit entity with which the department has entered into a contract under section 3.5(b) of this chapter.

SECTION 30. IC 6-8.1-9.5-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 12. Priority in multiple claims to refunds allowed to be set off under this chapter shall be in the **following** order: in time which a claimant agency has filed a written notice with the department of its intention to effect collection through set off under this chapter:

- (1) Department of state revenue.
- (2) Child support bureau.
- (3) Department of workforce development.
- (4) Family and social services administration for claims concerning the Temporary Assistance for Needy Families program (TANF).
- (5) Family and social services administration for claims concerning the federal Supplemental Nutrition Assistance program (SNAP).
- (6) Family and social services administration for claims concerning the Child Care and Development Fund (CCDF).
- (7) Approved postsecondary educational institutions (as defined in IC 21-7-13-6).
- (8) Office of judicial administration for claims concerning the judicial technology and automation project fund.
- (9) A claimant agency described in section 1(1)(A) of this chapter:
 - (A) that is not listed in subdivisions (1) through (8); and
 - (B) that enters into a formal agreement with the department under IC 6-8.1-9-14(d) after December 31, 2017.

The priority of multiple claims of claimant agencies in this subsection must be in the order in time that a claimant agency entered into a formal agreement with the department.

- (10) United States Internal Revenue Service.
- (11) A claimant agency described in section 1(1)(A) of this chapter that is not identified in the order priority under



subdivisions (1) through (9). The priority of multiple claims of claimant agencies in this subsection must be in the order in time that a claimant agency has filed a written notice with the department of its intention to effect collection through a set off under this chapter.

(12) A claimant agency described in section 1(1)(B) of this chapter. The priority of multiple claims of claimant agencies in this subsection must be in the order in time that the clearinghouse representing the claimant agency files an application on behalf of the claimant agency to effect collection through a set off under this chapter.

SECTION 31. IC 6-8.1-9.5-13, AS AMENDED BY P.L.145-2006, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 13. (a) Notwithstanding IC 6-8.1-7 or any other provision of law prohibiting disclosure of a taxpayer's records or information, all information exchanged among the department, the claimant agency, **a clearinghouse registered under section 3.5 of this chapter**, and the debtor necessary to accomplish the purpose of this chapter is lawful.

(b) Whenever the child support bureau of the department of child services seeks to enforce a child support obligation through a setoff against a debtor's tax refund, the department shall make the following information available to that agency and to any other state's Title IV-D agency that is enforcing the child support order against the debtor:

(1) The debtor's Social Security account number (or numbers, if the debtor has more than one (1) number).

(2) The debtor's home address."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 515 as reprinted February 24, 2017.)

BROWN T

Committee Vote: yeas 18, nays 2.

