



February 26, 2016

ENGROSSED SENATE BILL No. 323

DIGEST OF SB 323 (Updated February 25, 2016 9:18 am - DI 58)

Citations Affected: Noncode.

Synopsis: Legislative studies. Requires the legislative services agency to: (1) study the combined reporting approach to apportioning income and transfer pricing for income tax purposes; and (2) report the results of the study before October 1, 2016, to the legislative council and to the interim study committee on fiscal policy. Requires the interim study committee on fiscal policy to hold at least one public hearing at which the legislative services agency presents the results of the study. Urges the legislative council to assign an interim study committee certain study topics related to gaming and. Urges the legislative council to assign the topic of federal requirements for home and community based settings to the interim study committee on fiscal policy.

Effective: Upon passage.

Hershman, Miller Pete, Broden

(HOUSE SPONSOR — HUSTON)

January 7, 2016, read first time and referred to Committee on Tax & Fiscal Policy.
January 28, 2016, amended, reported favorably — Do Pass.
February 1, 2016, read second time, ordered engrossed. Engrossed.
February 3, 2016, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

February 9, 2016, read first time and referred to Committee on Ways and Means.
February 25, 2016, amended, reported — Do Pass.

ES 323—LS 6887/DI 73



February 26, 2016

Second Regular Session 119th General Assembly (2016)

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 2015 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 323

A BILL FOR AN ACT concerning taxation.

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

1 SECTION 1. [EFFECTIVE UPON PASSAGE] **(a) The legislative**
2 **services agency shall do the following:**

3 **(1) Study the following:**

4 **(A) The combined reporting approach to apportioning**
5 **income for income tax purposes.**

6 **(B) Issues related to transfer pricing under the adjusted**
7 **gross income tax law.**

8 **(2) Submit a report before October 1, 2016, to the legislative**
9 **council (in an electronic format under IC 5-14-6) and to the**
10 **interim study committee on fiscal policy established by**
11 **IC 2-5-1.3-4 containing the results of the legislative services**
12 **agency's studies under this SECTION. The report must**
13 **include at least the following:**

14 **(A) A review of the practices in other states regarding**
15 **combined reporting.**

16 **(B) A review of the administrative costs of implementing**
17 **combined reporting, including information on the**

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- 1 administrative costs incurred by other states that have
 2 implemented combined reporting.
- 3 (C) A review of studies and reports that have been
 4 prepared on the issue of combined reporting.
- 5 (D) An estimate of the fiscal impact of implementing
 6 combined reporting in Indiana.
- 7 (E) A review of the issues related to transfer pricing under
 8 the adjusted gross income tax law.
- 9 (b) The interim study committee on fiscal policy shall hold at
 10 least one (1) public hearing at which the legislative services agency
 11 presents the results of each study under this SECTION.
- 12 (c) The legislative services agency may request the department
 13 of state revenue to furnish information necessary to complete each
 14 study required by this SECTION. The department of state revenue
 15 shall cooperate with the legislative services agency in providing the
 16 requested information. The legislative services agency shall adhere
 17 to the department of state revenue's requirements and procedures
 18 concerning the confidential nature of the information.
- 19 (d) This SECTION expires December 31, 2016.
- 20 SECTION 2. [EFFECTIVE UPON PASSAGE] (a) The definitions
 21 in IC 4-33-2 and IC 4-33-23 apply throughout this SECTION.
- 22 (b) The legislative council is urged to assign to an appropriate
 23 interim study committee a study of the following:
- 24 (1) The extent to which local governments rely on tax
 25 revenues received under IC 4-33-12 and IC 4-33-13, including
 26 revenues received under IC 4-33-13-5 as revenue sharing or
 27 supplemental distributions.
- 28 (2) The extent to which local governments rely on economic
 29 development payments received under development
 30 agreements.
- 31 (3) The extent to which the local governments receiving tax
 32 revenues under IC 4-33-12 and IC 4-33-13 and economic
 33 development payments share revenue with other local
 34 governments.
- 35 (4) The purposes for which local governments use tax
 36 revenues under IC 4-33-12 and IC 4-33-13 and economic
 37 development payments.
- 38 (5) The extent to which liability for the riverboat admissions
 39 tax affects the competitiveness of Indiana's riverboats within
 40 the regional gaming industry.
- 41 (6) The extent to which obligations under economic
 42 development agreements affect the competitiveness of



1 Indiana's riverboats within the regional gaming industry.

2 (7) The extent to which the statutory wagering tax rates affect
3 the competitiveness of Indiana's gaming facilities within
4 Indiana and within the regional gaming industry.

5 (8) The extent to which providing supplemental distributions
6 under IC 4-33-13 affects the ability of the general assembly to
7 provide a flexible regulatory environment that allows the state
8 to react to changing market conditions.

9 (9) Whether a taxpayer subject to the riverboat wagering tax
10 (IC 4-33-13) or the slot machine wagering tax (IC 4-35-8)
11 should be exempted from adding back wagering taxes
12 deducted for federal income tax purposes under Section 63 of
13 the Internal Revenue Code when determining the taxpayer's
14 adjusted gross income for Indiana income tax purposes under
15 IC 6-3-1-3.5.

16 (c) If an interim study committee is assigned the topics
17 described in subsection (b), the interim study committee shall
18 report its findings and recommendations, if any, to the legislative
19 council in an electronic format under IC 5-14-6 before November
20 1, 2016.

21 (d) This SECTION expires January 1, 2017.

22 SECTION 3. [EFFECTIVE UPON PASSAGE] (a) The legislative
23 council is urged to assign to the interim study committee on fiscal
24 policy the following topics:

25 (1) New requirements from the Centers for Medicare and
26 Medicaid Services pertaining to home and community based
27 settings.

28 (2) The effect of the requirements described in subdivision (1)
29 on Indiana waiver services for individuals with disabilities,
30 rate reimbursement, and rate methodology.

31 (3) The fiscal impact of the requirements described in
32 subdivision (1).

33 (4) The impact of the change from daily rate billing to hourly
34 billing for facility based habitation services on the services
35 provided and the providers of the services.

36 (b) If the topic described in subsection (a) is assigned to the
37 interim study committee on fiscal policy, the family and social
38 services administration shall before October 1, 2016, provide to the
39 interim study committee a written report on the following:

40 (1) The requirements described in subsection (a)(1).

41 (2) The effect of the requirements described in subsection
42 (a)(1) on Indiana waiver services for individuals with



- 1 **disabilities.**
- 2 **(3) The fiscal impact of the requirements described in**
- 3 **subsection (a)(1).**
- 4 **(4) The impact of the change from daily rate billing to hourly**
- 5 **billing for facility based habitation services on the services**
- 6 **provided and the providers of the services.**
- 7 **(5) The options identified by the family and social services**
- 8 **administration for ensuring the viability of facility based**
- 9 **habitation services.**
- 10 **(c) This SECTION expires December 31, 2016.**
- 11 **SECTION 4. 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. 323, 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:

Delete the title and insert the following:

A BILL FOR AN ACT concerning taxation.

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

"SECTION 1. [EFFECTIVE UPON PASSAGE] **(a) The legislative services agency shall do the following:**

(1) Study the combined reporting approach to apportioning income for income tax purposes.

(2) Submit a report before October 1, 2016, to the legislative council (in an electronic format under IC 5-14-6) and to the interim study committee on fiscal policy established by IC 2-5-1.3-4 containing the results of the legislative services agency's study under this SECTION. The report must include at least the following:

(A) A review of the practices in other states regarding combined reporting.

(B) A review of the administrative costs of implementing combined reporting, including information on the administrative costs incurred by other states that have implemented combined reporting.

(C) A review of studies and reports that have been prepared on the issue of combined reporting.

(D) An estimate of the fiscal impact of implementing combined reporting in Indiana.

(b) The interim study committee on fiscal policy shall hold at least one (1) public hearing at which the legislative services agency presents the results of the study under this SECTION.

(c) The legislative services agency may request the department of state revenue to furnish information necessary to complete the study required by this SECTION. The department of state revenue shall cooperate with the legislative services agency in providing the requested information. The legislative services agency shall adhere to the department of state revenue's requirements and procedures concerning the confidential nature of the information.

(d) This SECTION expires December 31, 2016.



SECTION 2. An emergency is declared for this act."

Delete pages 2 through 37.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 323 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 10, Nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 323, 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 1, line 3, after "the" insert "**following:****(A) The".**

Page 1, between lines 4 and 5, begin a new line double block indented and insert:

"(B) Issues related to transfer pricing under the adjusted gross income tax law."Page 1, line 9, delete "study" and insert "**studies**".

Page 2, between lines 3 and 4, begin a new line double block indented and insert:

"(E) A review of the issues related to transfer pricing under the adjusted gross income tax law."Page 2, line 6, after "of" delete "the" and insert "**each**".Page 2, line 8, delete "the" and insert "**each**".

Page 2, between lines 14 and 15, begin a new paragraph and insert:

"SECTION 2. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 4-33-2 and IC 4-33-23 apply throughout this SECTION.**(b) The legislative council is urged to assign to an appropriate interim study committee a study of the following:****(1) The extent to which local governments rely on tax revenues received under IC 4-33-12 and IC 4-33-13, including revenues received under IC 4-33-13-5 as revenue sharing or supplemental distributions.****(2) The extent to which local governments rely on economic development payments received under development**

agreements.

(3) The extent to which the local governments receiving tax revenues under IC 4-33-12 and IC 4-33-13 and economic development payments share revenue with other local governments.

(4) The purposes for which local governments use tax revenues under IC 4-33-12 and IC 4-33-13 and economic development payments.

(5) The extent to which liability for the riverboat admissions tax affects the competitiveness of Indiana's riverboats within the regional gaming industry.

(6) The extent to which obligations under economic development agreements affect the competitiveness of Indiana's riverboats within the regional gaming industry.

(7) The extent to which the statutory wagering tax rates affect the competitiveness of Indiana's gaming facilities within Indiana and within the regional gaming industry.

(8) The extent to which providing supplemental distributions under IC 4-33-13 affects the ability of the general assembly to provide a flexible regulatory environment that allows the state to react to changing market conditions.

(9) Whether a taxpayer subject to the riverboat wagering tax (IC 4-33-13) or the slot machine wagering tax (IC 4-35-8) should be exempted from adding back wagering taxes deducted for federal income tax purposes under Section 63 of the Internal Revenue Code when determining the taxpayer's adjusted gross income for Indiana income tax purposes under IC 6-3-1-3.5.

(c) If an interim study committee is assigned the topics described in subsection (b), the interim study committee shall report its findings and recommendations, if any, to the legislative council in an electronic format under IC 5-14-6 before November 1, 2016.

(d) This SECTION expires January 1, 2017.

SECTION 3. [EFFECTIVE UPON PASSAGE] (a) The legislative council is urged to assign to the interim study committee on fiscal policy the following topics:

(1) New requirements from the Centers for Medicare and Medicaid Services pertaining to home and community based settings.

(2) The effect of the requirements described in subdivision (1) on Indiana waiver services for individuals with disabilities,



rate reimbursement, and rate methodology.

(3) The fiscal impact of the requirements described in subdivision (1).

(4) The impact of the change from daily rate billing to hourly billing for facility based habitation services on the services provided and the providers of the services.

(b) If the topic described in subsection (a) is assigned to the interim study committee on fiscal policy, the family and social services administration shall before October 1, 2016, provide to the interim study committee a written report on the following:

(1) The requirements described in subsection (a)(1).

(2) The effect of the requirements described in subsection (a)(1) on Indiana waiver services for individuals with disabilities.

(3) The fiscal impact of the requirements described in subsection (a)(1).

(4) The impact of the change from daily rate billing to hourly billing for facility based habitation services on the services provided and the providers of the services.

(5) The options identified by the family and social services administration for ensuring the viability of facility based habitation services.

(c) This SECTION expires December 31, 2016."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 323 as printed January 29, 2016.)

BROWN T

Committee Vote: yeas 21, nays 0.

