



February 25, 2014

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# ENGROSSED SENATE BILL No. 1

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DIGEST OF SB 1 (Updated February 25, 2014 11:24 am - DI 92)

**Citations Affected:** IC 6-1.1; IC 6-3; IC 6-3.1; IC 6-5.5; noncode.

**Synopsis:** State and local taxation. Provides that a county income tax council may adopt an ordinance to exempt from property taxation any new business personal property (other than utility personal property) that is located in the county. Provides that a designating body may establish an enhanced abatement schedule for personal property that may not exceed twenty-five (25) years. Provides that if a county or municipality receives a reimbursement, repayment, or penalty from a taxpayer on account of the taxpayer's failure to comply with the statement of benefits provided by the taxpayer as part of a property tax abatement or on account of the taxpayer's failure to comply with any other requirement to receive a property tax abatement, the county or municipal fiscal officer shall distribute the amount of the reimbursement, repayment, or penalty on a pro rata basis to each taxing unit that contains the property that was subject to the abatement deduction. Phases down the corporate income tax rate from 6.5% in  
(Continued next page)

**Effective:** Upon passage; July 1, 2014; January 1, 2015; July 1, 2015.

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**Hershman, Kenley, Holdman,  
Smith J, Landske, Kruse,  
Miller Patricia**

(HOUSE SPONSORS — BROWN T, TURNER)

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January 14, 2014, read first time and referred to Committee on Tax and Fiscal Policy.  
January 23, 2014, amended, reported favorably — Do Pass.  
January 28, 2014, read second time, amended, ordered engrossed.  
January 29, 2014, engrossed.  
January 30, 2014, read third time, passed. Yeas 35, nays 11.

HOUSE ACTION

February 10, 2014, read first time and referred to Committee on Ways and Means.  
February 25, 2014, amended, reported — Do Pass.

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ES 1—LS 7115/DI 73



## Digest Continued

2015 to 4.9% in 2022. Phases down the financial institutions tax rate to 4.9% in 2023. Provides that a taxpayer is not entitled to: (1) a riverboat building tax credit for qualified investments made in a taxable year beginning after 2014; (2) a biodiesel tax credit for the production or distribution of biodiesel or blended biodiesel in a taxable year beginning after 2014; (3) an ethanol production tax credit for the production of ethanol in a taxable year beginning after 2014; and (4) a new employer tax credit for wages paid in a taxable year beginning after 2014. Repeals the voluntary remediation tax credit statute. (Under current law, tax credits may not be awarded for taxable years after 2007, and the carryforward period has expired.) Repeals the energy savings tax credit. (Under current law, the tax credit may not be awarded for costs incurred after December 31, 2011, and may not be carried forward.) Establishes the commission on business personal property and business taxation to study certain issues during the 2014 legislative interim. Requires the commission on state tax and financing policy to study income tax deductions and exemptions during the 2014 and 2015 legislative interims.

**ES 1—LS 7115/DI 73**



February 25, 2014

Second Regular Session 118th General Assembly (2014)

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 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## ENGROSSED SENATE BILL No. 1

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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 6-1.1-10.3 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2015]:  
4 **Chapter 10.3. County Option Exemption of Business Personal**  
5 **Property**  
6 **Sec. 1. As used in this chapter, "business personal property"**  
7 **means personal property that:**  
8 **(1) is otherwise subject to assessment and taxation under this**  
9 **article; and**  
10 **(2) is used in a trade or business or otherwise held, used, or**  
11 **consumed in connection with the production of income.**  
12 **The term does not include mobile homes assessed under IC 6-1.1-7**  
13 **or personal property held as an investment.**  
14 **Sec. 2. As used in this chapter, "county income tax council"**  
15 **refers to the county income tax council established by IC 6-3.5-6-2**

ES 1—LS 7115/DI 73



- 1 for a county.
- 2 **Sec. 3.** As used in this chapter, "exemption ordinance" refers to  
 3 an ordinance adopted under section 5 of this chapter by a county  
 4 income tax council.
- 5 **Sec. 4.** As used in this chapter, "new personal property" means  
 6 business personal property that:
- 7 (1) a taxpayer places in service after the later of the date the  
 8 exemption ordinance is adopted or a date specified in the  
 9 exemption ordinance; and
- 10 (2) has not previously been used in Indiana before the  
 11 taxpayer acquires the business personal property.
- 12 **Sec. 5. (a)** A county income tax council may adopt an exemption  
 13 ordinance that exempts new personal property located in the  
 14 county from property taxation as provided in section 6 of this  
 15 chapter.
- 16 (b) For purposes of adopting an exemption ordinance under this  
 17 chapter, a county income tax council is comprised of the same  
 18 members as the county income tax council that is established by  
 19 IC 6-3.5-6-2 for the county, regardless of whether a county income  
 20 tax is in effect in the county and regardless of which county income  
 21 tax is in effect in the county. Except as provided in this chapter, the  
 22 county income tax council shall use the same procedures that apply  
 23 under IC 6-3.5-6 when acting under this chapter.
- 24 (c) Before adopting an exemption ordinance under this section,  
 25 a county income tax council must conduct a public hearing on the  
 26 proposed exemption ordinance. The county income tax council  
 27 must publish notice of the public hearing in accordance with  
 28 IC 5-3-1.
- 29 (d) The county income tax council shall provide a certified copy  
 30 of an adopted exemption ordinance to the department of local  
 31 government finance and the county auditor.
- 32 **Sec. 6.** An exemption ordinance adopted under this chapter  
 33 must exempt all new personal property, other than personal  
 34 property assessed under IC 6-1.1-8. An exemption ordinance may  
 35 not exempt personal property assessed under IC 6-1.1-8.
- 36 **Sec. 7.** A county income tax council may repeal or amend an  
 37 exemption ordinance. However, if a county income tax council  
 38 repeals or amends an exemption ordinance, any new personal  
 39 property that was exempt under the exemption ordinance on the  
 40 date the new personal property was placed into service by a  
 41 taxpayer remains exempt from property taxation, regardless of  
 42 whether or not the ownership of the new personal property



1 **changes after the date the exemption ordinance is amended or**  
 2 **repealed.**

3 **Sec. 8. A taxpayer is not required to file an application or a**  
 4 **personal property tax return to qualify for an exemption under this**  
 5 **chapter.**

6 SECTION 2. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.288-2013,  
 7 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 8 JULY 1, 2015]: Sec. 4.5. (a) An applicant must provide a statement of  
 9 benefits to the designating body. The applicant must provide the  
 10 completed statement of benefits form to the designating body before  
 11 the hearing specified in section 2.5(c) of this chapter or before the  
 12 installation of the new manufacturing equipment, new research and  
 13 development equipment, new logistical distribution equipment, or new  
 14 information technology equipment for which the person desires to  
 15 claim a deduction under this chapter. The department of local  
 16 government finance shall prescribe a form for the statement of benefits.  
 17 The statement of benefits must include the following information:

18 (1) A description of the new manufacturing equipment, new  
 19 research and development equipment, new logistical distribution  
 20 equipment, or new information technology equipment that the  
 21 person proposes to acquire.

22 (2) With respect to:

23 (A) new manufacturing equipment not used to dispose of solid  
 24 waste or hazardous waste by converting the solid waste or  
 25 hazardous waste into energy or other useful products; and

26 (B) new research and development equipment, new logistical  
 27 distribution equipment, or new information technology  
 28 equipment;

29 an estimate of the number of individuals who will be employed or  
 30 whose employment will be retained by the person as a result of  
 31 the installation of the new manufacturing equipment, new  
 32 research and development equipment, new logistical distribution  
 33 equipment, or new information technology equipment and an  
 34 estimate of the annual salaries of these individuals.

35 (3) An estimate of the cost of the new manufacturing equipment,  
 36 new research and development equipment, new logistical  
 37 distribution equipment, or new information technology  
 38 equipment.

39 (4) With respect to new manufacturing equipment used to dispose  
 40 of solid waste or hazardous waste by converting the solid waste  
 41 or hazardous waste into energy or other useful products, an  
 42 estimate of the amount of solid waste or hazardous waste that will



- 1           be converted into energy or other useful products by the new  
2           manufacturing equipment.
- 3           The statement of benefits may be incorporated in a designation  
4           application. Notwithstanding any other law, a statement of benefits is  
5           a public record that may be inspected and copied under IC 5-14-3-3.
- 6           (b) The designating body must review the statement of benefits  
7           required under subsection (a). The designating body shall determine  
8           whether an area should be designated an economic revitalization area  
9           or whether the deduction shall be allowed, based on (and after it has  
10          made) the following findings:
- 11          (1) Whether the estimate of the cost of the new manufacturing  
12          equipment, new research and development equipment, new  
13          logistical distribution equipment, or new information technology  
14          equipment is reasonable for equipment of that type.
- 15          (2) With respect to:
- 16                (A) new manufacturing equipment not used to dispose of solid  
17                waste or hazardous waste by converting the solid waste or  
18                hazardous waste into energy or other useful products; and  
19                (B) new research and development equipment, new logistical  
20                distribution equipment, or new information technology  
21                equipment;
- 22          whether the estimate of the number of individuals who will be  
23          employed or whose employment will be retained can be  
24          reasonably expected to result from the installation of the new  
25          manufacturing equipment, new research and development  
26          equipment, new logistical distribution equipment, or new  
27          information technology equipment.
- 28          (3) Whether the estimate of the annual salaries of those  
29          individuals who will be employed or whose employment will be  
30          retained can be reasonably expected to result from the proposed  
31          installation of new manufacturing equipment, new research and  
32          development equipment, new logistical distribution equipment, or  
33          new information technology equipment.
- 34          (4) With respect to new manufacturing equipment used to dispose  
35          of solid waste or hazardous waste by converting the solid waste  
36          or hazardous waste into energy or other useful products, whether  
37          the estimate of the amount of solid waste or hazardous waste that  
38          will be converted into energy or other useful products can be  
39          reasonably expected to result from the installation of the new  
40          manufacturing equipment.
- 41          (5) Whether any other benefits about which information was  
42          requested are benefits that can be reasonably expected to result



1 from the proposed installation of new manufacturing equipment,  
 2 new research and development equipment, new logistical  
 3 distribution equipment, or new information technology  
 4 equipment.

5 (6) Whether the totality of benefits is sufficient to justify the  
 6 deduction.

7 The designating body may not designate an area an economic  
 8 revitalization area or approve the deduction unless it makes the  
 9 findings required by this subsection in the affirmative.

10 (c) Except as provided in subsection (f), and subject to subsection  
 11 (g) and section 15 of this chapter, an owner of new manufacturing  
 12 equipment, new research and development equipment, new logistical  
 13 distribution equipment, or new information technology equipment  
 14 whose statement of benefits is approved is entitled to a deduction from  
 15 the assessed value of that equipment for the number of years  
 16 determined by the designating body under section 17 **or 18** of this  
 17 chapter. Except as provided in subsection (d) and in section 2(i)(3) of  
 18 this chapter, and subject to subsection (g) and section 15 of this  
 19 chapter, the amount of the deduction that an owner is entitled to for a  
 20 particular year equals the product of:

21 (1) the assessed value of the new manufacturing equipment, new  
 22 research and development equipment, new logistical distribution  
 23 equipment, or new information technology equipment in the year  
 24 of deduction under the abatement schedule established under  
 25 section 17 **or 18** of this chapter; multiplied by

26 (2) the percentage prescribed by the designating body under  
 27 section 17 **or 18** of this chapter.

28 (d) With respect to new manufacturing equipment and new research  
 29 and development equipment installed before March 2, 2001, the  
 30 deduction under this section is the amount that causes the net assessed  
 31 value of the property after the application of the deduction under this  
 32 section to equal the net assessed value after the application of the  
 33 deduction under this section that results from computing:

34 (1) the deduction under this section as in effect on March 1, 2001;  
 35 and

36 (2) the assessed value of the property under 50 IAC 4.2, as in  
 37 effect on March 1, 2001, or, in the case of property subject to  
 38 IC 6-1.1-8, 50 IAC 5.1, as in effect on March 1, 2001.

39 (e) The designating body shall determine the number of years the  
 40 deduction is allowed under section 17 **or 18** of this chapter. ~~However,~~  
 41 **Except as provided by section 18 of this chapter,** the deduction may  
 42 not be allowed for more than ten (10) years. This determination shall



- 1 be made:
- 2 (1) as part of the resolution adopted under section 2.5 of this
- 3 chapter; or
- 4 (2) by resolution adopted within sixty (60) days after receiving a
- 5 copy of a property owner's certified deduction application from
- 6 the county auditor. A certified copy of the resolution shall be sent
- 7 to the county auditor.
- 8 A determination about the number of years the deduction is allowed
- 9 that is made under subdivision (1) is final and may not be changed by
- 10 following the procedure under subdivision (2).
- 11 (f) The owner of new manufacturing equipment that is directly used
- 12 to dispose of hazardous waste is not entitled to the deduction provided
- 13 by this section for a particular assessment year if during that
- 14 assessment year the owner:
- 15 (1) is convicted of a criminal violation under IC 13, including
- 16 IC 13-7-13-3 (repealed) or IC 13-7-13-4 (repealed); or
- 17 (2) is subject to an order or a consent decree with respect to
- 18 property located in Indiana based on a violation of a federal or
- 19 state rule, regulation, or statute governing the treatment, storage,
- 20 or disposal of hazardous wastes that had a major or moderate
- 21 potential for harm.
- 22 (g) For purposes of subsection (c), the assessed value of new
- 23 manufacturing equipment, new research and development equipment,
- 24 new logistical distribution equipment, or new information technology
- 25 equipment that is part of an owner's assessable depreciable personal
- 26 property in a single taxing district subject to the valuation limitation in
- 27 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product of:
- 28 (1) the assessed value of the equipment determined without
- 29 regard to the valuation limitation in 50 IAC 4.2-4-9 or 50
- 30 IAC 5.1-6-9; multiplied by
- 31 (2) the quotient of:
- 32 (A) the amount of the valuation limitation determined under
- 33 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's
- 34 depreciable personal property in the taxing district; divided by
- 35 (B) the total true tax value of all of the owner's depreciable
- 36 personal property in the taxing district that is subject to the
- 37 valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9
- 38 determined:
- 39 (i) under the depreciation schedules in the rules of the
- 40 department of local government finance before any
- 41 adjustment for abnormal obsolescence; and
- 42 (ii) without regard to the valuation limitation in 50





1 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

2 SECTION 3. IC 6-1.1-12.1-12.5 IS ADDED TO THE INDIANA  
3 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
4 [EFFECTIVE JULY 1, 2014]: **Sec. 12.5. Except as provided in**  
5 **section 12(f) of this chapter, if a county or municipality receives a**  
6 **reimbursement, repayment, or penalty from a taxpayer on account**  
7 **of the taxpayer's failure to comply with the statement of benefits**  
8 **provided by the taxpayer or on account of the taxpayer's failure to**  
9 **comply with any other requirement to receive a deduction under**  
10 **this chapter, the county or municipal fiscal officer shall distribute**  
11 **the amount of the reimbursement, repayment, or penalty on a pro**  
12 **rata basis to each taxing unit that contains the property that was**  
13 **subject to the deduction. The amount to be distributed to each**  
14 **taxing unit that contains the property that was subject to the**  
15 **deduction shall be determined according to the following formula:**

16 **STEP ONE: Determine the total aggregate property tax rate**  
17 **imposed in the preceding year by the taxing unit.**

18 **STEP TWO: Determine the sum of the STEP ONE amounts**  
19 **for all taxing units that contain the property that was subject**  
20 **to the deduction.**

21 **STEP THREE: Divide the STEP ONE amount by the sum**  
22 **determined under STEP TWO.**

23 **STEP FOUR: Multiply the amount of the reimbursement,**  
24 **repayment, or penalty by the STEP THREE quotient.**

25 SECTION 4. IC 6-1.1-12.1-17, AS AMENDED BY P.L.288-2013,  
26 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
27 JULY 1, 2015]: Sec. 17. (a) A designating body may provide to a  
28 business that is established in or relocated to a revitalization area and  
29 that receives a deduction under section 4 or 4.5 of this chapter an  
30 abatement schedule based on the following factors:

31 (1) The total amount of the taxpayer's investment in real and  
32 personal property.

33 (2) The number of new full-time equivalent jobs created.

34 (3) The average wage of the new employees compared to the state  
35 minimum wage.

36 (4) The infrastructure requirements for the taxpayer's investment.

37 (b) This subsection applies to a statement of benefits approved after  
38 June 30, 2013. A designating body shall establish an abatement  
39 schedule for each deduction allowed under this chapter. An abatement  
40 schedule must specify the percentage amount of the deduction for each  
41 year of the deduction. **Except as provided in section 18 of this**  
42 **chapter, an abatement schedule may not exceed ten (10) years.**



1 (c) An abatement schedule approved for a particular taxpayer before  
 2 July 1, 2013, remains in effect until the abatement schedule expires  
 3 under the terms of the resolution approving the taxpayer's statement of  
 4 benefits.

5 SECTION 5. IC 6-1.1-12.1-18 IS ADDED TO THE INDIANA  
 6 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 7 [EFFECTIVE JULY 1, 2015]: **Sec. 18. (a) This section applies to a**  
 8 **deduction provided under section 4.5 of this chapter for new**  
 9 **personal property with respect to a statement of benefits approved**  
 10 **after June 30, 2014.**

11 (b) As used in this section, "business personal property" has the  
 12 meaning set forth in IC 6-1.1-10.3-1.

13 (c) As used in this section, "new personal property" means  
 14 business personal property that:

15 (1) a taxpayer places in service after the date the taxpayer's  
 16 statement of benefits is approved by the designating body;  
 17 and

18 (2) has not previously been used in Indiana before the  
 19 taxpayer acquires the business personal property.

20 (d) A designating body may establish an enhanced abatement  
 21 schedule for a deduction described in subsection (a). An enhanced  
 22 abatement schedule established under this subsection:

23 (1) must specify the percentage amount of the deduction for  
 24 each year of the deduction; and

25 (2) may not exceed twenty-five (25) years.

26 (e) If a taxpayer is granted a deduction under section 4.5 of this  
 27 chapter on an abatement schedule that exceeds ten (10) years  
 28 through an enhanced abatement schedule established under  
 29 subsection (d), the designating body shall conduct a public hearing  
 30 to review the taxpayer's compliance with the statement of benefits  
 31 provided to the designating body under this chapter after the tenth  
 32 year of the abatement and every fifth year thereafter for the  
 33 remainder of the enhanced abatement schedule established for the  
 34 taxpayer.

35 SECTION 6. IC 6-3-2-1, AS AMENDED BY P.L.205-2013,  
 36 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JANUARY 1, 2015]: **Sec. 1. (a) Each taxable year, a tax at the**  
 38 **following rate of adjusted gross income is imposed upon the adjusted**  
 39 **gross income of every resident person, and on that part of the adjusted**  
 40 **gross income derived from sources within Indiana of every nonresident**  
 41 **person:**

42 (1) For taxable years beginning before January 1, 2015, three and



- 1 four-tenths percent (3.4%).
- 2 (2) For taxable years beginning after December 31, 2014, and  
3 before January 1, 2017, three and three-tenths percent (3.3%).
- 4 (3) For taxable years beginning after December 31, 2016, three  
5 and twenty-three hundredths percent (3.23%).
- 6 (b) Except as provided in section 1.5 of this chapter, each taxable  
7 year, a tax at the following rate of adjusted gross income is imposed on  
8 that part of the adjusted gross income derived from sources within  
9 Indiana of every corporation:
- 10 (1) Before July 1, 2012, eight and five-tenths percent (8.5%).
- 11 (2) After June 30, 2012, and before July 1, 2013, eight percent  
12 (8.0%).
- 13 (3) After June 30, 2013, and before July 1, 2014, seven and  
14 five-tenths percent (7.5%).
- 15 (4) After June 30, 2014, and before July 1, 2015, seven percent  
16 (7.0%).
- 17 (5) After June 30, 2015, **and before July 1, 2016**, six and  
18 five-tenths percent (6.5%).
- 19 (6) **After June 30, 2016, and before July 1, 2017, six and**  
20 **twenty-five hundredths percent (6.25%).**
- 21 (7) **After June 30, 2017, and before July 1, 2018, six percent**  
22 **(6%).**
- 23 (8) **After June 30, 2018, and before July 1, 2019, five and**  
24 **seventy-five hundredths percent (5.75%).**
- 25 (9) **After June 30, 2019, and before July 1, 2020, five and**  
26 **five-tenths percent (5.5%).**
- 27 (10) **After June 30, 2020, and before July 1, 2021, five and**  
28 **twenty-five hundredths percent (5.25%).**
- 29 (11) **After June 30, 2021, and before July 1, 2022, five percent**  
30 **(5%).**
- 31 (12) **After June 30, 2022, four and nine-tenths percent (4.9%).**
- 32 (c) If for any taxable year a taxpayer is subject to different tax rates  
33 under subsection (b), the taxpayer's tax rate for that taxable year is the  
34 rate determined in the last STEP of the following STEPS:
- 35 STEP ONE: Multiply the number of months in the taxpayer's  
36 taxable year that precede the month the rate changed by the rate  
37 in effect before the rate change.
- 38 STEP TWO: Multiply the number of months in the taxpayer's  
39 taxable year that follow the month before the rate changed by the  
40 rate in effect after the rate change.
- 41 STEP THREE: Divide the sum of the amounts determined under  
42 STEPS ONE and TWO by twelve (12).



1 However, the rate determined under this subsection shall be rounded  
2 to the nearest one-hundredth of one percent (0.01%).

3 SECTION 7. IC 6-3.1-17-9 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 9. (a) The amount of  
5 tax credits allowed under this chapter may not exceed one million  
6 dollars (\$1,000,000) in a state fiscal year.

7 (b) The department shall record the time of filing of each  
8 application for allowance of a credit under section 8 of this chapter and  
9 shall approve the applications, if they otherwise qualify for a tax credit  
10 under this chapter, in the chronological order in which the applications  
11 are filed in the state fiscal year.

12 (c) When the total credits approved under this section equal the  
13 maximum amount allowable in a state fiscal year, no application  
14 thereafter filed for that same fiscal year shall be approved. However,  
15 if an applicant for whom a credit has been approved fails to file the  
16 statement of proof of payment required under section 8 of this chapter,  
17 an amount equal to the credit previously allowed or set aside for the  
18 applicant may be allowed to any subsequent applicant in the year. In  
19 addition, the department may, if the applicant so requests, approve a  
20 credit application, in whole or in part, with respect to the next  
21 succeeding state fiscal year.

22 **(d) A taxpayer is not entitled to a credit under this chapter for**  
23 **a qualified investment made in a taxable year beginning after**  
24 **December 31, 2014.**

25 **(e) This chapter expires January 1, 2024.**

26 SECTION 8. IC 6-3.1-23 IS REPEALED [EFFECTIVE JANUARY  
27 1, 2015]. (Voluntary Remediation Tax Credit).

28 SECTION 9. IC 6-3.1-27-12, AS AMENDED BY P.L.191-2005,  
29 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
30 JULY 1, 2014]: Sec. 12. (a) If the amount of the credit determined  
31 under this chapter for a taxpayer in a taxable year exceeds the  
32 taxpayer's state tax liability for that taxable year, the taxpayer may carry  
33 over the excess to the following taxable years. The amount of the credit  
34 carryover from a taxable year shall be reduced to the extent that the  
35 carryover is used by the taxpayer to obtain a credit under this chapter  
36 for any subsequent taxable year. A credit may not be carried forward  
37 for more than six (6) taxable years following the taxable year in which  
38 the taxpayer was first entitled to claim the credit.

39 (b) A taxpayer is not entitled to a carryback or refund of any unused  
40 credit. A taxpayer may not sell, assign, convey, or otherwise transfer  
41 the tax credit provided by this chapter.

42 **(c) A taxpayer is not entitled to a credit under this chapter for**



1 **the production or distribution of biodiesel or blended biodiesel in**  
2 **a taxable year beginning after December 31, 2014.**

3 **(d) This chapter expires January 1, 2021.**

4 SECTION 10. IC 6-3.1-28-9, AS AMENDED BY P.L.175-2007,  
5 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
6 JULY 1, 2014]: Sec. 9. (a) If the amount of the credit determined under  
7 this chapter for a taxpayer in a taxable year exceeds the taxpayer's state  
8 tax liability for that taxable year, the taxpayer may carry over the  
9 excess to the following taxable years. The amount of the credit  
10 carryover from a taxable year shall be reduced to the extent that the  
11 carryover is used by the taxpayer to obtain a credit under this chapter  
12 for any subsequent taxable year.

13 (b) A taxpayer is not entitled to a carryback or refund of any unused  
14 credit. A taxpayer may not sell, assign, convey, or otherwise transfer  
15 the tax credit provided by this chapter.

16 **(c) A taxpayer is not entitled to a credit under this chapter for**  
17 **the production of ethanol in a taxable year beginning after**  
18 **December 31, 2014.**

19 **(d) This chapter expires January 1, 2024.**

20 SECTION 11. IC 6-3.1-31.5 IS REPEALED [EFFECTIVE JULY 1,  
21 2014]. (Energy Savings Tax Credit).

22 SECTION 12. IC 6-3.1-33-9, AS AMENDED BY P.L.137-2012,  
23 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
24 JULY 1, 2014]: Sec. 9. (a) Before January 1, ~~2017~~, **2015**, a corporation  
25 or pass through entity that desires to qualify for the new employer  
26 credit provided by this chapter may submit an application to the IEDC  
27 in the form and manner specified by the IEDC.

28 (b) The IEDC shall promptly review all applications submitted to  
29 the IEDC under this chapter.

30 (c) If the IEDC determines that an applicant for the tax credit  
31 provided by this chapter has furnished reliable evidence, as determined  
32 by the IEDC, that the applicant is reasonably capable of:

- 33 (1) employing at least ten (10) qualified employees in each month  
34 of the period specified in section 10(b) of this chapter during the  
35 taxable year; and
- 36 (2) meeting the requirements for the tax credit provided by this  
37 chapter;

38 the IEDC may issue the applicant a certificate of approval. If a  
39 certificate of approval is issued, the IEDC shall provide a copy of the  
40 certificate to the department.

41 (d) In making a determination of whether an applicant is qualified  
42 for a credit under this chapter, the IEDC may consider the following:



1 (1) The applicant's employment levels in previous years to  
 2 determine if the applicant is hiring new individuals or rehiring  
 3 individuals.

4 (2) Whether the applicant is the successor to part or all of the  
 5 assets or business operations of another corporation or pass  
 6 through entity that conducted business operations in Indiana in  
 7 the same line of business to determine if the applicant is a new  
 8 Indiana business under this chapter.

9 (e) If the IEDC determines that the applicant will not employ at least  
 10 ten (10) qualified employees in each month of the period specified in  
 11 section 10(b) of this chapter during the taxable year, is not a new  
 12 Indiana business, or does not meet, or is unlikely to meet, any other  
 13 requirements for the tax credit provided by this chapter, the IEDC shall  
 14 notify the applicant of the IEDC's determination.

15 (f) The IEDC may not issue a certificate of approval under this  
 16 chapter after December 31, ~~2016~~: **2014**.

17 SECTION 13. IC 6-3.1-33-13, AS ADDED BY P.L.110-2010,  
 18 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 JULY 1, 2014]: Sec. 13. (a) If the credit provided by this chapter  
 20 exceeds the taxpayer's state tax liability for the taxable year for which  
 21 the credit is first claimed, the excess may be carried forward to  
 22 succeeding taxable years and used as a credit against the taxpayer's  
 23 state tax liability during those taxable years. Each time that the credit  
 24 is carried forward to a succeeding taxable year, the credit is to be  
 25 reduced by the amount that was used as a credit during the immediately  
 26 preceding taxable year. The credit provided by this chapter may be  
 27 carried forward and applied to succeeding taxable years for not more  
 28 than nine (9) taxable years following the first year the credit is claimed.

29 (b) A taxpayer is not entitled to any carryback or refund of any  
 30 unused credit.

31 **(c) A taxpayer is not entitled to a credit under this chapter for**  
 32 **wages paid in a taxable year beginning after December 31, 2014.**

33 **(d) This chapter expires January 1, 2024.**

34 SECTION 14. IC 6-5.5-2-1, AS AMENDED BY P.L.93-2013,  
 35 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 36 JULY 1, 2014]: Sec. 1. (a) There is imposed on each taxpayer a  
 37 franchise tax measured by the taxpayer's apportioned income for the  
 38 privilege of exercising its franchise or the corporate privilege of  
 39 transacting the business of a financial institution in Indiana. The  
 40 amount of the tax for a taxable year shall be determined by multiplying  
 41 the applicable rate under subsection (b) times the remainder of:

42 (1) the taxpayer's apportioned income; minus



1 (2) the taxpayer's deductible Indiana net operating losses as  
2 determined under this section; minus

3 (3) the taxpayer's net capital losses minus the taxpayer's net  
4 capital gains computed under the Internal Revenue Code for each  
5 taxable year or part of a taxable year beginning after December  
6 31, 1989, multiplied by the apportionment percentage applicable  
7 to the taxpayer under this chapter for the taxable year of the loss.

8 A net capital loss for a taxable year is a net capital loss carryover to  
9 each of the five (5) taxable years that follow the taxable year in which  
10 the loss occurred.

11 (b) The following are the applicable tax rates to be used under  
12 subsection (a):

13 (1) For taxable years beginning before January 1, 2014, eight and  
14 five-tenths percent (8.5%).

15 (2) For taxable years beginning after December 31, 2013, and  
16 before January 1, 2015, eight percent (8.0%).

17 (3) For taxable years beginning after December 31, 2014, and  
18 before January 1, 2016, seven and five-tenths percent (7.5%).

19 (4) For taxable years beginning after December 31, 2015, and  
20 before January 1, 2017, seven percent (7.0%).

21 (5) For taxable years beginning after December 31, 2016, **and**  
22 **before January 1, 2019**, six and five-tenths percent (6.5%).

23 **(6) For taxable years beginning after December 31, 2018, and**  
24 **before January 1, 2020, six and twenty-five hundredths**  
25 **percent (6.25%).**

26 **(7) For taxable years beginning after December 31, 2019, and**  
27 **before January 1, 2021, six percent (6%).**

28 **(8) For taxable years beginning after December 31, 2020, and**  
29 **before January 1, 2022, five and five-tenths percent (5.5%).**

30 **(9) For taxable years beginning after December 31, 2021, and**  
31 **before January 1, 2023, five percent (5%).**

32 **(10) For taxable years beginning after December 31, 2022,**  
33 **four and nine-tenths percent (4.9%).**

34 (c) The amount of net operating losses deductible under subsection  
35 (a) is an amount equal to the net operating losses computed under the  
36 Internal Revenue Code, adjusted for the items set forth in IC 6-5.5-1-2,  
37 that are:

38 (1) incurred in each taxable year, or part of a year, beginning after  
39 December 31, 1989; and

40 (2) attributable to Indiana.

41 (d) The following apply to determining the amount of net operating  
42 losses that may be deducted under subsection (a):



1 (1) The amount of net operating losses that is attributable to  
 2 Indiana is the taxpayer's total net operating losses under the  
 3 Internal Revenue Code for the taxable year of the loss, adjusted  
 4 for the items set forth in IC 6-5.5-1-2, multiplied by the  
 5 apportionment percentage applicable to the taxpayer under this  
 6 chapter for the taxable year of the loss.

7 (2) A net operating loss for any taxable year is a net operating loss  
 8 carryover to each of the fifteen (15) taxable years that follow the  
 9 taxable year in which the loss occurred.

10 (e) The following provisions apply to a combined return computing  
 11 the tax on the basis of the income of the unitary group when the return  
 12 is filed for more than one (1) taxpayer member of the unitary group for  
 13 any taxable year:

14 (1) Any net capital loss or net operating loss attributable to  
 15 Indiana in the combined return shall be prorated between each  
 16 taxpayer member of the unitary group by the quotient of:

17 (A) the receipts of that taxpayer member attributable to  
 18 Indiana under section 4 of this chapter; divided by

19 (B) the receipts of all taxpayer members of the unitary group  
 20 attributable to Indiana.

21 (2) The net capital loss or net operating loss for that year, if any,  
 22 to be carried forward to any subsequent year shall be limited to  
 23 the capital gains or apportioned income for the subsequent year  
 24 of that taxpayer, determined by the same receipts formula set out  
 25 in subdivision (1).

26 SECTION 15. [EFFECTIVE UPON PASSAGE] (a) **As used in this**  
 27 **SECTION, "commission" refers to the commission on business**  
 28 **personal property and business taxation established by subsection**  
 29 **(b).**

30 **(b) The commission on business personal property and business**  
 31 **taxation is established.**

32 **(c) The commission consists of the following members:**

33 **(1) Two (2) members of the senate appointed by the president**  
 34 **pro tempore of the senate.**

35 **(2) One (1) member of the senate appointed by the minority**  
 36 **leader of the senate.**

37 **(3) Two (2) members of the house of representatives**  
 38 **appointed by the speaker of the house of representatives.**

39 **(4) One (1) member of the house of representatives appointed**  
 40 **by the minority leader of the house of representatives.**

41 **(5) The governor or the governor's designee. An individual**  
 42 **designated by the governor under this subdivision must be a**





- 1 state employee.
- 2 (6) One (1) member who is nominated by the Association of
- 3 Indiana Counties and is appointed jointly by the chairman
- 4 and the vice chairman of the legislative council.
- 5 (7) One (1) member who is nominated by the Indiana
- 6 Association of Cities and Towns and is appointed jointly by
- 7 the chairman and the vice chairman of the legislative council.
- 8 (8) One (1) member who is nominated by the Indiana State
- 9 Chamber of Commerce and is appointed jointly by the
- 10 chairman and the vice chairman of the legislative council.
- 11 (9) One (1) member who is nominated by the Indiana
- 12 Manufacturers Association and is appointed jointly by the
- 13 chairman and the vice chairman of the legislative council.
- 14 (10) One (1) member who is nominated by the Association of
- 15 School Business Officials and appointed jointly by the
- 16 chairman and vice chairman of the legislative council.
- 17 (d) The president pro tempore of the senate shall appoint a
- 18 legislative member of the commission to serve as chairperson of the
- 19 commission. The speaker of the house of representatives shall
- 20 appoint a legislative member of the commission to serve as vice
- 21 chairperson of the commission.
- 22 (e) If a vacancy occurs on the commission, the appointing
- 23 authority who appointed the member whose position is vacant shall
- 24 appoint an individual to fill the vacancy.
- 25 (f) The commission shall do the following:
- 26 (1) Study issues concerning the taxation of business personal
- 27 property in Indiana and business taxation in general in
- 28 Indiana.
- 29 (2) Study issues related to the share of the overall tax burden
- 30 borne by businesses in Indiana.
- 31 (3) Study the competitive advantages and disadvantages for
- 32 businesses in Indiana that result from the structure of state
- 33 and local taxation of business.
- 34 (4) Study any special elements of the taxation of business
- 35 personal property.
- 36 (5) Study issues related to property taxes paid by taxpayers
- 37 (including individual taxpayers) other than business
- 38 taxpayers, and the relative share of the overall tax burden
- 39 borne by these taxpayers.
- 40 (6) Study the impact on local government of reducing business
- 41 personal property taxes.
- 42 (7) Study any other topics assigned by the legislative council



1 or as directed by the chair of the commission.

2 (g) The commission shall submit a final report of the results of  
3 its study and any recommendations to the legislative council before  
4 November 1, 2014. The report must be in an electronic format  
5 under IC 5-14-6.

6 (h) The legislative services agency shall provide staff support to  
7 the commission.

8 (i) The affirmative votes of a majority of the members  
9 appointed to the commission are required for the commission to  
10 take action on any measure, including a final report.

11 (j) Except as otherwise specifically provided in this SECTION,  
12 the commission shall operate under the rules of the legislative  
13 council.

14 (k) This SECTION expires January 1, 2015.

15 SECTION 16. [EFFECTIVE UPON PASSAGE] (a) During the  
16 2014 and 2015 legislative interims, the commission on state tax and  
17 financing policy (IC 2-5-3) shall study all income tax deductions  
18 and exemptions using a schedule that provides for approximately  
19 one-half (1/2) of the deductions and exemptions to be studied each  
20 year. The commission shall prepare a report that covers each  
21 deduction and exemption and includes the following:

22 (1) A review of the original scope and purpose of the  
23 deduction or exemption, and whether the scope or purpose  
24 has changed since the enactment of the deduction or  
25 exemption.

26 (2) The economic parameters of the deduction or exemption,  
27 including the amounts, thresholds, percentages, and limits,  
28 and whether these parameters have changed since the  
29 enactment of the deduction or exemption.

30 (3) A description of the taxpayers that qualify for the  
31 deduction or exemption, and how effective the deduction or  
32 exemption has been in assisting these targeted taxpayers.

33 (4) The type of activities on which the deduction or exemption  
34 is based, and how effective the deduction or exemption has  
35 been in promoting these targeted activities.

36 (5) The amount of the deductions and exemptions granted  
37 over time.

38 (6) A summary of audit findings for each deduction or  
39 exemption, and whether there has been any misuse of the  
40 deduction or exemption.

41 (7) Suggested changes in the law with regard to each  
42 deduction and exemption, including whether or not the



1           **deduction or exemption should be retained.**  
2           **(8) Any other issues related to these deductions and**  
3           **exemptions, as determined by the commission.**  
4           **(b) This SECTION expires January 1, 2016.**  
5           **SECTION 17. 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. 1, 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, line 13, delete "assessed".

Page 1, line 14, after "property" delete ":" and insert "**as determined under subsection (e):**".

Page 2, line 9, delete "filing" and insert "**end of the calendar year containing the assessment date, file with the county assessor an annual certification stating that the taxpayer's business personal property in the county is exempt from taxation under this section for that assessment date. If a taxpayer that is required to file an annual certification under this subsection does not file the annual certification by the due date for the annual certification, the taxpayer must pay to the county assessor a penalty of fifty dollars (\$50). The county assessor shall deposit any such penalty collected into the county general fund.**

(e) For the purposes of subsection (c), the value of a taxpayer's business personal property shall be determined based on the value of that property as reflected on the books and records of the taxpayer at the adjusted cost reported by the taxpayer for federal income tax purposes.

SECTION 2. IC 6-1.1-12.1-12.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 12.5. Except as provided in section 12(f) of this chapter, if a county or municipality receives a reimbursement, repayment, or penalty from a taxpayer on account of the taxpayer's failure to comply with the statement of benefits provided by the taxpayer or on account of the taxpayer's failure to comply with any other requirement to receive a deduction under this chapter, the county or municipal fiscal officer shall distribute the amount of the reimbursement, repayment, or penalty on a pro rata basis to each taxing unit that contains the property that was subject to the deduction. The amount to be distributed to each taxing unit that contains the property that was subject to the deduction shall be determined according to the following formula:**

**STEP ONE: Determine the total aggregate property tax rate imposed in the preceding year by the taxing unit.**

**STEP TWO: Determine the sum of the STEP ONE amounts for all taxing units that contain the property that was subject to the deduction.**



**STEP THREE: Divide the STEP ONE amount by the sum determined under STEP TWO.**

**STEP FOUR: Multiply the amount of the reimbursement, repayment, or penalty by the STEP THREE quotient."**

Page 2, delete lines 10 through 12.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 1 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 7, Nays 2.

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SENATE MOTION

Madam President: I move that Senate Bill 1 be amended to read as follows:

Page 9, between lines 8 and 9, begin a new paragraph and insert:

"SECTION 13. IC 6-5.5-2-1, AS AMENDED BY P.L.93-2013, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 1. (a) There is imposed on each taxpayer a franchise tax measured by the taxpayer's apportioned income for the privilege of exercising its franchise or the corporate privilege of transacting the business of a financial institution in Indiana. The amount of the tax for a taxable year shall be determined by multiplying the applicable rate under subsection (b) times the remainder of:

- (1) the taxpayer's apportioned income; minus
- (2) the taxpayer's deductible Indiana net operating losses as determined under this section; minus
- (3) the taxpayer's net capital losses minus the taxpayer's net capital gains computed under the Internal Revenue Code for each taxable year or part of a taxable year beginning after December 31, 1989, multiplied by the apportionment percentage applicable to the taxpayer under this chapter for the taxable year of the loss.

A net capital loss for a taxable year is a net capital loss carryover to each of the five (5) taxable years that follow the taxable year in which the loss occurred.

(b) The following are the applicable tax rates to be used under subsection (a):

- (1) For taxable years beginning before January 1, 2014, eight and five-tenths percent (8.5%).

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(2) For taxable years beginning after December 31, 2013, and before January 1, 2015, eight percent (8.0%).

(3) For taxable years beginning after December 31, 2014, and before January 1, 2016, seven and five-tenths percent (7.5%).

(4) For taxable years beginning after December 31, 2015, and before January 1, 2017, seven percent (7.0%).

(5) For taxable years beginning after December 31, 2016, **and before January 1, 2019**, six and five-tenths percent (6.5%).

**(6) For taxable years beginning after December 31, 2018, and before January 1, 2020, six percent (6%).**

**(7) For taxable years beginning after December 31, 2019, and before January 1, 2021, five and five-tenths percent (5.5%).**

**(8) For taxable years beginning after December 31, 2020, and before January 1, 2022, five percent (5%).**

**(9) For taxable years beginning after December 31, 2021, four and nine-tenths percent (4.9%).**

(c) The amount of net operating losses deductible under subsection (a) is an amount equal to the net operating losses computed under the Internal Revenue Code, adjusted for the items set forth in IC 6-5.5-1-2, that are:

(1) incurred in each taxable year, or part of a year, beginning after December 31, 1989; and

(2) attributable to Indiana.

(d) The following apply to determining the amount of net operating losses that may be deducted under subsection (a):

(1) The amount of net operating losses that is attributable to Indiana is the taxpayer's total net operating losses under the Internal Revenue Code for the taxable year of the loss, adjusted for the items set forth in IC 6-5.5-1-2, multiplied by the apportionment percentage applicable to the taxpayer under this chapter for the taxable year of the loss.

(2) A net operating loss for any taxable year is a net operating loss carryover to each of the fifteen (15) taxable years that follow the taxable year in which the loss occurred.

(e) The following provisions apply to a combined return computing the tax on the basis of the income of the unitary group when the return is filed for more than one (1) taxpayer member of the unitary group for any taxable year:

(1) Any net capital loss or net operating loss attributable to Indiana in the combined return shall be prorated between each taxpayer member of the unitary group by the quotient of:

(A) the receipts of that taxpayer member attributable to



Indiana under section 4 of this chapter; divided by  
(B) the receipts of all taxpayer members of the unitary group  
attributable to Indiana.

(2) The net capital loss or net operating loss for that year, if any,  
to be carried forward to any subsequent year shall be limited to  
the capital gains or apportioned income for the subsequent year  
of that taxpayer, determined by the same receipts formula set out  
in subdivision (1)."

Renumber all SECTIONS consecutively.

(Reference is to SB 1 as printed January 24, 2014.)

HOLDMAN

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SENATE MOTION

Madam President: I move that Senate Bill 1 be amended to read as  
follows:

Page 11, between lines 1 and 2, begin a new line block indented and  
insert:

**"(5) Study issues related to property taxes paid by taxpayers  
(including individual taxpayers) other than business  
taxpayers, and the relative share of the overall tax burden  
borne by these taxpayers.**

**(6) Study the impact on local government of reducing business  
personal property taxes."**

Page 11, line 2, delete "(5)" and insert "(7)".

(Reference is to SB 1 as printed January 24, 2014.)

TALLIAN

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SENATE MOTION

Madam President: I move that Senate Bill 1 be amended to read as  
follows:

Page 3, between lines 5 and 6, begin a new paragraph and insert:

"SECTION 3. IC 6-2.5-5-49.5 IS ADDED TO THE INDIANA  
CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
[EFFECTIVE UPON PASSAGE]: **Sec. 49.5. (a) This section applies  
to a retail merchant engaged in selling bulk propane at retail in**



**Indiana.**

**(b) A retail merchant shall claim a credit against the state gross retail or use tax on the retail merchant's return filed in April of 2014 under IC 6-2.5-6-1 for March of 2014.**

**(c) The amount of the credit is equal the result determined under the following STEPS:**

**STEP ONE: Determine (for each customer to whom the retail merchant sold bulk propane after December 31, 2013, and before April 1, 2014) the greater of zero (0) or the result of:**

**(A) the amount of state gross retail tax collected by the retail merchant after December 31, 2013, and before April 1, 2014, on the retail sale of bulk propane to the customer; minus**

**(B) the amount of state gross retail tax that would have been collected by the retail merchant after December 31, 2013, and before April 1, 2014, on the retail sale of bulk propane to the customer if the cost of that bulk propane had been two dollars and fifty cents (\$2.50) per gallon.**

**STEP TWO: Determine the sum of the STEP ONE amounts for all customers of the retail merchants.**

**(d) A retail merchant that claims a credit under subsection (c) shall provide a credit to each customer of the retail merchant for whom an amount was determined under STEP ONE of subsection (c). The credit is equal to the amount determined under STEP ONE of subsection (c) for that customer. The credit under this subsection shall be applied to the next purchase of bulk propane by the customer from the retail merchant occurring after March 31, 2014.**

**(e) The department may audit credits claimed by a retail merchant under subsection (c) and the credits provided by a retail merchant under subsection (d).**

**(f) This section expires December 31, 2017."**

Renumber all SECTIONS consecutively.

(Reference is to SB 1 as printed January 24, 2014.)

WATERMAN





## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 1, 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, delete lines 1 through 15, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-10.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

**Chapter 10.3. County Option Exemption of Business Personal Property**

**Sec. 1. As used in this chapter, "business personal property" means personal property that:**

- (1) is otherwise subject to assessment and taxation under this article; and**
- (2) is used in a trade or business or otherwise held, used, or consumed in connection with the production of income.**

**The term does not include mobile homes assessed under IC 6-1.1-7 or personal property held as an investment.**

**Sec. 2. As used in this chapter, "county income tax council" refers to the county income tax council established by IC 6-3.5-6-2 for a county.**

**Sec. 3. As used in this chapter, "exemption ordinance" refers to an ordinance adopted under section 5 of this chapter by a county income tax council.**

**Sec. 4. As used in this chapter, "new personal property" means business personal property that:**

- (1) a taxpayer places in service after the later of the date the exemption ordinance is adopted or a date specified in the exemption ordinance; and**
- (2) has not previously been used in Indiana before the taxpayer acquires the business personal property.**

**Sec. 5. (a) A county income tax council may adopt an exemption ordinance that exempts new personal property located in the county from property taxation as provided in section 6 of this chapter.**

**(b) For purposes of adopting an exemption ordinance under this chapter, a county income tax council is comprised of the same members as the county income tax council that is established by IC 6-3.5-6-2 for the county, regardless of whether a county income tax is in effect in the county and regardless of which county income**



tax is in effect in the county. Except as provided in this chapter, the county income tax council shall use the same procedures that apply under IC 6-3.5-6 when acting under this chapter.

(c) Before adopting an exemption ordinance under this section, a county income tax council must conduct a public hearing on the proposed exemption ordinance. The county income tax council must publish notice of the public hearing in accordance with IC 5-3-1.

(d) The county income tax council shall provide a certified copy of an adopted exemption ordinance to the department of local government finance and the county auditor.

**Sec. 6.** An exemption ordinance adopted under this chapter must exempt all new personal property, other than personal property assessed under IC 6-1.1-8. An exemption ordinance may not exempt personal property assessed under IC 6-1.1-8.

**Sec. 7.** A county income tax council may repeal or amend an exemption ordinance. However, if a county income tax council repeals or amends an exemption ordinance, any new personal property that was exempt under the exemption ordinance on the date the new personal property was placed into service by a taxpayer remains exempt from property taxation, regardless of whether or not the ownership of the new personal property changes after the date the exemption ordinance is amended or repealed.

**Sec. 8.** A taxpayer is not required to file an application or a personal property tax return to qualify for an exemption under this chapter.

SECTION 2. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.288-2013, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4.5. (a) An applicant must provide a statement of benefits to the designating body. The applicant must provide the completed statement of benefits form to the designating body before the hearing specified in section 2.5(c) of this chapter or before the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment for which the person desires to claim a deduction under this chapter. The department of local government finance shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

- (1) A description of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment that the



person proposes to acquire.

(2) With respect to:

- (A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and
- (B) new research and development equipment, new logistical distribution equipment, or new information technology equipment;

an estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment and an estimate of the annual salaries of these individuals.

(3) An estimate of the cost of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, an estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products by the new manufacturing equipment.

The statement of benefits may be incorporated in a designation application. Notwithstanding any other law, a statement of benefits is a public record that may be inspected and copied under IC 5-14-3-3.

(b) The designating body must review the statement of benefits required under subsection (a). The designating body shall determine whether an area should be designated an economic revitalization area or whether the deduction shall be allowed, based on (and after it has made) the following findings:

(1) Whether the estimate of the cost of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment is reasonable for equipment of that type.

(2) With respect to:

- (A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and
- (B) new research and development equipment, new logistical distribution equipment, or new information technology



equipment;

whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(3) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed installation of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, whether the estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products can be reasonably expected to result from the installation of the new manufacturing equipment.

(5) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed installation of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(6) Whether the totality of benefits is sufficient to justify the deduction.

The designating body may not designate an area an economic revitalization area or approve the deduction unless it makes the findings required by this subsection in the affirmative.

(c) Except as provided in subsection (f), and subject to subsection (g) and section 15 of this chapter, an owner of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment whose statement of benefits is approved is entitled to a deduction from the assessed value of that equipment for the number of years determined by the designating body under section 17 **or** 18 of this chapter. Except as provided in subsection (d) and in section 2(i)(3) of this chapter, and subject to subsection (g) and section 15 of this chapter, the amount of the deduction that an owner is entitled to for a particular year equals the product of:



- (1) the assessed value of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment in the year of deduction under the abatement schedule established under section 17 **or** 18 of this chapter; multiplied by
- (2) the percentage prescribed by the designating body under section 17 **or** 18 of this chapter.

(d) With respect to new manufacturing equipment and new research and development equipment installed before March 2, 2001, the deduction under this section is the amount that causes the net assessed value of the property after the application of the deduction under this section to equal the net assessed value after the application of the deduction under this section that results from computing:

- (1) the deduction under this section as in effect on March 1, 2001; and
- (2) the assessed value of the property under 50 IAC 4.2, as in effect on March 1, 2001, or, in the case of property subject to IC 6-1.1-8, 50 IAC 5.1, as in effect on March 1, 2001.

(e) The designating body shall determine the number of years the deduction is allowed under section 17 **or** 18 of this chapter. ~~However,~~ **Except as provided by section 18 of this chapter**, the deduction may not be allowed for more than ten (10) years. This determination shall be made:

- (1) as part of the resolution adopted under section 2.5 of this chapter; or
- (2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the county auditor. A certified copy of the resolution shall be sent to the county auditor.

A determination about the number of years the deduction is allowed that is made under subdivision (1) is final and may not be changed by following the procedure under subdivision (2).

(f) The owner of new manufacturing equipment that is directly used to dispose of hazardous waste is not entitled to the deduction provided by this section for a particular assessment year if during that assessment year the owner:

- (1) is convicted of a criminal violation under IC 13, including IC 13-7-13-3 (repealed) or IC 13-7-13-4 (repealed); or
- (2) is subject to an order or a consent decree with respect to property located in Indiana based on a violation of a federal or state rule, regulation, or statute governing the treatment, storage, or disposal of hazardous wastes that had a major or moderate



potential for harm.

(g) For purposes of subsection (c), the assessed value of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment that is part of an owner's assessable depreciable personal property in a single taxing district subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product of:

(1) the assessed value of the equipment determined without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9; multiplied by

(2) the quotient of:

(A) the amount of the valuation limitation determined under 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's depreciable personal property in the taxing district; divided by

(B) the total true tax value of all of the owner's depreciable personal property in the taxing district that is subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 determined:

(i) under the depreciation schedules in the rules of the department of local government finance before any adjustment for abnormal obsolescence; and

(ii) without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9."

Page 2, delete lines 1 through 24.

Page 3, delete lines 6 through 41, begin a new paragraph and insert:

"SECTION 4. IC 6-1.1-12.1-17, AS AMENDED BY P.L.288-2013, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 17. (a) A designating body may provide to a business that is established in or relocated to a revitalization area and that receives a deduction under section 4 or 4.5 of this chapter an abatement schedule based on the following factors:

(1) The total amount of the taxpayer's investment in real and personal property.

(2) The number of new full-time equivalent jobs created.

(3) The average wage of the new employees compared to the state minimum wage.

(4) The infrastructure requirements for the taxpayer's investment.

(b) This subsection applies to a statement of benefits approved after June 30, 2013. A designating body shall establish an abatement schedule for each deduction allowed under this chapter. An abatement schedule must specify the percentage amount of the deduction for each year of the deduction. **Except as provided in section 18 of this**



**chapter**, an abatement schedule may not exceed ten (10) years.

(c) An abatement schedule approved for a particular taxpayer before July 1, 2013, remains in effect until the abatement schedule expires under the terms of the resolution approving the taxpayer's statement of benefits.

SECTION 5. IC 6-1.1-12.1-18 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 18. (a) This section applies to a deduction provided under section 4.5 of this chapter for new personal property with respect to a statement of benefits approved after June 30, 2014.**

**(b) As used in this section, "business personal property" has the meaning set forth in IC 6-1.1-10.3-1.**

**(c) As used in this section, "new personal property" means business personal property that:**

**(1) a taxpayer places in service after the date the taxpayer's statement of benefits is approved by the designating body; and**

**(2) has not previously been used in Indiana before the taxpayer acquires the business personal property.**

**(d) A designating body may establish an enhanced abatement schedule for a deduction described in subsection (a). An enhanced abatement schedule established under this subsection:**

**(1) must specify the percentage amount of the deduction for each year of the deduction; and**

**(2) may not exceed twenty-five (25) years.**

**(e) If a taxpayer is granted a deduction under section 4.5 of this chapter on an abatement schedule that exceeds ten (10) years through an enhanced abatement schedule established under subsection (d), the designating body shall conduct a public hearing to review the taxpayer's compliance with the statement of benefits provided to the designating body under this chapter after the tenth year of the abatement and every fifth year thereafter for the remainder of the enhanced abatement schedule established for the taxpayer."**

Page 4, line 26, after "six" insert "**and twenty-five hundredths**".

Page 4, line 27, delete "(6.0%)." and insert "**(6.25%)**".

Page 4, line 28, delete "five and" and insert "**six percent (6%)**".

Page 4, delete line 29.

Page 4, line 30, after "five" insert "**and seventy-five hundredths**".

Page 4, line 31, delete "(5.0%)." and insert "**(5.75%)**".

Page 4, between lines 31 and 32, begin a new line block indented



and insert:

**"(9) After June 30, 2019, and before July 1, 2020, five and five-tenths percent (5.5%)."**

**(10) After June 30, 2020, and before July 1, 2021, five and twenty-five hundredths percent (5.25%)."**

**(11) After June 30, 2021, and before July 1, 2022, five percent (5%)."**

Page 4, line 32, delete "(9)" and insert "**(12)**".

Page 4, line 32, delete "2019," and insert "**2022**".

Page 5, delete lines 4 through 42.

Delete page 6.

Page 7, delete lines 1 through 13.

Page 10, line 35, delete "percent (6%)." and insert "**and twenty-five hundredths percent (6.25%)."**

Page 10, line 37, delete "five and five-tenths percent (5.5%)." and insert "**six percent (6%)."**

Page 10, line 39, delete "percent (5%)." and insert "**and five-tenths percent (5.5%)."**

Page 10, between lines 39 and 40, begin a new line block indented and insert:

**"(9) For taxable years beginning after December 31, 2021, and before January 1, 2023, five percent (5%)."**

Page 10, line 40, delete "(9)" and insert "**(10)**".

Page 10, line 40, delete "2021," and insert "**2022**".

Page 11, delete lines 34 through 42.

Page 12, delete lines 1 through 19.

Page 13, between lines 7 and 8, begin a new line block indented and insert:

**"(10) One (1) member who is nominated by the Association of School Business Officials and appointed jointly by the chairman and vice chairman of the legislative council."**

Page 13, line 21, delete "," and insert ".".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 1 as reprinted January 29, 2014.)

BROWN T, Chair

Committee Vote: yeas 11, nays 5.

