Reprinted
February 3, 2016

SENATE BILL No. 309

DIGEST OF SB 309 (Updated February 2, 2016 4:14 pm - DI 120)

Citations Affected: IC 5-20; IC 6-1.1; IC 6-2.5; IC 6-3; IC 6-4.1; IC 6-8.1; IC 6-9; IC 21-12; IC 36-1; IC 36-2; IC 36-3; IC 36-7; noncode.

Synopsis: State and local taxation. Eliminates the exemption for property taxes during the planning and construction of a residence that is conveyed upon completion to a low income individual by a nonprofit organization. Eliminates the exemption for property taxes for improvements on real property that are constructed, rehabilitated, or acquired for the purpose of providing low income housing (and also eliminates the PILOTS required from the taxpayers claiming the exemption). Eliminates the property tax deduction for residential rehabilitation of a dwelling. Eliminates the property tax deduction for rehabilitation of a structure over 50 years old. Provides that the use tax is imposed on a contractor's conversion of construction material into real property if that construction material was purchased by the

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Effective: Upon passage; January 1, 2010 (retroactive); April 1, 2016; July 1, 2016; January 1, 2017.

Hershman, Holdman

January 7, 2016, read first time and referred to Committee on Tax & Fiscal Policy.
January 28, 2016, amended, reported favorably — Do Pass.
February 2, 2016, read second time, amended, ordered engrossed.

contractor. Specifies, however, that the use tax does not apply to conversions of construction material if: (1) the sales or use tax has been previously imposed on the contractor's acquisition or use of that construction material; (2) the person for whom the construction material is being converted could have purchased the construction material exempt from the sales and use tax (as evidenced by an exemption certificate) if that person had directly purchased the material from a retail merchant in a retail transaction; or (3) the conversion of the construction material into real property is governed by a time and material contract. Specifies that a person is a retail merchant making a retail transaction for purposes of state gross retail and use taxes when the person rents or furnishes rooms, lodgings, or accommodations (lodgings) that: (1) are rented or furnished for periods of less than 30 days; and (2) are located in a house, condominium, or apartment in which lodgings are rented or furnished for transient residential housing for consideration. Defines "facilitator" as a person who: (1) contracts with a person who rents or furnishes lodgings for consideration to market the lodgings through the Internet; and (2) accepts payment from the consumer for the lodging. Provides that a facilitator is a retail merchant making a retail transaction when the facilitator accepts payment from the consumer for lodgings rented or furnished in Indiana. Provides that a retail merchant who rents or furnishes lodgings shall provide to the consumer of the lodging an itemized statement separately stating all of the following: (1) The part of the gross retail income that is charged for the rental or furnishing of the lodging. (2) Any taxes collected by the person renting or furnishing the lodging. (3) Any part of the gross retail income that is a fee, commission, or other charge of a facilitator. Provides that a contractor is a retail merchant making a retail transaction when the contractor disposes of tangible personal property or converts tangible personal property into real property under a time and material contract. Provides that a taxpayer may claim the $1,500 additional dependent deduction for a dependent child for whom the taxpayer is the legal guardian. (Current law allows the additional dependent deduction to be claimed only for a child, stepchild, or foster child of the taxpayer.) Repeals the state income tax credit for contributions to the twenty-first century scholars program support fund. Makes conforming changes. Provides that if a partnership, a trust, or an estate fails to withhold and pay any amount of tax required to be withheld and thereafter the tax is paid by the partners of the partnership (or the beneficiaries in the case of a trust or estate), the amount of tax paid by partners (or the beneficiaries in the case of a trust or estate) may not be collected from the partnership, trust, or estate. Specifies that the partnership, trust, or estate remains liable for interest or penalty based on the failure to withhold the tax. Provides that an Indiana inheritance tax return filed after March 31, 2016, must be filed with the department of state revenue (department). Amends provisions of the Indiana inheritance tax law to allow the department to process and administer inheritance tax returns filed with the department after March 31, 2016. Makes conforming changes. Provides that if the department issues to a person a demand notice for the payment of a tax, the person has 20 days (rather than 10 days, under current law) to either pay the amount demanded or show reasonable cause for not paying the amount demanded. Provides that if an ordinance has been adopted requiring the payment of innkeeper's tax to the county treasurer instead of the department, the county treasurer has the same rights and powers with respect to refunding the innkeeper's tax as the department. Repeals, effective January 1, 2017, the provision in current law that provides that the cutting of steel bars into billets is to be treated as processing of tangible personal property for purposes of the double direct sales tax exemption for certain manufacturing activities. Adds a provision that would apply retroactively the same sales tax exemption related to the cutting of steel

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Digest Continued

bars into billets (that was enacted effective January 1, 2016) to taxable year beginning January 1, 2011. Provides, however, that a taxpayer predominantly engaged in the business of cutting steel bars owned by others into billets is not entitled to a refund of state gross retail or use taxes paid for any tax period beginning after December 31, 2010, and before January 1, 2016, based on that provision.

Reprinted
February 3, 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.

SENATE BILL No. 309

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

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

SECTION 1. IC 5-20-5-15.5, AS AMENDED BY P.L.211-2007, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 15.5. (a) The governing body of an eligible entity that receives a grant under this chapter shall, by resolution, establish an affordable housing fund to be administered, subject to the terms of the resolution, by a department, a division, or an agency designated by the governing body.

(b) The affordable housing fund consists of:

(1) payments in lieu of taxes deposited in the fund under IC 36-1-8-14.2 **(before its expiration);**

(2) gifts and grants to the fund;

(3) investment income earned on the fund's assets;

(4) money deposited in the fund under IC 36-2-7-10; and

(5) other funds from sources approved by the commission.

(c) The governing body shall, by resolution, establish uses for the

affordable housing fund. However, the uses must be limited to:

(1) providing financial assistance to those individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, to enable those individuals and families to purchase or lease residential units within the county;

(2) paying expenses of administering the fund;

(3) making grants, loans, and loan guarantees for the development, rehabilitation, or financing of affordable housing for individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, including the elderly, persons with disabilities, and homeless individuals and families; and

(4) providing technical assistance to nonprofit developers of affordable housing.

(d) The county treasurer shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

SECTION 2. IC 6-1.1-10-16, AS AMENDED BY P.L.151-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 16. (a) All or part of a building is exempt from property taxation if it is owned, occupied, and used by a person for educational, literary, scientific, religious, or charitable purposes.

(b) A building is exempt from property taxation if it is owned, occupied, and used by a town, city, township, or county for educational, literary, scientific, fraternal, or charitable purposes.

(c) A tract of land, including the campus and athletic grounds of an educational institution, is exempt from property taxation if:

(1) a building that is exempt under subsection (a) or (b) is situated on it;

(2) a parking lot or structure that serves a building referred to in subdivision (1) is situated on it; or

(3) the tract:

(A) is owned by a nonprofit entity established for the purpose of retaining and preserving land and water for their natural characteristics;

(B) does not exceed five hundred (500) acres; and

(C) is not used by the nonprofit entity to make a profit.

(d) A tract of land is exempt from property taxation if:

(1) it is purchased for the purpose of erecting a building that is to be owned, occupied, and used in such a manner that the building will be exempt under subsection (a) or (b); and

(2) not more than four (4) years after the property is purchased, and for each year after the four (4) year period, the owner demonstrates substantial progress and active pursuit towards the erection of the intended building and use of the tract for the exempt purpose. To establish substantial progress and active pursuit under this subdivision, the owner must prove the existence of factors such as the following:

(A) Organization of and activity by a building committee or other oversight group.

(B) Completion and filing of building plans with the appropriate local government authority.

(C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within four (4) years.

(D) The breaking of ground and the beginning of actual construction.

(E) Any other factor that would lead a reasonable individual to believe that construction of the building is an active plan and that the building is capable of being completed within eight (8) years considering the circumstances of the owner.

If the owner of the property sells, leases, or otherwise transfers a tract of land that is exempt under this subsection, the owner is liable for the property taxes that were not imposed upon the tract of land during the period beginning January 1 of the fourth year following the purchase of the property and ending on December 31 of the year of the sale, lease, or transfer. The county auditor of the county in which the tract of land is located may establish an installment plan for the repayment of taxes due under this subsection. The plan established by the county auditor may allow the repayment of the taxes over a period of years equal to the number of years for which property taxes must be repaid under this subsection.

(e) Personal property is exempt from property taxation if it is owned and used in such a manner that it would be exempt under subsection (a) or (b) if it were a building.

(f) A hospital's property that is exempt from property taxation under subsection (a), (b), or (e) shall remain exempt from property taxation even if the property is used in part to furnish goods or services to another hospital whose property qualifies for exemption under this section.

(g) Property owned by a shared hospital services organization that is exempt from federal income taxation under Section 501(c)(3) or 501(e) of the Internal Revenue Code is exempt from property taxation

if it is owned, occupied, and used exclusively to furnish goods or services to a hospital whose property is exempt from property taxation under subsection (a), (b), or (e).

(h) This section does not exempt from property tax an office or a practice of a physician or group of physicians that is owned by a hospital licensed under IC 16-21-2 or other property that is not substantially related to or supportive of the inpatient facility of the hospital unless the office, practice, or other property:

(1) provides or supports the provision of charity care (as defined in IC 16-18-2-52.5), including providing funds or other financial support for health care services for individuals who are indigent (as defined in IC 16-18-2-52.5(b) and IC 16-18-2-52.5(c)); or

(2) provides or supports the provision of community benefits (as defined in IC 16-21-9-1), including research, education, or government sponsored indigent health care (as defined in IC 16-21-9-2).

However, participation in the Medicaid or Medicare program alone does not entitle an office, practice, or other property described in this subsection to an exemption under this section.

(i) **The exemption provided in this subsection applies only for an assessment date occurring before January 2, 2017.** A tract of land or a tract of land plus all or part of a structure on the land is exempt from property taxation if:

(1) the tract is acquired for the purpose of erecting, renovating, or improving a single family residential structure that is to be given away or sold:

(A) in a charitable manner;

(B) by a nonprofit organization; and

(C) to low income individuals who will:

(i) use the land as a family residence; and

(ii) not have an exemption for the land under this section;

(2) the tract does not exceed three (3) acres; **and**

(3) the tract of land or the tract of land plus all or part of a structure on the land is not used for profit while exempt under this section. ~~and~~

~~(4) not more than four (4) years after the property is acquired for the purpose described in subdivision (1), and for each year after the four (4) year period the owner demonstrates substantial progress and active pursuit towards the erection, renovation, or improvement of the intended structure. To establish substantial progress and active pursuit under this subdivision, the owner must prove the existence of factors such as the following:~~

~~(A) Organization of and activity by a building committee or other oversight group.~~

~~(B) Completion and filing of building plans with the appropriate local government authority.~~

~~(C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within five (5) years of the initial exemption received under this subsection.~~

~~(D) The breaking of ground and the beginning of actual construction.~~

~~(E) Any other factor that would lead a reasonable individual to believe that construction of the structure is an active plan and that the structure is capable of being:~~

~~(i) completed; and~~

~~(ii) transferred to a low income individual who does not receive an exemption under this section;~~

~~within eight (8) years considering the circumstances of the owner.~~

This subsection expires January 1, 2028.

(j) An exemption under subsection (i) terminates:

(1) when the property is conveyed by the nonprofit organization to another owner; **or**

(2) January 2, 2017;

whichever occurs first. This subsection expires January 1, 2028.

(k) When ~~the~~ property **that is exempt in any year under subsection (i)** is conveyed to another owner, the nonprofit organization receiving the exemption must file a certified statement with the auditor of the county, notifying the auditor of the change not later than sixty (60) days after the date of the conveyance. The county auditor shall immediately forward a copy of the certified statement to the county assessor. A nonprofit organization that fails to file the statement required by this subsection is liable for the amount of property taxes due on the property conveyed if it were not for the exemption allowed under this chapter.

~~(k)~~ **(l)** If property is granted an exemption in any year under subsection (i) and the owner:

~~(1) ceases to be eligible for the exemption under subsection (i)(4);~~

~~(2)~~ **(1)** fails to transfer the tangible property within eight (8) years after the assessment date for which the exemption is initially granted; or

~~(3)~~ **(2)** transfers the tangible property to a person who:

(A) is not a low income individual; or

(B) does not use the transferred property as a residence for at least one (1) year after the property is transferred;

the person receiving the exemption shall notify the county recorder and the county auditor of the county in which the property is located not later than sixty (60) days after the event described in subdivision (1) **or** (2) ~~or (3)~~ occurs. The county auditor shall immediately inform the county assessor of a notification received under this subsection. **This subsection expires January 1, 2028.**

~~(l)~~ **(m)** If subsection ~~(k)(1), (k)(2), or (k)(3)~~ **(l)(1) or (l)(2)** applies, the owner shall pay, not later than the date that the next installment of property taxes is due, an amount equal to the sum of the following:

(1) The total property taxes that, if it were not for the exemption under subsection (i), would have been levied on the property in each year in which an exemption was allowed.

(2) Interest on the property taxes at the rate of ten percent (10%) per year.

This subsection expires January 1, 2028.

~~(m)~~ **(n)** The liability imposed by subsection ~~(l)~~ **(m)** is a lien upon the property receiving the exemption under subsection (i). An amount collected under subsection ~~(l)~~ **(m)** shall be collected as an excess levy. If the amount is not paid, it shall be collected in the same manner that delinquent taxes on real property are collected. **This subsection expires January 1, 2028.**

~~(n)~~ **(o)** Property referred to in this section shall be assessed to the extent required under IC 6-1.1-11-9.

~~(o)~~ **(p)** A for-profit provider of early childhood education services to children who are at least four (4) but less than six (6) years of age on the annual assessment date may receive the exemption provided by this section for property used for educational purposes only if all the requirements of section 46 of this chapter are satisfied. A for-profit provider of early childhood education services that provides the services only to children younger than four (4) years of age may not receive the exemption provided by this section for property used for educational purposes.

SECTION 3. IC 6-1.1-10-16.7, AS AMENDED BY P.L.181-2006, SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 16.7. **(a) This section applies only to property taxes imposed for an assessment date occurring before January 2, 2017.**

(b) All or part of real property is exempt from property taxation if:

(1) the improvements on the real property were constructed, rehabilitated, or acquired for the purpose of providing housing to

income eligible persons under the federal low income housing tax credit program under 26 U.S.C. 42;

(2) the real property is subject to an extended use agreement under 26 U.S.C. 42 as administered by the Indiana housing and community development authority; and

(3) the owner of the property has entered into an agreement to make payments in lieu of taxes under IC 36-1-8-14.2 **(before its expiration),** IC 36-2-6-22 **(before its expiration),** or IC 36-3-2-11 **(before its expiration).**

(c) This section expires January 1, 2020.

SECTION 4. IC 6-1.1-12-18, AS AMENDED BY P.L.247-2015, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 18. **(a) This section applies only to rehabilitation of residential real property that occurs before January 2, 2017.**

~~(a)~~ **(b)** If the assessed value of residential real property described in subsection ~~(d)~~ **(e)** is increased because it has been rehabilitated, the owner may have deducted from the assessed value of the property an amount not to exceed the lesser of:

(1) the total increase in assessed value resulting from the rehabilitation **(excluding an increase in assessed value that occurs after January 1, 2017);** or

(2) eighteen thousand seven hundred twenty dollars ($18,720) per rehabilitated dwelling unit.

The owner is entitled to this deduction annually for a five (5) year period, or if subsection ~~(e)~~ **(f)** applies, the period established under subsection ~~(e).~~ **(f).**

~~(b)~~ **(c)** For purposes of this section, the term "rehabilitation" means significant repairs, replacements, or improvements to an existing structure which are intended to increase the livability, utility, safety, or value of the property under rules adopted by the department of local government finance.

~~(c)~~ **(d)** For the purposes of this section, the term "owner" or "property owner" includes any person who has the legal obligation, or has otherwise assumed the obligation, to pay the real property taxes on the rehabilitated property.

~~(d)~~ **(e)** The deduction provided by this section applies only:

(1) for the rehabilitation of residential real property which is located within this state and which is described in one (1) of the following classifications:

(A) A single family dwelling if before rehabilitation the assessed value (excluding any exemptions or deductions) of

the improvements does not exceed thirty-seven thousand four hundred forty dollars ($37,440).

(B) A two (2) family dwelling if before rehabilitation the assessed value (excluding exemptions or deductions) of the improvements does not exceed forty-nine thousand nine hundred twenty dollars ($49,920).

(C) A dwelling with more than two (2) family units if before rehabilitation the assessed value (excluding any exemptions or deductions) of the improvements does not exceed eighteen thousand seven hundred twenty dollars ($18,720) per dwelling unit; and

(2) if the property owner:

(A) owns the residential real property; or

(B) is buying the residential real property under contract;

on the assessment date of the year in which an application must be filed under section 20 of this chapter.

~~(e)~~ **(f)** A county, city, or town fiscal body may adopt an ordinance to establish a deduction period that is longer than five (5) years but not to exceed fifteen (15) years for any rehabilitated property covered by this section that has also been determined to be abandoned or vacant for purposes of IC 6-1.1-24.

(g) This section expires January 1, 2033.

SECTION 5. IC 6-1.1-12-19, AS AMENDED BY P.L.112-2012, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 19. **(a)** The deduction from assessed value provided by section 18 of this chapter **(before its expiration)** is first available in the year in which the increase in assessed value resulting from the rehabilitation occurs and shall continue for the following four (4) years. In the sixth (6th) year, the county auditor shall add the amount of the deduction to the assessed value of the real property. A:

(1) general reassessment of real property under IC 6-1.1-4-4; or

(2) reassessment under a county's reassessment plan prepared under IC 6-1.1-4-4.2;

which occurs within the five (5) year period of the deduction does not affect the amount of the deduction.

(b) This section expires January 1, 2023.

SECTION 6. IC 6-1.1-12-20, AS AMENDED BY P.L.1-2009, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 20. (a) A property owner who desires to obtain the deduction provided by section 18 of this chapter **(before its expiration)** must file a certified deduction application, on forms prescribed by the department of local government finance, with the

auditor of the county in which the rehabilitated property is located. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. Except as provided in subsection (b) and subject to section 45 of this chapter, the application must be filed in the year in which the addition to assessed value is made.

(b) If notice of the addition to assessed value for any year is not given to the property owner before December 1 of that year, the application required by this section may be filed not later than thirty (30) days after the date such a notice is mailed to the property owner at the address shown on the records of the township or county assessor.

(c) The application required by this section shall contain the following information:

(1) A description of the property for which a deduction is claimed in sufficient detail to afford identification.

(2) Statements of the ownership of the property.

(3) The assessed value of the improvements on the property before rehabilitation.

(4) The number of dwelling units on the property.

(5) The number of dwelling units rehabilitated.

(6) The increase in assessed value resulting from the rehabilitation.

(7) The amount of deduction claimed.

(d) A deduction application filed under this section is applicable for the year in which the increase in assessed value occurs and for the immediately following four (4) years without any additional application being filed.

(e) On verification of an application by the assessor of the township in which the property is located, or the county assessor if there is no township assessor for the township, the county auditor shall make the deduction.

(f) This section expires January 1, 2023.

SECTION 7. IC 6-1.1-12-22, AS AMENDED BY P.L.247-2015, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 22. **(a) This section applies only to rehabilitation of property that occurs before January 2, 2017.**

~~(a)~~ **(b)** If the assessed value of property is increased because it has been rehabilitated and the owner has paid at least ten thousand dollars ($10,000) for the rehabilitation, the owner is entitled to have deducted from the assessed value of the property an amount equal to fifty percent (50%) of the increase in assessed value resulting from the rehabilitation **(excluding an increase in assessed value that occurs from**

rehabilitation after January 1, 2017). The owner is entitled to this deduction annually for a five (5) year period, or if subsection ~~(c)~~ **(f)** applies, the period established under subsection ~~(c).~~ **(f).** However, the maximum deduction which a property owner may receive under this section for a particular year is:

(1) one hundred twenty-four thousand eight hundred dollars ($124,800) for a single family dwelling unit; or

(2) three hundred thousand dollars ($300,000) for any other type of property.

~~(b)~~ **(c)** For purposes of this section, the term "property" means a building or structure which was erected at least fifty (50) years before the date of application for the deduction provided by this section. The term "property" does not include land.

~~(c)~~ **(d)** For purposes of this section, the term "rehabilitation" means significant repairs, replacements, or improvements to an existing structure that are intended to increase the livability, utility, safety, or value of the property under rules adopted by the department of local government finance.

~~(d)~~ **(e)** The deduction provided by this section applies only if the property owner:

(1) owns the property; or

(2) is buying the property under contract;

on the assessment date of the year in which an application must be filed under section 24 of this chapter.

~~(e)~~ **(f)** A county, city, or town fiscal body may adopt an ordinance to establish a deduction period that is longer than five (5) years but not to exceed seven (7) years for any rehabilitated property covered by this section that has also been determined to be abandoned or vacant for purposes of IC 6-1.1-24.

(g) This section expires January 1, 2025.

SECTION 8. IC 6-1.1-12-23, AS AMENDED BY P.L.112-2012, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 23. **(a)** The deduction from assessed value provided by section 22 of this chapter **(before its expiration)** is first available after the first assessment date following the rehabilitation and shall continue for the taxes first due and payable in the following five (5) years. In the sixth (6th) year, the county auditor shall add the amount of the deduction to the assessed value of the property. Any:

(1) general reassessment of real property under IC 6-1.1-4-4; or

(2) reassessment under a county's reassessment plan prepared under IC 6-1.1-4-4.2;

which occurs within the five (5) year period of the deduction does not

affect the amount of the deduction.

(b) This section expires January 1, 2023.

SECTION 9. IC 6-1.1-12-24, AS AMENDED BY P.L.113-2010, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 24. (a) A property owner who desires to obtain the deduction provided by section 22 of this chapter **(before its expiration)** must file a certified deduction application, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is located. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. Except as provided in subsection (b) and subject to section 45 of this chapter, the application must be filed in the year in which the addition to assessed valuation is made.

(b) If notice of the addition to assessed valuation for any year is not given to the property owner before December 1 of that year, the application required by this section may be filed not later than thirty (30) days after the date such a notice is mailed to the property owner at the address shown on the records of the township or county assessor.

(c) The application required by this section shall contain the following information:

(1) The name of the property owner.

(2) A description of the property for which a deduction is claimed in sufficient detail to afford identification.

(3) The assessed value of the improvements on the property before rehabilitation.

(4) The increase in the assessed value of improvements resulting from the rehabilitation.

(5) The amount of deduction claimed.

(d) A deduction application filed under this section is applicable for the year in which the addition to assessed value is made and in the immediate following four (4) years without any additional application being filed.

(e) On verification of the correctness of an application by the assessor of the township in which the property is located, or the county assessor if there is no township assessor for the township, the county auditor shall make the deduction.

(f) This section expires January 1, 2023.

SECTION 10. IC 6-1.1-12-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 25. **(a)** For repairs or improvements made to a particular building or structure, a person may receive either the deduction provided by section 18 of this chapter

(before its expiration) or the deduction provided by section 22 of this chapter **(before its expiration).** ~~He~~ **A person** may not receive deductions under both sections for the repairs or improvements.

(b) This section expires January 1, 2025.

SECTION 11. IC 6-1.1-12-46, AS AMENDED BY P.L.250-2015, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 46. (a) This section applies to real property for an assessment date in 2011 or a later year if:

(1) the real property is not exempt from property taxation for the assessment date;

(2) title to the real property is transferred after the assessment date and on or before the December 31 that next succeeds the assessment date;

(3) the transferee of the real property applies for an exemption under IC 6-1.1-11 for the next succeeding assessment date; and

(4) the county property tax assessment board of appeals determines that the real property is exempt from property taxation for that next succeeding assessment date.

(b) For the assessment date referred to in subsection (a)(1), real property is eligible for any deductions for which the transferor under subsection (a)(2) was eligible for that assessment date under the following:

(1) IC 6-1.1-12-1.

(2) IC 6-1.1-12-9.

(3) IC 6-1.1-12-11.

(4) IC 6-1.1-12-13.

(5) IC 6-1.1-12-14.

(6) IC 6-1.1-12-16.

(7) IC 6-1.1-12-17.4 (before its expiration).

(8) IC 6-1.1-12-18 **(before its expiration).**

(9) IC 6-1.1-12-22 **(before its expiration).**

(10) IC 6-1.1-12-37.

(11) IC 6-1.1-12-37.5.

(c) For the payment date applicable to the assessment date referred to in subsection (a)(1), real property is eligible for the credit for excessive residential property taxes under IC 6-1.1-20.6 for which the transferor under subsection (a)(2) would be eligible for that payment date if the transfer had not occurred.

SECTION 12. IC 6-1.1-12.1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 6. (a) A property owner may not receive a deduction under this chapter for repairs or improvements to real property if ~~he~~ **the property owner** receives a

deduction under either IC 6-1.1-12-18 **(before its expiration)** or IC 6-1.1-12-22 **(before its expiration)** for those same repairs or improvements. **This subsection expires January 1, 2033.**

(b) A property owner may not receive a deduction under this chapter if the property owner receives a deduction under IC 6-1.1-12-28.5 for the same property.

SECTION 13. IC 6-1.1-42-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 22. (a) The designating body shall determine whether to approve a deduction.

(b) A designating body may not grant a deduction for a facility described in IC 6-1.1-12.1-3(e).

(c) A property owner may not receive a deduction under this chapter for repairs or improvements to real property if the owner receives a deduction under either IC 6-1.1-12.1, IC 6-1.1-12-18 **(before its expiration),** IC 6-1.1-12-22 **(before its expiration),** or IC 6-1.1-12-28.5 for the same property.

(d) A designating body may approve a deduction only if the following findings are made in the affirmative:

(1) The applicant:

(A) has never had an ownership interest in an entity that contributed; and

(B) has not contributed;

a contaminant (as defined in IC 13-11-2-42) that is the subject of the voluntary remediation, as determined under the written standards adopted by the department of environmental management.

(2) The proposed improvement or property will be located in a zone.

(3) The estimate of the value of the remediation and redevelopment is reasonable for projects of that nature.

(4) 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 proposed described remediation and redevelopment.

(5) 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 described remediation and redevelopment.

(6) Any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed described remediation and redevelopment.

(7) The totality of benefits is sufficient to justify the deduction.

SECTION 14. IC 6-2.5-1-14.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 14.7. "Construction material" means any tangible personal property to be converted into real property.**

SECTION 15. IC 6-2.5-1-14.9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 14.9. "Contractor" means any person engaged in converting construction material into real property on behalf of another person. The term includes, but is not limited to, general or prime contractors, subcontractors, and specialty contractors.**

SECTION 16. IC 6-2.5-1-19.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 19.5. "Facilitator" means a person who:**

(1) contracts or otherwise enters into an agreement:

(A) with a person who rents or furnishes rooms, lodgings, or accommodations for consideration; and

(B) to market the room, lodging, or accommodation through the Internet; and

(2) accepts payment from the consumer for the room, lodging, or accommodation.

The term does not include a licensee (as defined in IC 25-34.1-1-2(6)) under the real estate broker licensing act (IC 25-34.1) or the owner of the room, lodging, or accommodation.

SECTION 17. IC 6-2.5-1-27.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 27.7. "Time and material contract" means a contract in which the cost of construction material and the cost of labor or other charges are stated separately.**

SECTION 18. IC 6-2.5-3-2, AS AMENDED BY P.L.13-2013, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 2. (a) An excise tax, known as the use tax, is imposed on the storage, use, or consumption of tangible personal property in Indiana if the property was acquired in a retail transaction, regardless of the location of that transaction or of the retail merchant making that transaction.

(b) The use tax is also imposed on the storage, use, or consumption of a vehicle, an aircraft, or a watercraft, if the vehicle, aircraft, or watercraft:

(1) is acquired in a transaction that is an isolated or occasional sale; and

(2) is required to be titled, licensed, or registered by this state for use in Indiana.

(c) The use tax is imposed on ~~the addition of tangible personal property to a structure or facility, if, after its addition, the property becomes part of the real estate on which the structure or facility is located.~~ **a contractor's conversion of construction material into real property if that construction material was purchased by the contractor.** However, the use tax does not apply to ~~additions~~ **conversions** of ~~tangible personal property~~ **construction material** described in this subsection, if:

(1) the state gross retail or use tax has been previously imposed on the ~~sale~~ **contractor's acquisition** or use of that ~~property; or~~ **construction material;**

(2) the ~~ultimate purchaser or recipient of that property would have been~~ **person for whom the construction material is being converted could have purchased the material** exempt from the state gross retail and use taxes, **as evidenced by a properly issued exemption certificate,** if that ~~purchaser or recipient~~ **person** had directly purchased the ~~property from the supplier for addition to the structure or facility.~~ **construction material from a retail merchant in a retail transaction; or**

(3) the conversion of the construction material into real property is governed by a time and material contract as described in IC 6-2.5-4-9(b).

(d) The use tax is imposed on a person who:

(1) manufactures, fabricates, or assembles tangible personal property from materials either within or outside Indiana; and

(2) uses, stores, distributes, or consumes tangible personal property in Indiana.

(e) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over tangible personal property, if:

(1) the property is delivered into Indiana by or for the purchaser of the property;

(2) the property is delivered in Indiana for the sole purpose of being processed, printed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property; and

(3) the property is subsequently transported out of state for use solely outside Indiana.

(f) As used in subsection (g) and IC 6-2.5-5-42:

(1) "completion work" means the addition of tangible personal property to or reconfiguration of the interior of an aircraft, if the work requires the issuance of an airworthiness certificate from the:

(A) Federal Aviation Administration; or

(B) equivalent foreign regulatory authority;

due to the change in the type certification basis of the aircraft resulting from the addition to or reconfiguration of the interior of the aircraft;

(2) "delivery" means the physical delivery of the aircraft regardless of who holds title; and

(3) "prepurchase evaluation" means an examination of an aircraft by a potential purchaser for the purpose of obtaining information relevant to the potential purchase of the aircraft.

(g) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over an aircraft, if:

(1) the aircraft is or will be titled, registered, or based (as defined in IC 6-6-6.5-1(m)) in another state or country;

(2) the aircraft is delivered to Indiana by or for a nonresident owner or purchaser of the aircraft;

(3) the aircraft is delivered to Indiana for the sole purpose of being repaired, refurbished, remanufactured, or subjected to completion work or a prepurchase evaluation; and

(4) after completion of the repair, refurbishment, remanufacture, completion work, or prepurchase evaluation, the aircraft is transported to a destination outside Indiana.

(h) The amendments made to this section by P.L.153-2012 shall be interpreted to specify and not to change the general assembly's intent with respect to this section.

SECTION 19. IC 6-2.5-4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 4. (a) A person is a retail merchant making a retail transaction when the person rents or furnishes rooms, lodgings, or other accommodations, such as booths, display spaces, banquet facilities, and cubicles or spaces used for adult relaxation, massage, modeling, dancing, or other entertainment to another person:

(1) if those rooms, lodgings, or accommodations are rented or furnished for periods of less than thirty (30) days; and

(2) if the rooms, lodgings, and accommodations are located in:

(A) a hotel, motel, inn, tourist camp, tourist cabin, gymnasium,

hall, coliseum, or other place, where rooms, lodgings, or accommodations are regularly furnished for consideration; **or (B) a house, condominium, or apartment in which rooms, lodgings, or accommodations are rented or furnished for transient residential housing for consideration.**

(b) A facilitator is a retail merchant making a retail transaction when the facilitator accepts payment from the consumer for a room, lodging, or accommodation rented or furnished in Indiana.

~~(b)~~ **(c) Except as provided in section 4.2 of this chapter,** each rental or furnishing by a retail merchant under subsection (a) **or (b)** is a separate unitary transaction regardless of whether consideration is paid to an independent contractor or directly to the retail merchant.

~~(c)~~ **(d)** For purposes of this section, "consideration" includes a membership fee charged to a customer.

~~(d)~~ **(e)** Notwithstanding subsection (a), a person is not a retail merchant making a retail transaction if:

(1) the person is a promoter that rents a booth or display space to an exhibitor; and

(2) the booth or display space is located in a facility that:

(A) is described in subsection (a)(2); and

(B) is operated by a political subdivision (including a capital improvement board established under IC 36-10-8 or IC 36-10-9) or the state fair commission.

This subsection does not exempt from the state gross retail tax the renting of accommodations by a political subdivision or the state fair commission to a promoter or an exhibitor.

SECTION 20. IC 6-2.5-4-4.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 4.2. (a) A person or a facilitator who is a retail merchant making a retail transaction described in section 4 of this chapter shall give to the consumer of the room, lodging, or accommodation an itemized statement separately stating all of the following:**

(1) The part of the gross retail income that is charged by the person for renting or furnishing the room, lodging, or accommodation.

(2) Any amount collected by the person renting or furnishing the room, lodging, or accommodation for:

(A) the state gross retail or use tax; and

(B) any innkeeper's tax due under IC 6-9.

(3) Any part of the gross retail income that is a fee, commission, or other charge of a facilitator.

SECTION 21. IC 6-2.5-4-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 9. (a) A person is a retail merchant making a retail transaction when the person sells tangible personal property which:

(1) is to be added to a structure or facility by the purchaser; and

(2) after its addition to the structure or facility, would become a part of the real ~~estate~~ **property** on which the structure or facility is located.

(b) ~~Notwithstanding subsection (a), a transaction described in subsection (a) is not a retail transaction, if the ultimate purchaser or recipient of the property to be added to the structure or facility would be exempt from the state gross retail and use taxes if that purchaser or recipient had directly purchased the property from the supplier for addition to the structure or facility.~~ **A contractor is a retail merchant making a retail transaction when the contractor:**

(1) disposes of tangible personal property; or

(2) converts tangible personal property into real property;

under a time and material contract. As such a retail merchant, a contractor described in this subsection shall collect, as an agent of the state, the state gross retail tax on the resale of the construction material and remit the state gross retail tax as provided in this article.

SECTION 22. IC 6-2.5-5-3, AS AMENDED BY P.L.250-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 3. (a) For purposes of this section:

(1) the:

(A) retreading of tires; **and**

~~(B) cutting of steel bars into billets; and~~

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

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

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

(b) Except as provided in subsection (c), transactions involving manufacturing machinery, tools, and equipment 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) The exemption provided in subsection (b) does not apply to transactions involving distribution equipment or transmission equipment acquired by a public utility engaged in generating electricity.

SECTION 23. IC 6-3-1-3.5, AS AMENDED BY P.L.250-2015, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

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

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars ($1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars ($1,000).

(4) Subtract one thousand dollars ($1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars ($1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code (as effective January 1, 2004); ~~and~~

(B) one thousand five hundred dollars ($1,500) for each exemption allowed under Section 151(c) of the Internal Revenue Code for an individual:

(i) who is less than nineteen (19) years of age or is a full-time student who is less than twenty-four (24) years of age;

(ii) for whom the taxpayer is the legal guardian; and

(iii) for whom the taxpayer does not claim an exemption under clause (A); and

~~(B)~~ **(C)** five hundred dollars ($500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars ($40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(7) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(8) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(9) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), and (5) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(10) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(11) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(12) Subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(13) Subtract an amount equal to the lesser of:

(A) two thousand five hundred dollars ($2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's

principal place of residence.

(14) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

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

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

(17) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(18) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(19) Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.

(20) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the individual's federal adjusted gross income under the Internal Revenue Code.

(21) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract the amount necessary from the adjusted

gross income of any taxpayer that added an amount to adjusted gross income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

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

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

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

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

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

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

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

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

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been

computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.

(10) Add an amount equal to any deduction for dividends paid (as defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 34.5 of this chapter).

(11) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the corporation's taxable income under the Internal Revenue Code.

(12) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

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

(c) In the case of life insurance companies (as defined in Section

816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

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

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

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

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

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

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(11) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

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

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

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

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

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

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

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made

under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

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

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(11) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(12) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on

an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

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

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

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

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

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(7) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the taxpayer's taxable income under the Internal Revenue Code.

(8) Add an amount equal to any income not included in gross

income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

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

SECTION 24. IC 6-3-3-5.1 IS REPEALED [EFFECTIVE JANUARY 1, 2017]. ~~Sec. 5.1. (a) At the election of the taxpayer, a credit against the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, is permitted in an amount (subject to the applicable limitations provided by this section) equal to fifty percent (50%) of the aggregate amount of contributions made by the taxpayer during the taxable year to the twenty-first century scholars program support fund established under IC 21-12-7-1.~~

~~(b) In the case of a taxpayer other than a corporation, the amount allowable as a credit under this section for any taxable year may not exceed:~~

~~(1) one hundred dollars ($100) in the case of a single return; or~~

~~(2) two hundred dollars ($200) in the case of a joint return.~~

~~(c) In the case of a taxpayer that is a corporation, the amount allowable as a credit under this section for any taxable year may not exceed the lesser of the following amounts:~~

~~(1) Ten percent (10%) of the corporation's total adjusted gross income tax under IC 6-3-1 through IC 6-3-7 for the taxable year (as determined without regard to any credits against that tax).~~

~~(2) One thousand dollars ($1,000).~~

~~(d) The credit permitted under this section may not exceed the amount of the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.~~

SECTION 25. IC 6-3-4-12, AS AMENDED BY P.L.242-2015, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 12. (a) Every partnership shall, at the time that the partnership pays or credits amounts to any of its nonresident partners on account of their distributive shares of partnership income, for a taxable year of the partnership, deduct and retain therefrom the amount prescribed in the withholding instructions referred to in section 8 of this chapter. Such partnership so paying or crediting any nonresident partner:

(1) shall be liable to the state of Indiana for the payment of the tax required to be deducted and retained under this section and shall not be liable to such partner for the amount deducted from such payment or credit and paid over in compliance or intended compliance with this section; and

(2) shall make return of and payment to the department monthly whenever the amount of tax due under IC 6-3 and IC 6-3.5 exceeds an aggregate amount of fifty dollars ($50) per month with such payment due on the thirtieth day of the following month, unless an earlier date is specified by section 8.1 of this chapter.

Where the aggregate amount due under IC 6-3 and IC 6-3.5 does not exceed fifty dollars ($50) per month, then such partnership shall make return and payment to the department quarterly, on such dates and in such manner as the department shall prescribe, of the amount of tax which, under IC 6-3 and IC 6-3.5, it is required to withhold.

(b) Every partnership shall, at the time of each payment made by it to the department pursuant to this section, deliver to the department a return upon such form as shall be prescribed by the department showing the total amounts paid or credited to its nonresident partners, the amount deducted therefrom in accordance with the provisions of this section, and such other information as the department may require. Every partnership making the deduction and retention provided in this section shall furnish to its nonresident partners annually, but not later than the fifteenth day of the third month after the end of its taxable year, a record of the amount of tax deducted and retained from such partners on forms to be prescribed by the department.

(c) All money deducted and retained by the partnership, as provided in this section, shall immediately upon such deduction be the money of the state of Indiana and every partnership which deducts and retains any amount of money under the provisions of IC 6-3 shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided in IC 6-3. Any partnership may be required to post a surety bond in such sum as the

department shall determine to be appropriate to protect the state of Indiana with respect to money deducted and retained pursuant to this section.

(d) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to partnerships subject to the provisions of this section, and for these purposes any amount deducted, or required to be deducted and remitted to the department under this section, shall be considered to be the tax of the partnership, and with respect to such amount it shall be considered the taxpayer.

(e) Amounts deducted from payments or credits to a nonresident partner during any taxable year of the partnership in accordance with the provisions of this section shall be considered to be in part payment of the tax imposed on such nonresident partner for the nonresident partner's taxable year within or with which the partnership's taxable year ends. A return made by the partnership under subsection (b) shall be accepted by the department as evidence in favor of the nonresident partner of the amount so deducted for the nonresident partner's distributive share.

(f) This section shall in no way relieve any nonresident partner from the nonresident partner's obligations of filing a return or returns at the time required under IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(g) Instead of the reporting periods required under subsection (a), the department may permit a partnership to file one (1) return and payment each year if the partnership pays or credits amounts to its nonresident partners only one (1) time each year. The return and payment are due on or before the fifteenth day of the fourth month after the end of the year. However, if a partnership is permitted an extension to file its income tax return under IC 6-8.1-6-1, the return and payment due under this subsection shall be allowed the same treatment as an extended income tax return with respect to due dates, interest, and penalties under IC 6-8.1-6-1.

(h) If a partnership fails to withhold and pay any amount of tax required to be withheld under this section and thereafter the tax is paid by the partners, the amounts of tax as paid by the partners shall not be collected from the partnership but it may not be relieved from liability for interest or penalty otherwise due in respect to the failure to withhold under IC 6-8.1-10.

~~(h)~~ **(i)** A partnership shall file a composite adjusted gross income tax return on behalf of all nonresident partners. The composite return must include each nonresident partner regardless of whether or not the nonresident partner has other Indiana source income.

~~(i)~~ **(j)** If a partnership does not include all nonresident partners in the composite return, the partnership is subject to the penalty imposed under IC 6-8.1-10-2.1(j).

~~(j)~~ **(k)** For taxable years beginning after December 31, 2013, the department may not impose a late payment penalty on a partnership for the failure to file a return, pay the full amount of the tax shown on the partnership's return, or pay the deficiency of the withholding taxes due under this section if the partnership pays the department before the fifteenth day of the fourth month after the end of the partnership's taxable year at least:

(1) eighty percent (80%) of the withholding tax due for the current year; or

(2) one hundred percent (100%) of the withholding tax due for the preceding year.

~~(k)~~ **(l)** Notwithstanding subsection (a) or ~~(h),~~ **(i),** a pass through entity is not required to withhold tax or file a composite adjusted gross income tax return for a nonresident member if the entity:

(1) is a publicly traded partnership as defined by Section 7704(b) of the Internal Revenue Code;

(2) meets the exception for partnerships under Section 7704(c) of the Internal Revenue Code; and

(3) has agreed to file an annual information return reporting the name, address, taxpayer identification number, and other information requested by the department of each unit holder.

The department may issue written guidance explaining circumstances under which limited partnerships or limited liability companies owned by a publicly traded partnership may be excluded from the withholding requirements of this section.

~~(l)~~ **(m)** Notwithstanding subsection ~~(j),~~ **(k),** a partnership is subject to a late payment penalty for the failure to file a return, pay the full amount of the tax shown on the partnership's return, or pay the deficiency of the withholding taxes due under this section for any amounts of withholding tax, including any interest under IC 6-8.1-10-1, reported or paid after the due date of the return, as adjusted by any extension under IC 6-8.1-6-1.

~~(m)~~ **(n)** For purposes of this section, a "nonresident partner" is:

(1) an individual who does not reside in Indiana;

(2) a trust that does not reside in Indiana;

(3) an estate that does not reside in Indiana;

(4) a partnership not domiciled in Indiana;

(5) a C corporation not domiciled in Indiana; or

(6) an S corporation not domiciled in Indiana.

SECTION 26. IC 6-3-4-15, AS AMENDED BY P.L.242-2015, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 15. (a) A trust or estate shall, at the time that it distributes income (except income attributable to interest or dividends) to a nonresident beneficiary, deduct and retain therefrom the amount prescribed in the withholding instructions referred to in section 8 of this chapter. The trust or estate so distributing income to a nonresident beneficiary:

(1) is liable to this state for the tax which it is required to deduct and retain under this section and is not liable to the beneficiary for the amount deducted from the distribution and paid to the department in compliance, or intended compliance, with this section; and

(2) shall pay the amount deducted to the department before the thirtieth day of the month following the distribution, unless an earlier date is specified by section 8.1 of this chapter.

(b) A trust or estate shall, at the time that it makes a payment to the department under this section, deliver to the department a return which shows the total amounts distributed to the trust's or estate's nonresident beneficiaries, the amount deducted from the distributions under this section, and any other information required by the department. The trust or estate shall file the return on the form prescribed by the department. A trust or estate which makes the deduction and retention required by this section shall furnish to its nonresident beneficiaries annually, but not later than thirty (30) days after the end of the trust's or estate's taxable year, a record of the amount of tax deducted and retained from the beneficiaries. The trust or estate shall furnish the information on the form prescribed by the department.

(c) The money deducted and retained by a trust or estate under this section is money of this state. Every trust or estate which deducts and retains any money under this section shall hold the money in trust for this state until it pays the money to the department in the manner and at the time provided in this section. The department may require a trust or estate to post a surety bond to protect this state with respect to money deducted and retained by the trust or estate under this section. The department shall determine the amount of the surety bond.

(d) The provisions of IC 6-8.1 relating to penalties or to additions to tax in case of a delinquency apply to trusts and estates which are subject to this section. For purposes of this subsection, any amount deducted, or required to be deducted and remitted to the department, under this section is considered the tax of the trust or estate, and with respect to that amount, it is considered the taxpayer.

(e) Amounts deducted from distributions to nonresident beneficiaries under this section during a taxable year of the trust or estate are considered a partial payment of the tax imposed on the nonresident beneficiary for his taxable year within or with which the trust's or estate's taxable year ends. The department shall accept a return made by the trust or estate under subsection (b) as evidence of the amount of tax deducted from the income distributed to a nonresident beneficiary.

(f) This section does not relieve a nonresident beneficiary of his duty to file a return at the time required under IC 6-3. The nonresident beneficiary shall pay any unpaid tax at the time prescribed by section 5 of this chapter.

(g) If a trust or estate fails to withhold and pay any amount of tax required to be withheld under this section and thereafter the tax is paid by the beneficiaries, the amount of tax paid by the beneficiaries may not be collected from the trust or estate but it may not be relieved from liability for interest or penalty otherwise due in respect to the failure to withhold under IC 6-8.1-10.

~~(g)~~ **(h)** A trust or estate shall file a composite adjusted gross income tax return on behalf of all nonresident beneficiaries. The composite return must include each nonresident beneficiary regardless of whether the nonresident beneficiary has other Indiana source income.

~~(h)~~ **(i)** For purposes of this section, a "nonresident beneficiary" is:

(1) an individual who does not reside in Indiana;
(2) a trust that does not reside in Indiana;
(3) an estate that does not reside in Indiana;
(4) a partnership that is not domiciled in Indiana;
(5) a C corporation that is not domiciled in Indiana; or
(6) an S corporation that is not domiciled in Indiana.

~~(i)~~ **(j)** If a trust or estate is permitted an extension to file its income tax return under IC 6-8.1-6-1, then the return and payment due under this subsection shall be allowed the same treatment as the extended income tax return with respect to due dates, interest, and penalties under IC 6-8.1-6-1.

SECTION 27. IC 6-4.1-4-1, AS AMENDED BY P.L.6-2010, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 1. (a) Except as otherwise provided in section 0.5 of this chapter or in IC 6-4.1-5-8, the personal representative of a resident decedent's estate or the trustee or transferee of property transferred by the decedent shall file an inheritance tax return with:

(1) the appropriate probate court, **in the case of an inheritance tax return filed before April 1, 2016; or**

(2) the department of state revenue, in the case of an inheritance tax return filed after March 31, 2016;

within nine (9) months after the date of the decedent's death.

(b) The person filing the return shall file it under oath on the forms prescribed by the department of state revenue. The return shall:

(1) contain a statement of all property interests transferred by the decedent under taxable transfers known to the person filing the return;

(2) indicate the fair market value, as of the appraisal date prescribed by IC 6-4.1-5-1.5, of each property interest included in the statement;

(3) contain an itemized list of all inheritance tax deductions claimed with respect to property interests included in the statement;

(4) contain a list which indicates the name and address of each transferee of the property interests included in the statement and which indicates the total value of the property interests transferred to each transferee; and

(5) contain the name and address of the attorney for the personal representative or for the person filing the return.

~~(b)~~ **(c)** If the decedent died testate, the person filing the return shall attach a copy of the decedent's will to the return.

SECTION 28. IC 6-4.1-4-2, AS AMENDED BY P.L.238-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 2. (a) If the Internal Revenue Service allows an extension on a federal estate tax return, the corresponding due date for the Indiana inheritance tax return is automatically extended for the same period as the federal extension.

(b) **This subsection applies to an inheritance tax return filed with the appropriate probate court before April 1, 2016.** If the appropriate probate court finds that because of an unavoidable delay an inheritance tax return cannot be filed within nine (9) months after the date of decedent's death, the court may extend the period for filing the return. After the expiration of the first extension period, the court may grant a subsequent extension if the person seeking the extension files a written motion which states the reason for the delay in filing the return.

(c) This subsection applies to an inheritance tax return filed with the department of state revenue after March 31, 2016. If the department of state revenue finds that because of an unavoidable delay an inheritance tax return cannot be filed within nine (9) months after the date of decedent's death, the department of state

revenue may extend the period for filing the return. After the expiration of the first extension period, the department of state revenue may grant a subsequent extension if the person seeking the extension files a written motion that states the reason for the delay in filing the return.

~~(c)~~ **(d)** For purposes of sections 3 and 6 of this chapter, an inheritance tax return is not due until the last day of any extension period or periods granted under this section.

SECTION 29. IC 6-4.1-4-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 6. (a) ~~Except as provided in subsection (b) of this section,~~ **For an inheritance tax return filed with the appropriate probate court before April 1, 2016,** the appropriate probate court shall charge a person who fails to file an inheritance tax return on or before the due date a penalty in an amount which equals:

(1) fifty cents ($0.50) per day for each day that the return is delinquent; or

(2) fifty dollars ($50);

whichever is less. The court shall include the penalty in the inheritance tax decree which it issues with respect to the decedent's estate. The person to whom the penalty is charged shall pay it to the treasurer of the county in which the resident decedent was domiciled at the time of the resident decedent's death. **However, the appropriate probate court may waive the penalty otherwise required under this subsection if the court finds that the person had a justifiable excuse for not filing the return on or before the due date.**

(b) For an inheritance tax return filed with the department of state revenue after March 31, 2016, the department of state revenue shall charge a person who fails to file an inheritance tax return on or before the due date a penalty in an amount that equals:

(1) fifty cents ($0.50) per day for each day that the return is delinquent; or

(2) fifty dollars ($50);

whichever is less. The department of state revenue shall include the penalty in the inheritance tax decree that it issues with respect to the decedent's estate. The person to whom the penalty is charged shall pay it to the department of state revenue. However, the department of state revenue may waive the penalty otherwise required under this subsection if the department of state revenue finds that the person had a justifiable excuse for not filing the return on or before the due date.

~~(b) The appropriate probate court may waive the penalty otherwise required under subsection (a) of this section if the court finds that the person had a justifiable excuse for not filing the return on or before the due date.~~

SECTION 30. IC 6-4.1-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 2. **(a) This subsection applies to an inheritance tax return filed with the probate court before April 1, 2016.** Within ten (10) days after an inheritance tax return for a resident decedent is filed with the probate court, the court shall refer the return to the county inheritance tax appraiser. The county inheritance tax appraiser shall:

(1) investigate the facts concerning taxable transfers made by the decedent before ~~his~~ **the decedent's** death;

(2) review the return for mistakes and omissions; and

(3) appraise each property interest, transferred by the decedent under a taxable transfer, at its fair market value as of the appraisal date prescribed by IC 6-4.1-5-1.5.

(b) This subsection applies to an inheritance tax return filed with the department of state revenue after March 31, 2016. Within sixty (60) days after an inheritance tax return for a resident decedent is filed with the department of state revenue, the department of revenue shall:

(1) investigate the facts concerning taxable transfers made by the decedent before the decedent's death;

(2) review the return for mistakes and omissions; and

(3) appraise each property interest, transferred by the decedent under a taxable transfer, at its fair market value as of the appraisal date prescribed by IC 6-4.1-5-1.5.

SECTION 31. IC 6-4.1-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 3. **(a) This subsection applies to an inheritance tax return filed with the probate court before April 1, 2016.** Before making the appraisal required under section ~~2(3)~~ **2(a)(3)** of this chapter, the county inheritance tax appraiser shall give notice of the date, time, and place of the appraisal, by mail, to any person designated by the probate court and each interested person who filed a request for notice and provided a mailing address to the county assessor. The county inheritance tax appraiser shall appraise the property interests at the time and place stated in the notice.

(b) This subsection applies to an inheritance tax return filed with the department of state revenue after March 31, 2016. Before making the appraisal required under section 2(b)(3) of this chapter, the department of state revenue shall give notice of the

date, time, and place of the appraisal, by mail, to any person designated by the department of state revenue and each interested person who filed a request for notice and provided a mailing address to the department of state revenue. The department of state revenue shall appraise the property interests at the time and place stated in the notice.

SECTION 32. IC 6-4.1-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 4. **(a) This subsection applies to an inheritance tax return filed with the probate court before April 1, 2016.** In order to make the appraisal required under section ~~2(3)~~ **2(a)(3)** of this chapter, the county inheritance tax appraiser may:

(1) issue subpoenas;
(2) compel the appearance of witnesses before him; and
(3) examine witnesses under oath.

Each witness examined with respect to the appraisal is entitled to receive a fee in the same amount paid to a witness subpoenaed to appear before a court of record. The county treasurer shall, from county funds not otherwise appropriated, pay the witness fee which is provided for under this section and which is allowed by the probate court under section 10 of this chapter.

(b) This subsection applies to an inheritance tax return filed with the department of state revenue after March 31, 2016. In order to make the appraisal required under section 2(b)(3) of this chapter, the department of state revenue may:

(1) issue subpoenas;
(2) compel the appearance of witnesses; and
(3) examine witnesses under oath.

Each witness examined with respect to the appraisal is entitled to receive a fee in the same amount paid to a witness subpoenaed to appear before a court of record. The department of state revenue shall, from state funds not otherwise appropriated, pay the witness fee that is provided for under this section as determined by the department of state revenue.

SECTION 33. IC 6-4.1-5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 5. **(a) This subsection applies to an inheritance tax return filed with the probate court before April 1, 2016.** After an inheritance tax return filed for a resident decedent is examined by the county inheritance tax appraiser and the probate court, the court shall order the person responsible for filing the return to complete the return and refile it if the court finds that the return is incomplete. When the return is refiled, the court shall

refer the refiled return to the county inheritance tax appraiser for review by him.

(b) This subsection applies to an inheritance tax return filed with the department of state revenue after March 31, 2016. After an inheritance tax return filed for a resident decedent is examined by the department of state revenue, the department of state revenue shall order the person responsible for filing the return to complete the return and refile it if the department of state revenue finds that the return is incomplete.

SECTION 34. IC 6-4.1-5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 6. **(a) This section applies to an inheritance tax return filed with the probate court before April 1, 2016.**

(b) After completing the duties assigned to him under section ~~2~~ **2(a)** of this chapter, the county inheritance tax appraiser shall prepare an appraisal report. The appraisal report shall:

(1) contain a list of the property interests described in section ~~2(3)~~ **2(a)(3)** of this chapter; and

(2) indicate the fair market value of the property interests.

The county inheritance tax appraiser shall file one (1) copy of the report with the probate court, and ~~he~~ shall file another copy of the report with the department of state revenue. The appraiser shall attach the depositions of any witnesses examined with respect to the appraisal and any other information which the court may require to the appraisal report ~~which he~~ **that the appraiser** files with the court.

SECTION 35. IC 6-4.1-5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 7. **(a) This subsection applies before April 1, 2016.** If the personal representative of a resident decedent's estate or the trustee or transferee of property transferred by the decedent believes that no inheritance tax is imposed under this article as a result of the decedent's death, ~~he~~ **the individual** may file a verified petition with the appropriate probate court requesting that the court enter an order stating that no inheritance tax is due. The petitioner must include in the petition a statement of the value of the property interests transferred by the decedent.

(b) This subsection applies after March 31, 2016. If the personal representative of a resident decedent's estate or the trustee or transferee of property transferred by the decedent believes that no inheritance tax is imposed under this article as a result of the decedent's death, the personal representative or the trustee or transferee may file a verified petition with the department of state revenue requesting that the department of state revenue enter an

order stating that no inheritance tax is due. The petitioner must include in the petition a statement of the value of the property interests transferred by the decedent.

SECTION 36. IC 6-4.1-5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 8. **(a)** If a petition is filed under section ~~7~~ **7(a)** of this chapter, the probate court may hold a hearing on the petition. If the court elects to hold a hearing, it shall give notice of the hearing in the same manner prescribed for giving the notice required under section ~~9~~ **9(a)** of this chapter. After the probate court completes its examination of the petition, the court may enter an order stating that no inheritance tax is due as a result of the decedent's death. If the court enters such an order, the petitioner is not required to file an inheritance tax return. However, a person may petition the appropriate probate court under IC 6-4.1-7 for a rehearing on the court's order or for a reappraisal of the property interests transferred by the decedent.

(b) If a petition is filed under section 7(b) of this chapter, the department of state revenue may hold a hearing on the petition. If the department of state revenue elects to hold a hearing, it shall give notice of the hearing in the same manner prescribed for giving the notice required under section 9(b) of this chapter. After the department of state revenue completes its examination of the petition, the department of state revenue may enter an order stating that no inheritance tax is due as a result of the decedent's death. If the department of state revenue enters such an order, the petitioner is not required to file an inheritance tax return. However, a person may petition the appropriate probate court for a rehearing on the department of state revenue's order or for a reappraisal of the property interests transferred by the decedent in the same manner as provided in IC 6-4.1-7-2.

SECTION 37. IC 6-4.1-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 9. **(a) This subsection applies to an inheritance tax return filed with the probate court before April 1, 2016.** When the county inheritance tax appraiser files an appraisal report with the probate court, the court shall give twenty (20) days notice by mail of the date, time, and place of a hearing on the report to each interested person who filed a request for notice and provided a mailing address under section ~~3~~ **3(a)** of this chapter.

(b) This subsection applies to an inheritance tax return filed with the department of state revenue after March 31, 2016. The department of state revenue shall give twenty (20) days notice by mail of the date, time, and place of a hearing on an appraisal to

each interested person who filed a request for notice and provided a mailing address under section 3(b) of this chapter.

SECTION 38. IC 6-4.1-5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 10. (a) **This subsection applies to an inheritance tax return filed with the probate court before April 1, 2016.** After the hearing required by section ~~9~~ **9(a)** of this chapter, the probate court shall determine the fair market value of the property interests transferred by the resident decedent and the amount of inheritance tax due as a result of ~~his~~ **the decedent's** death. The court shall then enter an order stating the amount of inheritance tax due and the fees due witnesses under section 4 of this chapter. If the court finds that no inheritance tax is due, the court shall include a statement to that effect in the order.

(b) The court shall prepare the order required by ~~this section~~ **subsection (a)** on the form prescribed by the department of state revenue. The court shall include in the order a description of all Indiana real property owned by the resident decedent at the time of ~~his~~ **the decedent's** death. The probate court shall spread the order of record in the office of the clerk of the circuit court. The clerk shall maintain the orders in a looseleaf ledger.

(c) This subsection applies to an inheritance tax return filed with the department of state revenue after March 31, 2016. The department of state revenue shall determine the fair market value of the property interests transferred by the resident decedent and the amount of inheritance tax due as a result of the decedent's death. The department of state revenue shall then enter an order stating the amount of inheritance tax due and the fees due witnesses (if any) as determined by the department of state revenue. If the department of state revenue finds that no inheritance tax is due, the department of state revenue shall include a statement to that effect in the order. The department of state revenue is not required to hold a hearing before making a determination under this subsection.

(d) The order entered by the department of state revenue under subsection (c) must contain a record of all Indiana real property owned by the decedent at the time of the decedent's death. The clerk of the circuit court of the county in which the appropriate probate court is located shall spread the order of record in the office of the clerk of the circuit court. The clerk shall maintain the orders in a looseleaf ledger.

~~(c)~~ **(e)** The order described in this section is confidential.

SECTION 39. IC 6-4.1-5-11 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 11. **(a) This subsection applies to an inheritance tax return filed with the probate court before April 1, 2016.** The court shall immediately mail a copy of its determination of the fair market value of the property interests transferred by a resident decedent and the inheritance tax due as a result of the person's death to each interested person who filed a request for notice and provided a mailing address under section ~~3~~ **3(a)** of this chapter, the department of state revenue, and the county treasurer.

(b) This subsection applies to an inheritance tax return filed with the department of state revenue after March 31, 2016. The department of state revenue shall immediately mail a copy of its determination of the fair market value of the property interests transferred by a resident decedent and the inheritance tax due as a result of the decedent's death to each interested person who filed a request for notice and provided a mailing address under section 3(b) of this chapter.

SECTION 40. IC 6-4.1-6-0.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 0.7. (a) This section applies to an inheritance tax return filed with the department of state revenue after March 31, 2016.**

(b) Subject to any right of appeal, the department of state revenue shall have sole power to appraise any property interests appraised under this chapter.

(c) The provisions of section 4 of this chapter relating to the probate court's determination of the manner in which property will probably be distributed do not apply to the department of state revenue under this section.

(d) If a person is dissatisfied with a determination made by the department of state revenue concerning the manner in which the property will probably be distributed, that person may file a petition for redetermination by the appropriate probate court.

SECTION 41. IC 6-4.1-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 1. **(a)** A person who is dissatisfied with an inheritance tax determination made by a probate court **(in the case of an inheritance tax return filed with the probate court before April 1, 2016) or the department of state revenue (in the case of an inheritance tax return filed with the department of state revenue after March 31, 2016)** with respect to a resident decedent's estate may obtain a rehearing on the determination. To obtain the rehearing, the person must file a petition for rehearing with

the probate court within one hundred twenty (120) days after the determination is made.

(b) In the petition, the person must state the grounds for the rehearing. The probate court shall base the rehearing on **the following:**

(1) On evidence presented at the original hearing plus any additional evidence which the court elects to hear, **in the case of an inheritance tax return filed with the probate court before April 1, 2016.**

(2) On evidence presented to the department of state revenue plus any additional evidence that the court elects to hear, in the case of an inheritance tax return filed with the department of state revenue after March 31, 2016.

SECTION 42. IC 6-4.1-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 2. A person who is dissatisfied with an appraisal approved by a probate court **(in the case of an inheritance tax return filed before April 1, 2016) or the department of state revenue (in the case of an inheritance tax return filed with the department of state revenue after March 31, 2016)** with respect to a resident decedent's estate may obtain a reappraisal of the property interest involved. To obtain the reappraisal, the person must file a petition for reappraisal with the probate court within one (1) year after the court **(in the case of an inheritance tax return filed before April 1, 2016) or the department of state revenue (in the case of an inheritance tax return filed after March 31, 2016)** enters an order determining the inheritance tax due as a result of the decedent's death. However, if the original appraisal is fraudulently or erroneously made, the person may file the reappraisal petition within two (2) years after the court enters the order.

SECTION 43. IC 6-4.1-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 3. **(a)** When a reappraisal petition is filed under section 2 of this chapter, the probate court may appoint a competent person to reappraise the property interests transferred by the resident decedent under taxable transfers. An appraiser appointed by the court under this section has the same powers and duties, including the duty to give notice of the appraisal and the duty to make an appraisal report to the court, as the county inheritance tax appraiser **has for purposes of inheritance tax returns filed before April 1, 2016.** The appointed appraiser is entitled to receive an amount fixed by the court and approved by the department of revenue as compensation for his services.

(b) This subsection applies to a reappraisal for inheritance tax returns filed before April 1, 2016. After the probate court certifies to

the county treasurer the amount of compensation due the appointed appraiser, the county treasurer shall pay the appraiser from county funds not otherwise appropriated.

(c) This subsection applies to a reappraisal for an inheritance tax return filed after March 31, 2016. The probate court shall certify to the department of state revenue the amount of compensation due the appointed appraiser, and the department of state revenue shall pay the appointed appraiser.

SECTION 44. IC 6-4.1-7-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 4. (a) After the appraiser, if any, appointed under section 3 of this chapter files ~~his~~ **the appraiser's** appraisal report, the probate court shall redetermine the inheritance tax due with respect to the property interests transferred by the resident decedent. In making the redetermination, the court shall **do the following:**

(1) In the case of a redetermination for an inheritance tax return filed before April 1, 2016, follow the same procedures it is required to follow under IC 6-4.1-5-9, IC 6-4.1-5-10, and IC 6-4.1-5-11 when making an original inheritance tax determination.

(2) In the case of a redetermination for an inheritance tax return filed after March 31, 2016, follow the same procedures that the department of state revenue is required to follow when making an original inheritance tax determination.

(b) The probate court's redetermination of the inheritance tax due supersedes the court's original determination **(in the case of a redetermination for an inheritance tax return filed before April 1, 2016) or the department of state revenue's original determination (in the case of a redetermination for an inheritance tax return filed after March 31, 2016).** The court shall file a copy of the redetermination:

(1) with the clerk of the court, **in the case of a redetermination for an inheritance tax return filed before April 1, 2016; or**

(2) with the department of state revenue, in the case of a redetermination for an inheritance tax return filed after March 31, 2016.

SECTION 45. IC 6-4.1-7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 7. **(a)** A probate court's redetermination of inheritance tax under this chapter may be appealed to the tax court in accordance with the rules of appellate procedure.

(b) In the case of an inheritance tax return filed after March 31,

2016, a probate court's redetermination of inheritance tax under this chapter may be appealed under subsection (a) only if an appeal of the department of state revenue's determination regarding inheritance tax was first filed with the probate court.

SECTION 46. IC 6-4.1-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 2. (a) The personal representative of a decedent's estate or the trustee of property transferred by the decedent may not transfer or deliver property to a transferee unless the inheritance tax imposed with respect to the transfer has been paid.

(b) If money is transferred by the decedent to a transferee for a limited period of time, the personal representative or trustee shall retain the total inheritance tax imposed on all the interests in the money.

(c) If property other than money is transferred by the decedent to a transferee for a limited period of time, the transferees of the interests in the property shall pay to the personal representative or trustee the inheritance tax imposed on the interests. The personal representative or trustee shall apply to the:

(1) appropriate probate court, **for transfers of property occurring before April 1, 2016; or**

(2) department of state revenue, for transfers of property occurring after Match 31, 2016;

for a determination of the amount which each transferee is required to pay under this subsection.

SECTION 47. IC 6-4.1-8-4, AS AMENDED BY P.L.205-2013, SECTION 109, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 4. (a) A person who has possession of or control over personal property held jointly by a resident decedent and another person may not transfer the property to the surviving joint tenant, unless:

(1) the surviving joint tenant is the decedent's surviving spouse; or

(2) the property is money held in a joint checking account;

without the written consent of the department of state revenue or the county assessor of the county in which the resident decedent was domiciled at the time of the decedent's death.

(b) Except as provided in subsection (c), a person who has possession of or control over personal property held in a trust that is subject to the Indiana inheritance tax or estate tax (before its repeal) at the time of a resident decedent's death may not transfer the property to a beneficiary or any other person, unless the beneficiary or other person is the decedent's surviving spouse, without the written consent of the

department of state revenue or the county assessor of the county in which the resident decedent was domiciled at the time of the decedent's death.

(c) A person who has possession of or control over personal property held in trust may transfer the property without the written consent of the department of state revenue or the county assessor of the county in which the resident decedent was domiciled at the time of the decedent's death under the following conditions:

(1) The transferee is domiciled in Indiana.

(2) The transferee completes a sworn affidavit on a form prescribed by the department of state revenue that states:

(A) the transfer of the personal property is not subject to Indiana inheritance tax or estate tax (before its repeal); and

(B) the reasons the transfer is not subject to tax.

(3) A copy of the affidavit required under subdivision (2) is immediately filed with the department of state revenue.

(d) A person who has possession of or control over a resident decedent's personal property (except proceeds payable under a life insurance policy) may not transfer the property to any other person, unless:

(1) the other person is the decedent's surviving spouse; or

(2) the property is money held in a checking account;

without the written consent of the department of state revenue or the county assessor of the county in which the resident decedent was domiciled at the time of the decedent's death.

(e) The department of state revenue or the appropriate county assessor may consent to a transfer if the department or the county assessor believes that the transfer will not jeopardize the collection of inheritance tax.

(f) The department of state revenue shall send a copy of any consent to transfer that it issues under this section **after March 31, 2016,** to the county assessor of the county in which the resident decedent was domiciled at the time of the decedent's death.

(g) If a person files a request for a consent to transfer property with the county assessor under this section after March 31, 2016, the person must submit a copy of the consent to transfer form to the department of state revenue. A county assessor shall send to the department of state revenue a copy of any consent to transfer that the county assessor issues under this section.

SECTION 48. IC 6-4.1-8-4.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.6. **(a)** A person who has possession of or control over money held in a checking

account in which a resident decedent had a legal interest shall notify the department or, **except as provided in subsection (b),** the county assessor of the county in which the resident decedent was domiciled at the time of death, when money is transferred from the account to a person, other than the resident decedent's surviving spouse.

(b) However, in the case of a transfer described in this section that is made after March 31, 2016, the person making the transfer:

(1) shall notify the department of state revenue of the transfer; and

(2) is not required to notify the county assessor of the transfer.

SECTION 49. IC 6-4.1-8-5, AS AMENDED BY P.L.143-2009, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 5. (a) Within ten (10) days after life insurance proceeds are paid to a resident decedent's estate, the life insurance company shall give notice of the payment to the department of state revenue.

(b) Not later than ten (10) days after damages payable under a cause of action maintained by a personal representative under IC 34-9-3-4 are paid to a resident decedent's estate, the person making the payment shall give notice of the payment to the department of state revenue.

(c) The department of state revenue shall send a copy of any notice which it receives under subsection (a) or (b) **before April 1, 2016,** to the county assessor of the county in which the resident decedent was domiciled at the time of the resident decedent's death.

SECTION 50. IC 6-4.1-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 1. (a) Except as otherwise provided in IC 6-4.1-6-6(b), the inheritance tax imposed as a result of a decedent's death is due twelve (12) months after the person's date of death. If a person liable for payment of inheritance tax does not pay the tax on or before the due date, the person shall, except as provided in subsection (b) of this section, pay interest on the delinquent portion of the tax at the rate of ten percent (10%) per year from the date of the decedent's death to the date payment is made.

(b) If an unavoidable delay, such as necessary litigation, prevents a determination of the amount of inheritance tax due:

(1) the appropriate probate court, in the case of **an inheritance tax return filed before April 1, 2016, for** a resident decedent; or

(2) the department of state revenue, in the case of:

(A) a non-resident decedent; **or**

(B) a resident decedent, in the case of an inheritance tax return filed after March 31, 2016;

may reduce the rate of interest imposed under this section, for the time

period beginning on the date of the decedent's death and ending when the cause of delay is removed, to six percent (6%) per year.

SECTION 51. IC 6-4.1-9-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 5. (a) **This subsection applies to the payment of inheritance tax before April 1, 2016.** A person who is liable for inheritance tax imposed as a result of a resident decedent's death shall pay the tax to the treasurer of the county in which the resident decedent was domiciled at the time of the resident decedent's death. If such a person believes that more inheritance tax is due as a result of the resident decedent's death than the amount of tax determined by the court under IC 6-4.1-5-10, the person may, without obtaining another court determination, pay the additional tax and any interest due on the additional tax to the county treasurer.

(b) **This subsection applies to the payment of inheritance tax before April 1, 2016.** The county treasurer shall collect the tax, shall issue a receipt for the tax payment in duplicate, and shall send one (1) copy of the receipt to the department of state revenue. The department shall countersign the receipt, shall affix its seal to the receipt, and shall return the signed and sealed receipt to the payor. The department shall also charge the county treasurer with the amount of inheritance tax collected by him.

(c) This subsection applies to the payment of inheritance tax after March 31, 2016. A person who is liable for inheritance tax imposed as a result of a resident decedent's death shall pay the tax to the department of state revenue. If such a person believes that more inheritance tax is due as a result of the resident decedent's death than the amount of tax determined under IC 6-4.1-5-10, the person may, without obtaining another determination, pay the additional tax and any interest due on the additional tax to the department of state revenue.

SECTION 52. IC 6-4.1-9-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 7. (a) On the first day of January, April, July, and October of each year, each county treasurer shall, under oath, send a written inheritance tax report to the department of state revenue. Each report shall state the amount of inheritance taxes collected by the county treasurer during the preceding three (3) months and shall indicate the estates for which the taxes were paid, who paid the taxes, and when the taxes were paid. The county treasurer shall prepare each report on the form prescribed by the state board of accounts. **However, a county treasurer is not required to submit a report to the department of state revenue under this subsection for a period beginning after March 31, 2016.**

(b) On the first day of January, April, July, and October of each year, each county auditor shall issue a warrant to the state treasurer for the amount of inheritance taxes, interest charges, and penalties which the state is to receive under section 6 of this chapter. The county treasurer shall stamp and countersign the warrant. The county treasurer shall send the warrant to the department of state revenue not more than thirty (30) days after the county treasurer is required to send the related inheritance tax report for the preceding three (3) months under subsection (a).

SECTION 53. IC 6-4.1-12-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 1. **(a) Except as otherwise provided in this article,** the probate court of the county:

(1) in which a resident decedent was domiciled at the time of the decedent's death; or

(2) in which the resident decedent's estate is being administered, if different from the county described in subdivision (1);

has jurisdiction to determine the inheritance tax imposed as a result of the resident decedent's death and to hear all matters related to the tax determination. However, if two (2) or more courts in a county have probate jurisdiction, the first court acquiring jurisdiction under this article acquires exclusive jurisdiction over the inheritance tax determination.

(b) In the case of an inheritance tax return filed after March 31, 2016, the probate court having jurisdiction under subsection (a) does not have the power to make original inheritance tax determinations. The probate court may hear the following matters with respect to an inheritance tax return filed after March 31, 2016, for a resident decedent:

(1) Any matter subject to IC 6-4.1-4-3 through IC 6-4.1-4-5.

(2) Any matter subject to IC 6-4.1-5-13.

(3) Petitions for a redetermination of inheritance tax due or a reappraisal of a property interest under IC 6-4.1-7.

(4) An appeal of a refund order under IC 6-4.1-10-4.

SECTION 54. IC 6-4.1-12-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. **(a) Except as provided in subsection (b),** each county assessor shall serve as the county inheritance tax appraiser for the county he serves. However, the appropriate probate court shall appoint a competent and qualified resident of the county to appraise property transferred by a resident decedent if the county assessor is:

(1) beneficially interested as an heir of the decedent's estate;

(2) the personal representative of the decedent's estate; or

(3) related to the decedent or a beneficiary of the decedent's estate within the third degree of consanguinity or affinity.

A person who is appointed to act as the county inheritance tax appraiser under this section shall receive a fee for his services. The court, subject to the approval of the department of state revenue, shall set the fee.

(b) For purposes of determining the inheritance tax with respect to an inheritance tax return filed after March 31, 2016, the department of state revenue rather than the county assessor has the duty to appraise property interest transferred by a resident decedent.

SECTION 55. IC 6-8.1-8-2, AS AMENDED BY P.L.242-2015, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 2. (a) Except as provided in IC 6-8.1-5-3 and sections 16 and 17 of this chapter, the department must issue a demand notice for the payment of a tax and any interest or penalties accrued on the tax, if a person files a tax return without including full payment of the tax or if the department, after ruling on a protest, finds that a person owes the tax before the department issues a tax warrant. The demand notice must state the following:

(1) That the person has ~~ten (10)~~ **twenty (20)** days from the date the department mails the notice to either pay the amount demanded or show reasonable cause for not paying the amount demanded.

(2) The statutory authority of the department for the issuance of a tax warrant.

(3) The earliest date on which a tax warrant may be filed and recorded.

(4) The statutory authority for the department to levy against a person's property that is held by a financial institution.

(5) The remedies available to the taxpayer to prevent the filing and recording of the judgment.

If the department files a tax warrant in more than one (1) county, the department is not required to issue more than one (1) demand notice.

(b) If the person does not pay the amount demanded or show reasonable cause for not paying the amount demanded within the ~~ten (10)~~ **twenty (20)** day period, the department may issue a tax warrant for the amount of the tax, interest, penalties, collection fee, sheriff's costs, clerk's costs, and fees established under section 4(b) of this chapter when applicable.

When the department issues a tax warrant, a collection fee of ten percent (10%) of the unpaid tax is added to the total amount due.

(c) When the department issues a tax warrant, it may not file the warrant with the circuit court clerk of any county in which the person owns property until at least twenty (20) days after the date the demand notice was mailed to the taxpayer. The department may also send the warrant to the sheriff of any county in which the person owns property and direct the sheriff to file the warrant with the circuit court clerk:

(1) at least twenty (20) days after the date the demand notice was mailed to the taxpayer; and

(2) no later than five (5) days after the date the department issues the warrant.

(d) When the circuit court clerk receives a tax warrant from the department or the sheriff, the clerk shall record the warrant by making an entry in the judgment debtor's column of the judgment record, listing the following:

(1) The name of the person owing the tax.

(2) The amount of the tax, interest, penalties, collection fee, sheriff's costs, clerk's costs, and fees established under section 4(b) of this chapter when applicable.

(3) The date the warrant was filed with the clerk.

(e) When the entry is made, the total amount of the tax warrant becomes a judgment against the person owing the tax. The judgment creates a lien in favor of the state that attaches to all the person's interest in any:

(1) chose in action in the county; and

(2) real or personal property in the county;

excepting only negotiable instruments not yet due.

(f) A judgment obtained under this section is valid for ten (10) years from the date the judgment is filed. The department may renew the judgment for additional ten (10) year periods by filing an alias tax warrant with the circuit court clerk of the county in which the judgment previously existed.

(g) A judgment arising from a tax warrant in a county shall be released by the department:

(1) after the judgment, including all accrued interest to the date of payment, has been fully satisfied; or

(2) if the department determines that the tax assessment or the issuance of the tax warrant was in error.

(h) Subject to subsections (p) and (q), if the department determines that the filing of a tax warrant was in error or if the commissioner determines that the release of the judgment and expungement of the tax warrant are in the best interest of the state, the department shall mail a release of the judgment to the taxpayer and the circuit court clerk of

each county where the warrant was filed. The circuit court clerk of each county where the warrant was filed shall expunge the warrant from the judgment debtor's column of the judgment record. The department shall mail the release and the order for the warrant to be expunged as soon as possible but no later than seven (7) days after:

(1) the determination by the department that the filing of the warrant was in error; and

(2) the receipt of information by the department that the judgment has been recorded under subsection (d).

(i) If the department determines that a judgment described in subsection (h) is obstructing a lawful transaction, the department shall immediately upon making the determination mail:

(1) a release of the judgment to the taxpayer; and

(2) an order requiring the circuit court clerk of each county where the judgment was filed to expunge the warrant.

(j) A release issued under subsection (h) or (i) must state that the filing of the tax warrant was in error. Upon the request of the taxpayer, the department shall mail a copy of a release and the order for the warrant to be expunged issued under subsection (h) or (i) to each major credit reporting company located in each county where the judgment was filed.

(k) The commissioner shall notify each state agency or officer supplied with a tax warrant list of the issuance of a release under subsection (h) or (i).

(l) If the sheriff collects the full amount of a tax warrant, the sheriff shall disburse the money collected in the manner provided in section 3(c) of this chapter. If a judgment has been partially or fully satisfied by a person's surety, the surety becomes subrogated to the department's rights under the judgment. If a sheriff releases a judgment:

(1) before the judgment is fully satisfied;

(2) before the sheriff has properly disbursed the amount collected; or

(3) after the sheriff has returned the tax warrant to the department;

the sheriff commits a Class B misdemeanor and is personally liable for the part of the judgment not remitted to the department.

(m) A lien on real property described in subsection (e)(2) is void if both of the following occur:

(1) The person owing the tax provides written notice to the department to file an action to foreclose the lien.

(2) The department fails to file an action to foreclose the lien not later than one hundred eighty (180) days after receiving the notice.

(n) A person who gives notice under subsection (m) by registered or certified mail to the department may file an affidavit of service of the notice to file an action to foreclose the lien with the circuit court clerk in the county in which the property is located. The affidavit must state the following:

(1) The facts of the notice.

(2) That more than one hundred eighty (180) days have passed since the notice was received by the department.

(3) That no action for foreclosure of the lien is pending.

(4) That no unsatisfied judgment has been rendered on the lien.

(o) Upon receipt of the affidavit described in subsection (n), the circuit court clerk shall make an entry showing the release of the judgment lien in the judgment records for tax warrants.

(p) The department shall adopt rules to define the circumstances under which a release and expungement may be granted based on a finding that the release and expungement would be in the best interest of the state. The rules may allow the commissioner to expunge a tax warrant in other circumstances not inconsistent with subsection (q) that the commissioner determines are appropriate. Any releases or expungements granted by the commissioner must be consistent with these rules.

(q) The commissioner may expunge a tax warrant in the following circumstances:

(1) If the taxpayer has timely and fully filed and paid all of the taxpayer's state taxes, or has otherwise resolved any outstanding state tax issues, for the preceding five (5) years.

(2) If the warrant was issued more than ten (10) years prior to the expungement.

(3) If the warrant is not subject to pending litigation.

(4) Other circumstances not inconsistent with subdivisions (1) through (3) that are specified in the rules adopted under subsection (p).

(r) Notwithstanding any other provision in this section, the commissioner may decline to release a judgment or expunge a warrant upon a finding that the warrant was issued based on the taxpayer's fraudulent, intentional, or reckless conduct.

(s) The rules required under subsection (p) shall specify the process for requesting that the commissioner release and expunge a tax warrant.

SECTION 56. IC 6-8.1-10-2.1, AS AMENDED BY P.L.293-2013(ts), SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 2.1. (a) Except as

provided in ~~IC 6-3-4-12(j)~~ **IC 6-3-4-12(k)** and IC 6-3-4-13(l), a person that:

(1) fails to file a return for any of the listed taxes;

(2) fails to pay the full amount of tax shown on the person's return on or before the due date for the return or payment;

(3) incurs, upon examination by the department, a deficiency that is due to negligence;

(4) fails to timely remit any tax held in trust for the state; or

(5) is required to make a payment by electronic funds transfer (as defined in IC 4-8.1-2-7), overnight courier, or personal delivery and the payment is not received by the department by the due date in funds acceptable to the department;

is subject to a penalty.

(b) Except as provided in subsection (g), the penalty described in subsection (a) is ten percent (10%) of:

(1) the full amount of the tax due if the person failed to file the return;

(2) the amount of the tax not paid, if the person filed the return but failed to pay the full amount of the tax shown on the return;

(3) the amount of the tax held in trust that is not timely remitted;

(4) the amount of deficiency as finally determined by the department; or

(5) the amount of tax due if a person failed to make payment by electronic funds transfer, overnight courier, or personal delivery by the due date.

(c) For purposes of this section, the filing of a substantially blank or unsigned return does not constitute a return.

(d) If a person subject to the penalty imposed under this section can show that the failure to file a return, pay the full amount of tax shown on the person's return, timely remit tax held in trust, or pay the deficiency determined by the department was due to reasonable cause and not due to willful neglect, the department shall waive the penalty.

(e) A person who wishes to avoid the penalty imposed under this section must make an affirmative showing of all facts alleged as a reasonable cause for the person's failure to file the return, pay the amount of tax shown on the person's return, pay the deficiency, or timely remit tax held in trust, in a written statement containing a declaration that the statement is made under penalty of perjury. The statement must be filed with the return or payment within the time prescribed for protesting departmental assessments. A taxpayer may also avoid the penalty imposed under this section by obtaining a ruling from the department before the end of a particular tax period on the

amount of tax due for that tax period.

(f) The department shall adopt rules under IC 4-22-2 to prescribe the circumstances that constitute reasonable cause and negligence for purposes of this section.

(g) A person who fails to file a return for a listed tax that shows no tax liability for a taxable year, other than an information return (as defined in section 6 of this chapter), on or before the due date of the return shall pay a penalty of ten dollars ($10) for each day that the return is past due, up to a maximum of two hundred fifty dollars ($250).

(h) A:

(1) corporation which otherwise qualifies under IC 6-3-2-2.8(2);

(2) partnership; or

(3) trust;

that fails to withhold and pay any amount of tax required to be withheld under IC 6-3-4-12, IC 6-3-4-13, or IC 6-3-4-15 shall pay a penalty equal to twenty percent (20%) of the amount of tax required to be withheld under IC 6-3-4-12, IC 6-3-4-13, or IC 6-3-4-15. This penalty shall be in addition to any penalty imposed by section 6 of this chapter.

(i) Subsections (a) through (c) do not apply to a motor carrier fuel tax return.

(j) If a partnership or an S corporation fails to include all nonresidential individual partners or nonresidential individual shareholders in a composite return as required by ~~IC 6-3-4-12(h)~~ **IC 6-3-4-12(i)** or IC 6-3-4-13(j), a penalty of five hundred dollars ($500) per partnership or S corporation is imposed on the partnership or S corporation.

SECTION 57. IC 6-9-29-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 3. If an ordinance has been adopted requiring the payment of the innkeeper's tax to the county treasurer instead of the department of state revenue, the county treasurer has the same rights and powers with respect to collecting **and refunding** the county innkeeper's tax as the department of state revenue.

SECTION 58. IC 21-12-7-4 IS REPEALED [EFFECTIVE JANUARY 1, 2017]. ~~Sec. 4. A contributor to the fund is entitled to an income tax credit under IC 6-3-3-5.1.~~

SECTION 59. IC 36-1-8-14.2, AS AMENDED BY P.L.146-2008, SECTION 686, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 14.2. **(a) PILOTS may not be imposed under this section for an assessment date occurring after January 1, 2017.**

~~(a)~~ **(b)** As used in this section, the following terms have the meanings set forth in IC 6-1.1-1:

(1) Assessed value.
(2) Exemption.
(3) Owner.
(4) Person.
(5) Property taxation.
(6) Real property.
(7) Township assessor.

~~(b)~~ **(c)** As used in this section, "PILOTS" means payments in lieu of taxes.

~~(c)~~ **(d)** As used in this section, "property owner" means the owner of real property described in IC 6-1.1-10-16.7 **(before its expiration).**

~~(d)~~ **(e)** Subject to **subsection (a) and** the approval of a property owner, the governing body of a political subdivision may adopt an ordinance to require the property owner to pay PILOTS at times set forth in the ordinance with respect to real property that is subject to an exemption under IC 6-1.1-10-16.7 **(before its expiration).** ~~if the improvements that qualify the real property for an exemption were begun or acquired after December 31, 2001.~~ The ordinance remains in full force and effect until:

(1) the date the ordinance is repealed or modified by the governing body, subject to the approval of the property owner; **or**
(2) January 1, 2017;

whichever occurs first.

~~(e)~~ **(f)** The PILOTS must be calculated so that the PILOTS are in an amount equal to the amount of property taxes that would have been levied by the governing body for the political subdivision upon the real property described in subsection ~~(d)~~ **(e)** if the property were not subject to an exemption from property taxation.

~~(f)~~ **(g)** PILOTS shall be imposed as are property taxes and shall be based on the assessed value of the real property described in subsection ~~(d).~~ **(e).** Except as provided in subsection ~~(j),~~ **(k),** the township assessor, or the county assessor if there is no township assessor for the township, shall assess the real property described in subsection ~~(d)~~ **(e)** as though the property were not subject to an exemption.

~~(g)~~ **(h)** PILOTS collected under this section shall be deposited in the unit's affordable housing fund established under IC 5-20-5-15.5 and used for any purpose for which the affordable housing fund may be used.

~~(h)~~ **(i)** PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS

shall be treated in the same manner as taxes for purposes of all procedural and substantive provisions of law.

~~(i)~~ **(j)** This section does not apply to a county that contains a consolidated city or to a political subdivision of the county.

~~(j)~~ **(k)** If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

(l) This section expires January 1, 2020.

SECTION 60. IC 36-2-6-22, AS AMENDED BY P.L.146-2008, SECTION 690, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 22. **(a) PILOTS may not be imposed under this section for an assessment date occurring after January 1, 2017.**

~~(a)~~ **(b)** As used in this section, the following terms have the meanings set forth in IC 6-1.1-1:

(1) Assessed value.
(2) Exemption.
(3) Owner.
(4) Person.
(5) Property taxation.
(6) Real property.
(7) Township assessor.

~~(b)~~ **(c)** As used in this section, "PILOTS" means payments in lieu of taxes.

~~(c)~~ **(d)** As used in this section, "property owner" means the owner of real property described in IC 6-1.1-10-16.7 **(before its expiration)** that is not located in a county containing a consolidated city.

~~(d)~~ **(e)** Subject to **subsection (a) and** the approval of a property owner, the fiscal body of a county may adopt an ordinance to require the property owner to pay PILOTS at times set forth in the ordinance with respect to real property that is subject to an exemption under IC 6-1.1-10-16.7 **(before its expiration).** The ordinance remains in full force and effect until:

(1) the date the ordinance is repealed or modified by the legislative body, subject to the approval of the property owner; **or**
(2) January 1, 2017;

whichever occurs first.

~~(e)~~ **(f)** The PILOTS must be calculated so that the PILOTS are in an amount equal to the amount of property taxes that would have been levied upon the real property described in subsection ~~(d)~~ **(e)** if the property were not subject to an exemption from property taxation.

~~(f)~~ **(g)** PILOTS shall be imposed in the same manner as property taxes and shall be based on the assessed value of the real property described in subsection ~~(d).~~ **(e).** Except as provided in subsection ~~(i),~~ **(j),** the township assessor, or the county assessor if there is no township assessor for the township, shall assess the real property described in subsection ~~(d)~~ **(e)** as though the property were not subject to an exemption.

~~(g)~~ **(h)** PILOTS collected under this section shall be distributed in the same manner as if they were property taxes being distributed to taxing units in the county.

~~(h)~~ **(i)** PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as taxes for purposes of all procedural and substantive provisions of law.

~~(i)~~ **(j)** If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

(k) This section expires January 1, 2020.

SECTION 61. IC 36-3-2-11, AS AMENDED BY P.L.146-2008, SECTION 702, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 11. **(a) PILOTS may not be imposed under this section for an assessment date occurring after January 1, 2017.**

~~(a)~~ **(b)** As used in this section, the following terms have the meanings set forth in IC 6-1.1-1:

(1) Assessed value.
(2) Exemption.
(3) Owner.
(4) Person.
(5) Property taxation.
(6) Real property.
(7) Township assessor.

~~(b)~~ **(c)** As used in this section, "PILOTS" means payments in lieu of taxes.

~~(c)~~ **(d)** As used in this section, "property owner" means the owner of real property described in IC 6-1.1-10-16.7 **(before its expiration)** that is located in a county with a consolidated city.

~~(d)~~ **(e)** Subject to **subsection (a) and** the approval of a property owner, the legislative body of the consolidated city may adopt an ordinance to require the property owner to pay PILOTS at times set forth in the ordinance with respect to real property that is subject to an

exemption under IC 6-1.1-10-16.7 **(before its expiration).** The ordinance remains in full force and effect until:

(1) the date the ordinance is repealed or modified by the legislative body, subject to the approval of the property owner; **or**

(2) January 1, 2017;

whichever occurs first.

~~(e)~~ **(f)** The PILOTS must be calculated so that the PILOTS are in an amount that is:

(1) agreed upon by the property owner and the legislative body of the consolidated city;

(2) a percentage of the property taxes that would have been levied by the legislative body for the consolidated city and the county upon the real property described in subsection ~~(d)~~ **(e)** if the property were not subject to an exemption from property taxation; and

(3) not more than the amount of property taxes that would have been levied by the legislative body for the consolidated city and county upon the real property described in subsection ~~(d)~~ **(e)** if the property were not subject to an exemption from property taxation.

~~(f)~~ **(g)** PILOTS shall be imposed as are property taxes and shall be based on the assessed value of the real property described in subsection ~~(d).~~ **(e).** Except as provided in subsection ~~(i),~~ **(j),** the township assessor, or the county assessor if there is no township assessor for the township, shall assess the real property described in subsection ~~(d)~~ **(e)** as though the property were not subject to an exemption.

~~(g)~~ **(h)** PILOTS collected under this section shall be deposited in the housing trust fund established under IC 36-7-15.1-35.5 and used for any purpose for which the housing trust fund may be used.

~~(h)~~ **(i)** PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as taxes for purposes of all procedural and substantive provisions of law.

~~(i)~~ **(j)** If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

(k) This section expires January 1, 2020.

SECTION 62. IC 36-7-15.1-35.5, AS AMENDED BY P.L.144-2013, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 35.5. (a) The general assembly finds the following:

(1) Federal law permits the sale of a multiple family housing

project that is or has been covered, in whole or in part, by a contract for project based assistance from the United States Department of Housing and Urban Development without requiring the continuation of that project based assistance.

(2) Such a sale displaces the former residents of a multiple family housing project described in subdivision (1) and increases the shortage of safe and affordable housing for persons of low and moderate income within the county.

(3) The displacement of families and individuals from affordable housing requires increased expenditures of public funds for crime prevention, public health and safety, fire and accident prevention, and other public services and facilities.

(4) The establishment of a supplemental housing program under this section will do the following:

(A) Benefit the health, safety, morals, and welfare of the county and the state.

(B) Serve to protect and increase property values in the county and the state.

(C) Benefit persons of low and moderate income by making affordable housing available to them.

(5) The establishment of a supplemental housing program under this section and sections 32 through 35 of this chapter is:

(A) necessary in the public interest; and

(B) a public use and purpose for which public money may be spent and private property may be acquired.

(b) In addition to its other powers with respect to a housing program under sections 32 through 35 of this chapter, the commission may establish a supplemental housing program. Except as provided by this section, the commission has the same powers and duties with respect to the supplemental housing program that the commission has under sections 32 through 35 of this chapter with respect to the housing program.

(c) One (1) allocation area may be established for the supplemental housing program. The commission is not required to make the findings required under section 34(5) through 34(8) of this chapter with respect to the allocation area. However, the commission must find that the property contained within the boundaries of the allocation area consists solely of one (1) or more multiple family housing projects that are or have been covered, in whole or in part, by a contract for project based assistance from the United States Department of Housing and Urban Development or have been owned at one time by a public housing agency. The allocation area need not be contiguous. The definition of

"base assessed value" set forth in section 35(a) of this chapter applies to the special fund established under section 26(b) of this chapter for the allocation area.

(d) The special fund established under section 26(b) of this chapter for the allocation area established under this section may be used only for the following purposes:

(1) Subject to subdivision (2), on January 1 and July 1 of each year the balance of the special fund shall be transferred to the housing trust fund established under subsection (e).

(2) The commission may provide each taxpayer in the allocation area a credit for property tax replacement in the manner provided by section 35(b)(7) of this chapter. Transfers made under subdivision (1) shall be reduced by the amount necessary to provide the credit.

(e) The commission shall, by resolution, establish a housing trust fund to be administered, subject to the terms of the resolution, by:

(1) the housing division of the consolidated city; or

(2) the department, division, or agency that has been designated to perform the public housing function by an ordinance adopted under IC 36-7-18-1.

(f) The housing trust fund consists of:

(1) amounts transferred to the fund under subsection (d);

(2) payments in lieu of taxes deposited in the fund under IC 36-3-2-11 **(before its expiration);**

(3) gifts and grants to the fund;

(4) investment income earned on the fund's assets;

(5) money deposited in the fund under IC 36-2-7-10(j); and

(6) other funds from sources approved by the commission.

(g) The commission shall, by resolution, establish uses for the housing trust fund. However, the uses must be limited to:

(1) providing financial assistance to those individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, to enable those individuals and families to purchase or lease residential units within the county;

(2) paying expenses of administering the fund;

(3) making grants, loans, and loan guarantees for the development, rehabilitation, or financing of affordable housing for individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, including the elderly, persons with disabilities, and homeless individuals and families;

(4) providing technical assistance to nonprofit developers of affordable housing; and

(5) funding other programs considered appropriate to meet the affordable housing and community development needs of lower income families (as defined in IC 5-20-4-5) and very low income families (as defined in IC 5-20-4-6), including lower income elderly individuals, individuals with disabilities, and homeless individuals.

(h) At least fifty percent (50%) of the dollars allocated for production, rehabilitation, or purchase of housing must be used for units to be occupied by individuals and families whose income is at or below fifty percent (50%) of the county's area median income for individuals and families, respectively.

(i) The low income housing trust fund advisory committee is established. The low-income housing trust fund advisory committee consists of eleven (11) members. The membership of the low income housing trust fund advisory committee is comprised of:

(1) one (1) member appointed by the mayor, to represent the interests of low income families;

(2) one (1) member appointed by the mayor, to represent the interests of owners of subsidized, multifamily housing communities;

(3) one (1) member appointed by the mayor, to represent the interests of banks and other financial institutions;

(4) one (1) member appointed by the mayor, of the department of metropolitan development;

(5) three (3) members representing the community at large appointed by the commission, from nominations submitted to the commission as a result of a general call for nominations from neighborhood associations, community based organizations, and other social services agencies;

(6) one (1) member appointed by and representing the Coalition for Homeless Intervention and Prevention of Greater Indianapolis;

(7) one (1) member appointed by and representing the Local Initiatives Support Corporation;

(8) one (1) member appointed by and representing the Indianapolis Coalition for Neighborhood Development; and

(9) one (1) member appointed by and representing the Indianapolis Neighborhood Housing Partnership.

Members of the low income housing trust fund advisory committee serve for a term of four (4) years, and are eligible for reappointment. If a vacancy exists on the committee, the appointing authority who

appointed the former member whose position has become vacant shall appoint an individual to fill the vacancy. A committee member may be removed at any time by the appointing authority who appointed the committee member.

(j) The low income housing trust fund advisory committee shall make recommendations to the commission regarding:

(1) the development of policies and procedures for the uses of the low income housing trust fund; and

(2) long term sources of capital for the low income housing trust fund, including:

(A) revenue from:

(i) development ordinances;

(ii) fees; or

(iii) taxes;

(B) financial market based income;

(C) revenue derived from private sources; and

(D) revenue generated from grants, gifts, donations, or income in any other form, from a:

(i) government program;

(ii) foundation; or

(iii) corporation.

(k) The county treasurer shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

SECTION 63. [EFFECTIVE JANUARY 1, 2017] **(a) IC 6-3-1-3.5, as amended by this act, applies to taxable years beginning after December 31, 2016.**

(b) This SECTION expires January 1, 2019.

SECTION 64. [EFFECTIVE UPON PASSAGE] **(a) For any taxpayer predominately engaged in the business of cutting steel bars owned by others into billets, IC 6-2.5-5-3(a)(1)(B), as amended by P.L.250-2015, SECTION 10 (as in effect January 1, 2016), shall be applied retroactively as if it were in effect on January 1, 2011. However, a taxpayer predominantly engaged in the business of cutting steel bars owned by others into billets is not entitled to a refund of state gross retail or use taxes paid for any tax period beginning December 31, 2010, and before January 1, 2016, if that refund is based on a claim that applies IC 6-2.5-5-3(a)(1)(B).**

(b) This SECTION expires January 1, 2020.

SECTION 65. **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. 309, 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 14, delete lines 1 through 25, begin a new paragraph and insert:

"SECTION 14. IC 6-2.5-1-14.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 14.7. "Construction material" means any tangible personal property to be converted into real property.**

SECTION 15. IC 6-2.5-1-14.9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 14.9. "Contractor" means any person engaged in converting construction material into real property on behalf of another person. The term includes, but is not limited to, general or prime contractors, subcontractors, and specialty contractors.**

SECTION 16. IC 6-2.5-1-27.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 27.7. "Time and material contract" means a contract in which the cost of construction material and the cost of labor or other charges are stated separately.**

SECTION 17. IC 6-2.5-3-2, AS AMENDED BY P.L.13-2013, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 2. (a) An excise tax, known as the use tax, is imposed on the storage, use, or consumption of tangible personal property in Indiana if the property was acquired in a retail transaction, regardless of the location of that transaction or of the retail merchant making that transaction.

(b) The use tax is also imposed on the storage, use, or consumption of a vehicle, an aircraft, or a watercraft, if the vehicle, aircraft, or watercraft:

(1) is acquired in a transaction that is an isolated or occasional sale; and

(2) is required to be titled, licensed, or registered by this state for use in Indiana.

(c) The use tax is imposed on ~~the addition of tangible personal property to a structure or facility, if, after its addition, the property~~

~~becomes part of the real estate on which the structure or facility is located.~~ **a contractor's conversion of construction material into real property if that construction material was purchased by the contractor.** However, the use tax does not apply to ~~additions~~ **conversions** of ~~tangible personal property~~ **construction material** described in this subsection, if:

(1) the state gross retail or use tax has been previously imposed on the ~~sale~~ **contractor's acquisition** or use of that ~~property; or~~ **construction material;**

(2) the ~~ultimate purchaser or recipient of that property would have been~~ **person for whom the construction material is being converted could have purchased the material** exempt from the state gross retail and use taxes, **as evidenced by a properly issued exemption certificate,** if that ~~purchaser or recipient~~ **person** had directly purchased the ~~property from the supplier for addition to the structure or facility.~~ **construction material from a retail merchant in a retail transaction; or**

(3) the conversion of the construction material into real property is governed by a time and material contract as described in IC 6-2.5-4-9(b).

(d) The use tax is imposed on a person who:

(1) manufactures, fabricates, or assembles tangible personal property from materials either within or outside Indiana; and

(2) uses, stores, distributes, or consumes tangible personal property in Indiana.

(e) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over tangible personal property, if:

(1) the property is delivered into Indiana by or for the purchaser of the property;

(2) the property is delivered in Indiana for the sole purpose of being processed, printed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property; and

(3) the property is subsequently transported out of state for use solely outside Indiana.

(f) As used in subsection (g) and IC 6-2.5-5-42:

(1) "completion work" means the addition of tangible personal property to or reconfiguration of the interior of an aircraft, if the work requires the issuance of an airworthiness certificate from the:

(A) Federal Aviation Administration; or

(B) equivalent foreign regulatory authority;

due to the change in the type certification basis of the aircraft resulting from the addition to or reconfiguration of the interior of the aircraft;

(2) "delivery" means the physical delivery of the aircraft regardless of who holds title; and

(3) "prepurchase evaluation" means an examination of an aircraft by a potential purchaser for the purpose of obtaining information relevant to the potential purchase of the aircraft.

(g) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over an aircraft, if:

(1) the aircraft is or will be titled, registered, or based (as defined in IC 6-6-6.5-1(m)) in another state or country;

(2) the aircraft is delivered to Indiana by or for a nonresident owner or purchaser of the aircraft;

(3) the aircraft is delivered to Indiana for the sole purpose of being repaired, refurbished, remanufactured, or subjected to completion work or a prepurchase evaluation; and

(4) after completion of the repair, refurbishment, remanufacture, completion work, or prepurchase evaluation, the aircraft is transported to a destination outside Indiana.

(h) The amendments made to this section by P.L.153-2012 shall be interpreted to specify and not to change the general assembly's intent with respect to this section.

SECTION 18. IC 6-2.5-4-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 9. (a) A person is a retail merchant making a retail transaction when the person sells tangible personal property which:

(1) is to be added to a structure or facility by the purchaser; and

(2) after its addition to the structure or facility, would become a part of the real ~~estate~~ **property** on which the structure or facility is located.

(b) ~~Notwithstanding subsection (a), a transaction described in subsection (a) is not a retail transaction, if the ultimate purchaser or recipient of the property to be added to the structure or facility would be exempt from the state gross retail and use taxes if that purchaser or recipient had directly purchased the property from the supplier for addition to the structure or facility.~~ **A contractor is a retail merchant making a retail transaction when the contractor:**

(1) disposes of tangible personal property; or

(2) converts tangible personal property into real property;

under a time and material contract. As such a retail merchant, a contractor described in this subsection shall collect, as an agent of the state, the state gross retail tax on the resale of the construction material and remit the state gross retail tax as provided in this article.

SECTION 19. IC 6-2.5-5-3, AS AMENDED BY P.L.250-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 3. (a) For purposes of this section:

(1) the:

(A) retreading of tires; **and**

~~(B) cutting of steel bars into billets; and~~

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

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

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

(b) Except as provided in subsection (c), transactions involving manufacturing machinery, tools, and equipment 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) The exemption provided in subsection (b) does not apply to transactions involving distribution equipment or transmission equipment acquired by a public utility engaged in generating electricity.".

Page 15, line 2, delete "or the owner of the" and insert "**.**".

Page 15, delete line 3.

Page 16, line 14, reset in roman "151(c)(1)(B)".

Page 16, line 14, delete "151(c)".

Page 16, line 15, delete "Code;" and insert "Code".

Page 16, line 15, reset in roman "(as effective January 1, 2004);".

Page 16, line 15, strike "and".

Page 16, between lines 15 and 16, begin a new line double block indented and insert:

"**(B) one thousand five hundred dollars ($1,500) for each exemption allowed under Section 151(c) of the Internal Revenue Code for an individual:**

(i) who is less than nineteen (19) years of age or is a

full-time student who is less than twenty-four (24) years of age;

(ii) for whom the taxpayer is the legal guardian; and

(iii) for whom the taxpayer does not claim an exemption under clause (A); and".

Page 16, line 16, strike "(B)" and insert "**(C)**".

Page 54, delete lines 16 through 42.

Delete page 55.

Page 56, delete lines 1 through 8.

Page 66, delete lines 33 through 36, begin a new paragraph and insert:

"SECTION 72. [EFFECTIVE UPON PASSAGE] **(a) For any taxpayer predominately engaged in the business of cutting steel bars owned by others into billets, IC 6-2.5-5-3(a)(1)(B), as amended by P.L.250-2015, SECTION 10 (as in effect January 1, 2016), shall be applied retroactively as if it were in effect on January 1, 2011. However, a taxpayer predominantly engaged in the business of cutting steel bars owned by others into billets is not entitled to a refund of state gross retail or use taxes paid for any tax period beginning December 31, 2010, and before January 1, 2016, if that refund is based on a claim that applies IC 6-2.5-5-3(a)(1)(B).**

(b) This SECTION expires January 1, 2020.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 309 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 8, Nays 4.

SENATE MOTION

Madam President: I move that Senate Bill 309 be amended to read as follows:

Page 14, between lines 12 and 13, begin a new paragraph and insert:

"SECTION 16. IC 6-2.5-1-19.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 19.5. "Facilitator" means a person who:**

(1) contracts or otherwise enters into an agreement:

(A) with a person who rents or furnishes rooms, lodgings,

or accommodations for consideration; and

(B) to market the room, lodging, or accommodation through the Internet; and

(2) accepts payment from the consumer for the room, lodging, or accommodation.

The term does not include a licensee (as defined in IC 25-34.1-1-2(6)) under the real estate broker licensing act (IC 25-34.1) or the owner of the room, lodging, or accommodation.".

Page 16, between lines 17 and 18, begin a new paragraph and insert:

"SECTION 19. IC 6-2.5-4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 4. (a) A person is a retail merchant making a retail transaction when the person rents or furnishes rooms, lodgings, or other accommodations, such as booths, display spaces, banquet facilities, and cubicles or spaces used for adult relaxation, massage, modeling, dancing, or other entertainment to another person:

(1) if those rooms, lodgings, or accommodations are rented or furnished for periods of less than thirty (30) days; and

(2) if the rooms, lodgings, and accommodations are located in:

(A) a hotel, motel, inn, tourist camp, tourist cabin, gymnasium, hall, coliseum, or other place, where rooms, lodgings, or accommodations are regularly furnished for consideration; **or**

(B) a house, condominium, or apartment in which rooms, lodgings, or accommodations are rented or furnished for transient residential housing for consideration.

(b) A facilitator is a retail merchant making a retail transaction when the facilitator accepts payment from the consumer for a room, lodging, or accommodation rented or furnished in Indiana.

~~(b)~~ **(c) Except as provided in section 4.2 of this chapter,** each rental or furnishing by a retail merchant under subsection (a) **or (b)** is a separate unitary transaction regardless of whether consideration is paid to an independent contractor or directly to the retail merchant.

~~(c)~~ **(d)** For purposes of this section, "consideration" includes a membership fee charged to a customer.

~~(d)~~ **(e)** Notwithstanding subsection (a), a person is not a retail merchant making a retail transaction if:

(1) the person is a promoter that rents a booth or display space to an exhibitor; and

(2) the booth or display space is located in a facility that:

(A) is described in subsection (a)(2); and

(B) is operated by a political subdivision (including a capital

improvement board established under IC 36-10-8 or IC 36-10-9) or the state fair commission.

This subsection does not exempt from the state gross retail tax the renting of accommodations by a political subdivision or the state fair commission to a promoter or an exhibitor.

SECTION 20. IC 6-2.5-4-4.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 4.2. (a) A person or a facilitator who is a retail merchant making a retail transaction described in section 4 of this chapter shall give to the consumer of the room, lodging, or accommodation an itemized statement separately stating all of the following:**

(1) The part of the gross retail income that is charged by the person for renting or furnishing the room, lodging, or accommodation.

(2) Any amount collected by the person renting or furnishing the room, lodging, or accommodation for:

(A) the state gross retail or use tax; and

(B) any innkeeper's tax due under IC 6-9.

(3) Any part of the gross retail income that is a fee, commission, or other charge of a facilitator.".

Page 17, delete lines 22 through 42.

Page 18, delete lines 1 through 23.

Page 59, delete lines 8 through 14.

Page 67, delete lines 36 through 39.

Renumber all SECTIONS consecutively.

(Reference is to SB 309 as printed January 29, 2016.)

WALKER

SENATE MOTION

Madam President: I move that Senate Bill 309 be amended to read as follows:

Page 27, delete lines 37 through 42.

Page 28, delete lines 1 through 34.

Page 34, delete lines 10 through 33.

Page 50, delete lines 11 through 42.

Delete pages 51 through 52.

Page 53, delete lines 1 through 33.
Page 59, delete lines 22 through 42.
Page 60, delete lines 1 through 3.
Renumber all SECTIONS consecutively.

(Reference is to SB 309 as printed January 29, 2016.)

BRODEN