

SENATE BILL No. 560

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-2.5; IC 6-3-2-6; IC 36-7-14-48; IC 36-7-15.1-35.

Synopsis: Property taxes and sales and use taxes. Eliminates property taxes on primary residences (homesteads) and business personal property. Decreases the state sales and use tax rate from 7% to 5.5%. Provides that the sales and use tax applies to transactions involving services, except for legal services, health or mental health services (including insurance premiums for policies covering these services), and services provided for charitable tax exempt purposes. Deposits the increased sales and use tax revenue in the state general fund. Provides an annual state distribution to offset the property tax elimination for homesteads and business personal property based on the amount of property taxes that otherwise would be due on these homesteads and business personal property. Prohibits changes in homestead and business personal property tax deductions, credits, and abatements that were in effect December 31, 2014. Increases the maximum renter's deduction for income tax purposes from \$3,000 to \$8,000 per taxable year. Makes conforming changes. Makes technical corrections. Makes an ongoing appropriation.

Effective: Upon passage; July 1, 2015; January 1, 2016.

Young R Michael, Waltz

January 20, 2015, read first time and referred to Committee on Tax & Fiscal Policy.



First Regular Session 119th General Assembly (2015)

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 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 560



A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

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

1 SECTION 1. IC 6-1.1-10.2 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2016]:

4 **Chapter 10.2. Homestead Exemption**

5 **Sec. 1. As used in this chapter, "homestead" means any real**
6 **property that receives the standard deduction under**
7 **IC 6-1.1-12-37.**

8 **Sec. 2. To make a homestead exempt from property taxation**
9 **under this article, the part of the property tax liability on a**
10 **homestead, which remains after taking into account all deductions**
11 **and credits provided under any other law, is eliminated. A**
12 **deduction, credit, or allocation of revenue that reduces the**
13 **property tax liability on a homestead using a local revenue source**
14 **may not be changed after December 31, 2014.**

15 **Sec. 3. (a) A person who receives the deduction provided by**
16 **IC 6-1.1-12-37 on a homestead is entitled to the exemption**



1 provided by this chapter and does not need to file a claim for the
2 exemption under this chapter.

3 (b) The termination of the deduction provided by IC 6-1.1-12-37
4 on a homestead terminates the exemption under this chapter.

5 Sec. 4. IC 6-1.1-11 does not apply to claiming the exemption
6 provided by this chapter.

7 SECTION 2. IC 6-1.1-10.4 IS ADDED TO THE INDIANA CODE
8 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
9 JANUARY 1, 2016]:

10 **Chapter 10.4. Business Personal Property Exemption**

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

13 (1) is otherwise subject to assessment and taxation under this
14 article; and

15 (2) is used in a trade or business or otherwise held, used, or
16 consumed in connection with the production of income.

17 The term does not include personal property held as an investment.

18 **Sec. 2. To make business personal property exempt from**
19 **property taxation under this article, the part of the property tax**
20 **liability on business personal property, which remains after taking**
21 **into account all deductions, credits, and abatements provided**
22 **under any other law, is eliminated. A deduction, abatement, credit,**
23 **or allocation of revenue that reduces the property tax liability on**
24 **business personal property may not be changed after December 31,**
25 **2014.**

26 **Sec. 3. The exemption shall be applied by the taxpayer on the**
27 **taxpayer's personal property tax return as prescribed by the**
28 **department of local government finance.**

29 SECTION 3. IC 6-1.1-22-8.1, AS AMENDED BY THE
30 TECHNICAL CORRECTIONS BILL OF THE 2015 GENERAL
31 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
32 JANUARY 1, 2016]: Sec. 8.1. (a) The county treasurer shall:

33 (1) except as provided in subsection (h), mail to the last known
34 address of each person liable for any property taxes or special
35 assessment, as shown on the tax duplicate or special assessment
36 records, or to the last known address of the most recent owner
37 shown in the transfer book; and

38 (2) transmit by written, electronic, or other means to a mortgagee
39 maintaining an escrow account for a person who is liable for any
40 property taxes or special assessments, as shown on the tax
41 duplicate or special assessment records;

42 a statement in the form required under subsection (b). However, for



1 property taxes first due and payable in 2008, the county treasurer may
 2 choose to use a tax statement that is different from the tax statement
 3 prescribed by the department under subsection (b). If a county chooses
 4 to use a different tax statement, the county must still transmit (with the
 5 tax bill) the statement in either color type or ~~black-and-white~~ **black**
 6 **and white** type.

7 (b) The department of local government finance shall prescribe a
 8 form, subject to the approval of the state board of accounts, for the
 9 statement under subsection (a) that includes at least the following:

10 (1) A statement of the taxpayer's current and delinquent taxes and
 11 special assessments.

12 (2) A breakdown showing the total property tax and special
 13 assessment liability and the amount of the taxpayer's liability that
 14 will be distributed to each taxing unit in the county.

15 (3) An itemized listing for each property tax levy, including:

16 (A) the amount of the tax rate;

17 (B) the entity levying the tax owed; and

18 (C) the dollar amount of the tax owed.

19 (4) Information designed to show the manner in which the taxes
 20 and special assessments billed in the tax statement are to be used.

21 (5) A comparison showing any change in the assessed valuation
 22 for the property as compared to the previous year.

23 (6) A comparison showing any change in the property tax and
 24 special assessment liability for the property as compared to the
 25 previous year. The information required under this subdivision
 26 must identify:

27 (A) the amount of the taxpayer's liability distributable to each
 28 taxing unit in which the property is located in the current year
 29 and in the previous year; and

30 (B) the percentage change, if any, in the amount of the
 31 taxpayer's liability distributable to each taxing unit in which
 32 the property is located from the previous year to the current
 33 year.

34 (7) An explanation of the following:

35 (A) Homestead credits under IC 6-1.1-20.4, IC 6-3.5-6-13, or
 36 another law that are available in the taxing district where the
 37 property is located **and the homestead exemption under**
 38 **IC 6-1.1-10.2.**

39 (B) All property tax deductions that are available in the taxing
 40 district where the property is located.

41 (C) The procedure and deadline for filing for any available
 42 homestead credits under IC 6-1.1-20.4, IC 6-3.5-6-13, or



1 another law, **the homestead exemption under IC 6-1.1-10.2,**
 2 and each deduction.

3 (D) The procedure that a taxpayer must follow to:

- 4 (i) appeal a current assessment; or
 5 (ii) petition for the correction of an error related to the
 6 taxpayer's property tax and special assessment liability.

7 (E) The forms that must be filed for an appeal or a petition
 8 described in clause (D).

9 (F) The procedure and deadline that a taxpayer must follow
 10 and the forms that must be used if a credit, **homestead**
 11 **exemption,** or deduction has been granted for the property and
 12 the taxpayer is no longer eligible for the credit, **homestead**
 13 **exemption,** or deduction.

14 (G) Notice that an appeal described in clause (D) requires
 15 evidence relevant to the true tax value of the taxpayer's
 16 property as of the assessment date that is the basis for the taxes
 17 payable on that property.

18 The department of local government finance shall provide the
 19 explanation required by this subdivision to each county treasurer.

20 (8) A checklist that shows:

21 (A) Homestead credits under IC 6-1.1-20.4, IC 6-3.5-6-13, or
 22 another law, **the homestead exemption under IC 6-1.1-10.2,**
 23 and all property tax deductions; and

24 (B) whether each homestead credit, **homestead exemption,**
 25 and **each** property tax deduction applies in the current
 26 statement for the property transmitted under subsection (a).

27 (9) This subdivision applies to any property for which a deduction
 28 or credit is listed under subdivision (8) if the notice required
 29 under this subdivision was not provided to a taxpayer on a
 30 reconciling statement under IC 6-1.1-22.5-12. The statement must
 31 include in 2010, 2011, and 2012 a notice that must be returned by
 32 the taxpayer to the county auditor with the taxpayer's verification
 33 of the items required by this subdivision. The notice must explain
 34 the tax consequences and applicable penalties if a taxpayer
 35 unlawfully claims a standard deduction under IC 6-1.1-12-37 on:

36 (A) more than one (1) parcel of property; or

37 (B) property that is not the taxpayer's principal place of
 38 residence or is otherwise not eligible for the standard
 39 deduction.

40 The notice must include a place for the taxpayer to indicate, under
 41 penalties of perjury, for each deduction and credit listed under
 42 subdivision (8), whether the property is eligible for the deduction



1 or credit listed under subdivision (8). The notice must also
 2 include a place for each individual who qualifies the property for
 3 a deduction or credit listed in subdivision (8) to indicate the name
 4 of the individual and the name of the individual's spouse (if any);
 5 as the names appear in the records of the United States Social
 6 Security Administration for the purposes of the issuance of a
 7 Social Security card and Social Security number (or that they use
 8 as their legal names when they sign their names on legal
 9 documents); and either the last five (5) digits of each individual's
 10 Social Security number or, if an individual does not have a Social
 11 Security number, the numbers required from the individual under
 12 IC 6-1.1-12-37(e)(4)(B). The notice must explain that the
 13 taxpayer must complete and return the notice with the required
 14 information and that failure to complete and return the notice may
 15 result in disqualification of property for deductions and credits
 16 listed in subdivision (8); must explain how to return the notice;
 17 and must be on a separate form printed on paper that is a different
 18 color than the tax statement. The notice must be prepared in the
 19 form prescribed by the department of local government finance
 20 and include any additional information required by the
 21 department of local government finance. This subdivision expires
 22 January 1, 2015.

23 (c) The county treasurer may mail or transmit the statement one (1)
 24 time each year at least fifteen (15) business days before the date on
 25 which the first or only installment is due. Whenever a person's tax
 26 liability for a year is due in one (1) installment under IC 6-1.1-7-7 or
 27 section 9 of this chapter, a statement that is mailed must include the
 28 date on which the installment is due and denote the amount of money
 29 to be paid for the installment. Whenever a person's tax liability is due
 30 in two (2) installments, a statement that is mailed must contain the
 31 dates on which the first and second installments are due and denote the
 32 amount of money to be paid for each installment. If a statement is
 33 returned to the county treasurer as undeliverable and the forwarding
 34 order is expired, the county treasurer shall notify the county auditor of
 35 this fact. Upon receipt of the county treasurer's notice, the county
 36 auditor may, at the county auditor's discretion, treat the property as not
 37 being eligible for any deductions under IC 6-1.1-12, **the homestead**
 38 **exemption under IC 6-1.1-10.2**, or any homestead credits under
 39 IC 6-1.1-20.4 and IC 6-3.5-6-13.

40 (d) All payments of property taxes and special assessments shall be
 41 made to the county treasurer. The county treasurer, when authorized by
 42 the board of county commissioners, may open temporary offices for the



1 collection of taxes in cities and towns in the county other than the
2 county seat.

3 (e) The county treasurer, county auditor, and county assessor shall
4 cooperate to generate the information to be included in the statement
5 under subsection (b).

6 (f) The information to be included in the statement under subsection
7 (b) must be simply and clearly presented and understandable to the
8 average individual.

9 (g) After December 31, 2007, a reference in a law or rule to
10 IC 6-1.1-22-8 (expired January 1, 2008, and repealed) shall be treated
11 as a reference to this section.

12 (h) Transmission of statements and other information under this
13 subsection applies in a county only if the county legislative body adopts
14 an authorizing ordinance. Subject to subsection (i), in a county in
15 which an ordinance is adopted under this subsection for property taxes
16 and special assessments first due and payable after 2009, a person may
17 in any manner permitted by subsection (n), direct the county treasurer
18 and county auditor to transmit the following to the person by electronic
19 mail:

20 (1) A statement that would otherwise be sent by the county
21 treasurer to the person by regular mail under subsection (a)(1),
22 including a statement that reflects installment payment due dates
23 under section ~~9.5~~ or 9.7 of this chapter.

24 (2) A provisional tax statement that would otherwise be sent by
25 the county treasurer to the person by regular mail under
26 IC 6-1.1-22.5-6.

27 (3) A reconciling tax statement that would otherwise be sent by
28 the county treasurer to the person by regular mail under any of the
29 following:

30 (A) Section 9 of this chapter.

31 (B) Section 9.7 of this chapter.

32 (C) IC 6-1.1-22.5-12, including a statement that reflects
33 installment payment due dates under IC 6-1.1-22.5-18.5.

34 (4) Any other information that:

35 (A) concerns the property taxes or special assessments; and

36 (B) would otherwise be sent:

37 (i) by the county treasurer or the county auditor to the person
38 by regular mail; and

39 (ii) before the last date the property taxes or special
40 assessments may be paid without becoming delinquent.

41 The information listed in this subsection may be transmitted to a person
42 by using electronic mail that provides a secure Internet link to the



- 1 information.
- 2 (i) For property with respect to which more than one (1) person is
- 3 liable for property taxes and special assessments, subsection (h) applies
- 4 only if all the persons liable for property taxes and special assessments
- 5 designate the electronic mail address for only one (1) individual
- 6 authorized to receive the statements and other information referred to
- 7 in subsection (h).
- 8 (j) Before 2010, the department of local government finance shall
- 9 create a form to be used to implement subsection (h). The county
- 10 treasurer and county auditor shall:
- 11 (1) make the form created under this subsection available to the
- 12 public;
- 13 (2) transmit a statement or other information by electronic mail
- 14 under subsection (h) to a person who, at least thirty (30) days
- 15 before the anticipated general mailing date of the statement or
- 16 other information, files the form created under this subsection:
- 17 (A) with the county treasurer; or
- 18 (B) with the county auditor; and
- 19 (3) publicize the availability of the electronic mail option under
- 20 this subsection through appropriate media in a manner reasonably
- 21 designed to reach members of the public.
- 22 (k) The form referred to in subsection (j) must:
- 23 (1) explain that a form filed as described in subsection (j)(2)
- 24 remains in effect until the person files a replacement form to:
- 25 (A) change the person's electronic mail address; or
- 26 (B) terminate the electronic mail option under subsection (h);
- 27 and
- 28 (2) allow a person to do at least the following with respect to the
- 29 electronic mail option under subsection (h):
- 30 (A) Exercise the option.
- 31 (B) Change the person's electronic mail address.
- 32 (C) Terminate the option.
- 33 (D) For a person other than an individual, designate the
- 34 electronic mail address for only one (1) individual authorized
- 35 to receive the statements and other information referred to in
- 36 subsection (h).
- 37 (E) For property with respect to which more than one (1)
- 38 person is liable for property taxes and special assessments,
- 39 designate the electronic mail address for only one (1)
- 40 individual authorized to receive the statements and other
- 41 information referred to in subsection (h).
- 42 (l) The form created under subsection (j) is considered filed with the



1 county treasurer or the county auditor on the postmark date or on the
 2 date it is electronically submitted. If the postmark is missing or
 3 illegible, the postmark is considered to be one (1) day before the date
 4 of receipt of the form by the county treasurer or the county auditor.

5 (m) The county treasurer shall maintain a record that shows at least
 6 the following:

7 (1) Each person to whom a statement or other information is
 8 transmitted by electronic mail under this section.

9 (2) The information included in the statement.

10 (3) Whether the county treasurer received a notice that the
 11 person's electronic mail was undeliverable.

12 (n) A person may direct the county treasurer and county auditor to
 13 transmit information by electronic mail under subsection (h) on a form
 14 prescribed by the department submitted:

15 (1) in person;

16 (2) by mail; or

17 (3) in an online format developed by the county and approved by
 18 the department.

19 SECTION 4. IC 6-1.1-22-8.5, AS AMENDED BY P.L.3-2008,
 20 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JANUARY 1, 2016]: Sec. 8.5. The county treasurer shall include on
 22 every statement mailed under section 8.1 of this chapter the following
 23 language: "If any circumstances have changed that would make you
 24 ineligible for a deduction **or exemption** that you have been allowed ~~in~~
 25 ~~the exemption block~~ on this tax bill, you must notify the county auditor.
 26 If such a change in circumstances has occurred and you have not
 27 notified the county auditor, the deduction **or exemption** will be
 28 disallowed and you will be liable for taxes, **interest**, and penalties on
 29 the amount deducted **or exempted**."

30 SECTION 5. IC 6-1.1-22-9, AS AMENDED BY P.L.218-2013,
 31 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JANUARY 1, 2016]: Sec. 9. (a) Except as provided in subsection (b),
 33 the property taxes assessed for a year under this article are due in two
 34 (2) equal installments on May 10 and November 10 of the following
 35 year.

36 (b) Subsection (a) does not apply if any of the following apply to the
 37 property taxes assessed for the year under this article:

38 (1) Subsection (c).

39 (2) Subsection (d).

40 (3) IC 6-1.1-7-7.

41 ~~(4) Section 9.5 of this chapter.~~

42 ~~(5) (4) Section 9.7 of this chapter.~~



- 1 ~~(6)~~ (5) Section 9.9 of this chapter.
- 2 (c) A county council may adopt an ordinance to require a person to
- 3 pay the person's property tax liability in one (1) installment, if the tax
- 4 liability for a particular year is less than twenty-five dollars (\$25). If the
- 5 county council has adopted such an ordinance, then whenever a tax
- 6 statement mailed under section 8.1 of this chapter shows that the
- 7 person's property tax liability for a year is less than twenty-five dollars
- 8 (\$25) for the property covered by that statement, the tax liability for
- 9 that year is due in one (1) installment on May 10 of that year.
- 10 (d) If the county treasurer receives a copy of an appeal petition
- 11 under IC 6-1.1-18.5-12(d) before the county treasurer mails or
- 12 transmits statements under section 8.1 of this chapter, the county
- 13 treasurer may:
- 14 (1) mail or transmit the statements without regard to the pendency
- 15 of the appeal and, if the resolution of the appeal by the department
- 16 of local government finance results in changes in levies, mail or
- 17 transmit reconciling statements under subsection (e); or
- 18 (2) delay the mailing or transmission of statements under section
- 19 8.1 of this chapter so that:
- 20 (A) the due date of the first installment that would otherwise
- 21 be due under subsection (a) is delayed by not more than sixty
- 22 (60) days; and
- 23 (B) all statements reflect any changes in levies that result from
- 24 the resolution of the appeal by the department of local
- 25 government finance.
- 26 (e) A reconciling statement under subsection (d)(1) must indicate:
- 27 (1) the total amount due for the year;
- 28 (2) the total amount of the installments paid that did not reflect
- 29 the resolution of the appeal under IC 6-1.1-18.5-12(d) by the
- 30 department of local government finance;
- 31 (3) if the amount under subdivision (1) exceeds the amount under
- 32 subdivision (2), the adjusted amount that is payable by the
- 33 taxpayer:
- 34 (A) as a final reconciliation of all amounts due for the year;
- 35 and
- 36 (B) not later than
- 37 (i) November 10; or
- 38 (ii) ~~the date or dates established under section 9.5 of this~~
- 39 ~~chapter;~~ and
- 40 (4) if the amount under subdivision (2) exceeds the amount under
- 41 subdivision (1), that the taxpayer may claim a refund of the excess
- 42 under IC 6-1.1-26.



1 (f) If property taxes are not paid on or before the due date, the
 2 penalties prescribed in IC 6-1.1-37-10 shall be added to the delinquent
 3 taxes.

4 (g) Notwithstanding any other law, a property tax liability of less
 5 than five dollars (\$5) is increased to five dollars (\$5). The difference
 6 between the actual liability and the five dollar (\$5) amount that appears
 7 on the statement is a statement processing charge. The statement
 8 processing charge is considered a part of the tax liability.

9 (h) This subsection applies only if a statement for payment of
 10 property taxes and special assessments by electronic mail is transmitted
 11 to a person under section 8.1(h) of this chapter. If a response to the
 12 transmission of electronic mail to a person indicates that the electronic
 13 mail was not received, the county treasurer shall mail to the person a
 14 hard copy of the statement in the manner required by section 8.1(a) of
 15 this chapter for persons who do not opt to receive statements by
 16 electronic mail. The due date for the property taxes and special
 17 assessments under a statement mailed to a person under this subsection
 18 is the due date indicated in the statement transmitted to the person by
 19 electronic mail.

20 (i) In a county in which an authorizing ordinance is adopted under
 21 section 8.1(h) of this chapter, a person may direct the county treasurer
 22 to transmit a reconciling statement under subsection (d)(1) by
 23 electronic mail under section 8.1(h) of this chapter.

24 SECTION 6. IC 6-1.1-22-9.5 IS REPEALED [EFFECTIVE
 25 JANUARY 1, 2016]. Sec. 9-5: (a) This section applies only to property
 26 taxes first due and payable in a year that begins after December 31,
 27 2003:

28 (1) with respect to a homestead (as defined in IC 6-1.1-12-37);
 29 and

30 (2) that are not payable in one (1) installment under section 9(c)
 31 of this chapter.

32 (b) At any time before the mailing or transmission of tax statements
 33 for a year under section 8.1 of this chapter, a county may petition the
 34 department of local government finance to establish a schedule of
 35 installments for the payment of property taxes with respect to:

36 (1) real property that are based on the assessment of the property
 37 in the immediately preceding year; or

38 (2) a mobile home or manufactured home that is not assessed as
 39 real property that are based on the assessment of the property in
 40 the current year.

41 The county fiscal body (as defined in IC 36-1-2-6) must approve a
 42 petition under this subsection.



1 (c) The department of local government finance:

2 (1) may not establish a date for:

3 (A) an installment payment that is earlier than May 10 of the
4 year in which the tax statement is mailed or transmitted;

5 (B) the first installment payment that is later than November
6 10 of the year in which the tax statement is mailed or
7 transmitted; or

8 (C) the last installment payment that is later than May 10 of
9 the year immediately following the year in which the tax
10 statement is mailed or transmitted; and

11 (2) shall:

12 (A) prescribe the form of the petition under subsection (b);

13 (B) determine the information required on the form; and

14 (C) notify the county fiscal body, the county auditor, and the
15 county treasurer of the department's determination on the
16 petition not later than twenty (20) days after receiving the
17 petition.

18 (d) Revenue from property taxes paid under this section in the year
19 immediately following the year in which the tax statement is mailed or
20 transmitted under section 8.1 of this chapter:

21 (1) is not considered in the determination of a levy excess under
22 IC 6-1.1-18.5-17 or IC 20-44-3 for the year in which the property
23 taxes are paid; and

24 (2) may be:

25 (A) used to repay temporary loans entered into by a political
26 subdivision for; and

27 (B) expended for any other reason by a political subdivision in
28 the year the revenue is received under an appropriation from;
29 the year in which the tax statement is mailed or transmitted under
30 section 8.1 of this chapter:

31 SECTION 7. IC 6-1.1-22.5-8, AS AMENDED BY P.L.172-2011,
32 SECTION 44, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
33 JANUARY 1, 2016]: Sec. 8. (a) Subject to subsection (c), a provisional
34 statement must:

35 (1) be on a form prescribed by the department of local
36 government finance;

37 (2) except as provided in emergency rules adopted under section
38 20 of this chapter and subsection (b):

39 (A) for property taxes first due and payable after 2010 and
40 billed using a provisional statement under section 6 of this
41 chapter, indicate:

42 (i) that the first installment of the taxpayer's tax liability is



1 an amount equal to fifty percent (50%) of the tax liability
 2 that was payable in the same year as the assessment date for
 3 the property for which the provisional statement is issued,
 4 subject to any adjustments to the tax liability authorized by
 5 the department of local government finance under
 6 subsection (e) and approved by the county treasurer; and
 7 (ii) that the second installment is either the amount specified
 8 in a reconciling statement or, if a reconciling statement is
 9 not sent until after the second installment is due, an amount
 10 equal to fifty percent (50%) of the tax liability that was
 11 payable in the same year as the assessment date for the
 12 property for which the provisional statement is issued,
 13 subject to any adjustments to the tax liability authorized by
 14 the department of local government finance under
 15 subsection (e) and approved by the county treasurer; and
 16 (B) for property taxes billed using a provisional statement
 17 under section 6.5 of this chapter, except as provided in
 18 subsection (d), indicate tax liability in an amount determined
 19 by the department of local government finance based on:
 20 (i) subject to subsection (c), for the cross-county entity, the
 21 property tax rate of the cross-county entity for taxes first due
 22 and payable in the immediately preceding calendar year; and
 23 (ii) for all other taxing units that make up the taxing district
 24 or taxing districts that comprise the cross-county area, the
 25 property tax rates of the taxing units for taxes first due and
 26 payable in the current calendar year;
 27 (3) indicate:
 28 (A) that the tax liability under the provisional statement is
 29 determined as described in subdivision (2); and
 30 (B) that property taxes billed on the provisional statement:
 31 (i) are due and payable in the same manner as property taxes
 32 billed on a tax statement under IC 6-1.1-22-8.1; and
 33 (ii) will be credited against a reconciling statement;
 34 (4) for property taxes billed using a provisional statement under
 35 section 6 of this chapter, include a statement in the following or
 36 a substantially similar form, as determined by the department of
 37 local government finance:
 38 "Under Indiana law, _____ County (insert county) has sent
 39 provisional statements. The statement is due to be paid in
 40 installments on _____ (insert date) and _____ (insert
 41 date). The first installment is equal to fifty percent (50%) of your
 42 tax liability for taxes payable in _____ (insert year), subject to



- 1 adjustment to the tax liability authorized by the department of
 2 local government finance and approved by the county treasurer.
 3 The second installment is either the amount specified in a
 4 reconciling statement that will be sent to you, or (if a reconciling
 5 statement is not sent until after the second installment is due) an
 6 amount equal to fifty percent (50%) of your tax liability for taxes
 7 payable in _____ (insert year), subject to adjustment to the tax
 8 liability authorized by the department of local government finance
 9 and approved by the county treasurer. After the abstract of
 10 property is complete, you will receive a reconciling statement in
 11 the amount of your actual tax liability for taxes payable in _____
 12 (insert year) minus the amount you pay under this provisional
 13 statement.";
- 14 (5) for property taxes billed using a provisional statement under
 15 section 6.5 of this chapter, include a statement in the following or
 16 a substantially similar form, as determined by the department of
 17 local government finance:
 18 "Under Indiana law, _____ County (insert county) has elected
 19 to send provisional statements for the territory of
 20 _____ (insert cross-county entity) located in
 21 _____ County (insert county) because the property tax rate for
 22 _____ (insert cross-county entity) was not available
 23 in time to prepare final tax statements. The statement is due to be
 24 paid in installments on _____ (insert date) and _____
 25 (insert date). The statement is based on the property tax rate of
 26 _____ (insert cross-county entity) for taxes first
 27 due and payable in _____ (insert immediately preceding calendar
 28 year). After the property tax rate of _____ (insert
 29 cross-county entity) is determined, you will receive a reconciling
 30 statement in the amount of your actual tax liability for taxes
 31 payable in _____ (insert year) minus the amount you pay under
 32 this provisional statement.";
- 33 (6) indicate any adjustment to tax liability under subdivision (2)
 34 authorized by the department of local government finance under
 35 subsection (e) and approved by the county treasurer for:
 36 (A) delinquent:
 37 (i) taxes; and
 38 (ii) special assessments;
 39 (B) penalties; and
 40 (C) interest;
- 41 (7) in the case of a reconciling statement only, include:
 42 (A) a checklist that shows:



- 1 (i) homestead credits under IC 6-1.1-20.4, IC 6-3.5-6-13, or
 2 another law, **homestead exemptions under IC 6-1.1-10.2**,
 3 and all property tax deductions; and
 4 (ii) whether each homestead credit, **homestead exemption**,
 5 and **each** property tax deduction were applied in the current
 6 provisional statement;
- 7 (B) an explanation of the procedure and deadline that a
 8 taxpayer must follow and the forms that must be used if a
 9 credit or deduction has been granted for the property and the
 10 taxpayer is no longer eligible for the credit or deduction; and
 11 (C) an explanation of the tax consequences and applicable
 12 penalties if a taxpayer unlawfully claims a standard deduction
 13 under IC 6-1.1-12-37 **or homestead exemption under**
 14 **IC 6-1.1-10.2** on:
- 15 (i) more than one (1) parcel of property; or
 16 (ii) property that is not the taxpayer's principal place of
 17 residence or is otherwise not eligible for a standard
 18 deduction; and
- 19 (8) include any other information the county treasurer requires.
- 20 (b) The county may apply a standard deduction, supplemental
 21 standard deduction, ~~or~~ homestead credit, **or homestead exemption**
 22 **under IC 6-1.1-10.2** calculated by the county's property system on a
 23 provisional bill for a qualified property. If a provisional bill has been
 24 used for property tax billings for two (2) consecutive years and a
 25 property qualifies for a standard deduction, supplemental standard
 26 deduction, ~~or~~ homestead credit, **or homestead exemption under**
 27 **IC 6-1.1-10.2** for the second year a provisional bill is used, the county
 28 shall apply the standard deduction, supplemental standard deduction,
 29 ~~or~~ homestead credit, **or homestead exemption under IC 6-1.1-10.2**
 30 calculated by the county's property system on the provisional bill.
- 31 (c) For purposes of this section, property taxes that are:
- 32 (1) first due and payable in the current calendar year on a
 33 provisional statement under section 6 or 6.5 of this chapter; and
 34 (2) based on property taxes first due and payable in the
 35 immediately preceding calendar year or on a percentage of those
 36 property taxes;
- 37 are determined after excluding from the property taxes first due and
 38 payable in the immediately preceding calendar year property taxes
 39 imposed by one (1) or more taxing units in which the tangible property
 40 is located that are attributable to a levy that no longer applies for
 41 property taxes first due and payable in the current calendar year.
- 42 (d) If there was no property tax rate of the cross-county entity for



1 taxes first due and payable in the immediately preceding calendar year
 2 for use under subsection (a)(2)(B), the department of local government
 3 finance shall provide an estimated tax rate calculated to approximate
 4 the actual tax rate that will apply when the tax rate is finally
 5 determined.

6 (e) The department of local government finance shall:

7 (1) authorize the types of adjustments to tax liability that a county
 8 treasurer may approve under subsection (a)(2)(A) including:

9 (A) adjustments for any new construction on the property or
 10 any damage to the property;

11 (B) any necessary adjustments for credits, deductions, or local
 12 option income taxes;

13 (C) adjustments to include current year special assessments or
 14 exclude special assessments payable in the year of the
 15 assessment date but not payable in the current year;

16 (D) adjustments to include delinquent:

17 (i) taxes; and

18 (ii) special assessments;

19 (E) adjustments to include penalties that are due and owing;
 20 and

21 (F) adjustments to include interest that is due and owing; and

22 (2) notify county treasurers in writing of the types of adjustments
 23 authorized under subdivision (1).

24 SECTION 8. IC 6-1.1-37-10, AS AMENDED BY P.L.56-2012,
 25 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JANUARY 1, 2016]: Sec. 10. (a) Except as provided in sections 10.1
 27 and 10.7 of this chapter, if an installment of property taxes is not
 28 completely paid on or before the due date, a penalty shall be added to
 29 the unpaid portion in the year of the initial delinquency. The penalty is
 30 equal to an amount determined as follows:

31 (1) If:

32 (A) an installment of real property taxes is completely paid on
 33 or before the date thirty (30) days after the due date; and

34 (B) the taxpayer is not liable for delinquent property taxes first
 35 due and payable in a previous installment for the same parcel;
 36 the amount of the penalty is equal to five percent (5%) of the
 37 amount of delinquent taxes.

38 (2) If:

39 (A) an installment of personal property taxes is completely
 40 paid on or before the date thirty (30) days after the due date;
 41 and

42 (B) the taxpayer is not liable for delinquent property taxes first



1 due and payable in a previous installment for a personal
 2 property tax return for property in the same taxing district;
 3 the amount of the penalty is equal to five percent (5%) of the
 4 amount of delinquent taxes.

5 (3) If subdivision (1) or (2) does not apply, the amount of the
 6 penalty is equal to ten percent (10%) of the amount of delinquent
 7 taxes.

8 (b) With respect to property taxes due in two (2) equal installments
 9 under IC 6-1.1-22-9(a), on the day immediately following the due dates
 10 of the first and second installments in each year following the year of
 11 the initial delinquency, an additional penalty equal to ten percent (10%)
 12 of any taxes remaining unpaid shall be added. ~~With respect to property~~
 13 ~~taxes due in installments under IC 6-1.1-22-9.5, an additional penalty~~
 14 ~~equal to ten percent (10%) of any taxes remaining unpaid shall be~~
 15 ~~added on the day immediately following each date that succeeds the~~
 16 ~~last installment due date by:~~

17 ~~(1) six (6) months; or~~

18 ~~(2) a multiple of six (6) months.~~

19 (c) The penalties under subsection (b) are imposed only on the
 20 principal amount of the delinquent taxes.

21 (d) If the department of local government finance determines that
 22 an emergency has occurred which precludes the mailing of the tax
 23 statement in any county at the time set forth in IC 6-1.1-22-8.1, the
 24 department shall establish by order a new date on which the installment
 25 of taxes in that county is due and no installment is delinquent if paid by
 26 the date so established.

27 (e) If any due date falls on a Saturday, a Sunday, a national legal
 28 holiday recognized by the federal government, or a statewide holiday,
 29 the act that must be performed by that date is timely if performed by
 30 the next succeeding day that is not a Saturday, a Sunday, or one (1) of
 31 those holidays.

32 (f) Subject to subsections (g) and (h), a payment to the county
 33 treasurer is considered to have been paid by the due date if the payment
 34 is:

35 (1) received on or before the due date by the county treasurer or
 36 a collecting agent appointed by the county treasurer;

37 (2) deposited in United States first class mail:

38 (A) properly addressed to the principal office of the county
 39 treasurer;

40 (B) with sufficient postage; and

41 (C) postmarked by the United States Postal Service as mailed
 42 on or before the due date;



- 1 (3) deposited with a nationally recognized express parcel carrier
- 2 and is:
- 3 (A) properly addressed to the principal office of the county
- 4 treasurer; and
- 5 (B) verified by the express parcel carrier as:
- 6 (i) paid in full for final delivery; and
- 7 (ii) received by the express parcel carrier on or before the
- 8 due date;
- 9 (4) deposited to be mailed through United States registered mail,
- 10 United States certified mail, or United States certificate of
- 11 mailing:
- 12 (A) properly addressed to the principal office of the county
- 13 treasurer;
- 14 (B) with sufficient postage; and
- 15 (C) with a date of registration, certification, or certificate, as
- 16 evidenced by any record authenticated by the United States
- 17 Postal Service, on or before the due date; or
- 18 (5) made by an electronic funds transfer and the taxpayer's bank
- 19 account is charged on or before the due date.
- 20 For purposes of this subsection, "postmarked" does not mean the date
- 21 printed by a postage meter that affixes postage to the envelope or
- 22 package containing a payment.
- 23 (g) If a payment is mailed through the United States mail and is
- 24 physically received after the due date without a legible correct
- 25 postmark, the person who mailed the payment is considered to have
- 26 made the payment on or before the due date if the person can show by
- 27 reasonable evidence that the payment was deposited in the United
- 28 States mail on or before the due date.
- 29 (h) If a payment is sent via the United States mail or a nationally
- 30 recognized express parcel carrier but is not received by the designated
- 31 recipient, the person who sent the payment is considered to have made
- 32 the payment on or before the due date if the person:
- 33 (1) can show by reasonable evidence that the payment was
- 34 deposited in the United States mail, or with the express parcel
- 35 carrier, on or before the due date; and
- 36 (2) makes a duplicate payment within thirty (30) days after the
- 37 date the person is notified that the payment was not received.
- 38 SECTION 9. IC 6-2.5-1-2 IS AMENDED TO READ AS
- 39 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 2. (a) "Retail
- 40 transaction" means a transaction of a retail merchant that constitutes:
- 41 (1) selling at retail as described in IC 6-2.5-4-1; ~~that constitutes~~
- 42 (2) making a wholesale sale as described in IC 6-2.5-4-2; or ~~that~~



1 is

2 **(3) a transaction** described in any other section of IC 6-2.5-4.

3 (b) "Retail unitary transaction" means a unitary transaction that is

4 also a retail transaction.

5 SECTION 10. IC 6-2.5-1-5, AS AMENDED BY P.L.265-2013,

6 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

7 JULY 1, 2015]: Sec. 5. (a) Except as provided in subsection (b), "gross

8 retail income" means the total amount of consideration, including cash,

9 credit, property, and services, for which tangible personal property is

10 sold, leased, or rented, valued in money, whether received in money or

11 otherwise, without any deduction for:

12 (1) the seller's cost of the property sold;

13 (2) the cost of materials used, labor or service cost, interest,

14 losses, all costs of transportation to the seller, all taxes imposed

15 on the seller, and any other expense of the seller;

16 (3) charges by the seller for any services necessary to complete

17 the sale; ~~other than delivery and installation charges;~~

18 (4) delivery charges; or

19 (5) consideration received by the seller from a third party if:

20 (A) the seller actually receives consideration from a party

21 other than the purchaser and the consideration is directly

22 related to a price reduction or discount on the sale;

23 (B) the seller has an obligation to pass the price reduction or

24 discount through to the purchaser;

25 (C) the amount of the consideration attributable to the sale is

26 fixed and determinable by the seller at the time of the sale of

27 the item to the purchaser; and

28 (D) the price reduction or discount is identified as a third party

29 price reduction or discount on the invoice received by the

30 purchaser or on a coupon, certificate, or other documentation

31 presented by the purchaser.

32 For purposes of subdivision (4), delivery charges are charges by the

33 seller for preparation and delivery of the property to a location

34 designated by the purchaser of property, including but not limited to

35 transportation, shipping, postage charges that are not separately stated

36 on the invoice, bill of sale, or similar document, handling, crating, and

37 packing. Delivery charges do not include postage charges that are

38 separately stated on the invoice, bill of sale, or similar document.

39 (b) "Gross retail income" does not include that part of the gross

40 receipts attributable to:

41 (1) the value of any tangible personal property received in a like

42 kind exchange in the retail transaction, if the value of the property



- 1 given in exchange is separately stated on the invoice, bill of sale,
 2 or similar document given to the purchaser;
- 3 (2) the receipts received in a retail transaction which constitute
 4 interest **or** finance charges **or** ~~insurance premiums~~ on either a
 5 promissory note or an installment sales contract;
- 6 (3) discounts, including cash, terms, or coupons that are not
 7 reimbursed by a third party that are allowed by a seller and taken
 8 by a purchaser on a sale;
- 9 (4) interest, financing, and carrying charges from credit extended
 10 on the sale of personal property **or services** if the amount is
 11 separately stated on the invoice, bill of sale, or similar document
 12 given to the purchaser;
- 13 (5) any taxes legally imposed directly on the consumer that are
 14 separately stated on the invoice, bill of sale, or similar document
 15 given to the purchaser;
- 16 ~~(6) installation charges that are separately stated on the invoice;~~
 17 ~~bill of sale; or similar document given to the purchaser;~~
- 18 ~~(7) (6) telecommunications nonrecurring charges; or~~
 19 ~~(8) (7) postage charges that are separately stated on the invoice,~~
 20 ~~bill of sale, or similar document.~~
- 21 (c) A public utility's or a power subsidiary's gross retail income
 22 includes all gross retail income received by the public utility or power
 23 subsidiary, including any minimum charge, flat charge, membership
 24 fee, or any other form of charge or billing.
- 25 SECTION 11. IC 6-2.5-1-25.7 IS ADDED TO THE INDIANA
 26 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 27 [EFFECTIVE JULY 1, 2015]: **Sec. 25.7. "Service" includes any**
 28 **activity engaged in for another person for consideration.**
- 29 SECTION 12. IC 6-2.5-2-1 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1. (a) An excise tax,
 31 known as the state gross retail tax, is imposed on retail transactions
 32 made in Indiana.
- 33 (b) The person who acquires property **or receives a service** in a
 34 retail transaction is liable for the tax on the transaction and, except as
 35 otherwise provided in this chapter, shall pay the tax to the retail
 36 merchant as a separate added amount to the consideration in the
 37 transaction. The retail merchant shall collect the tax as agent for the
 38 state.
- 39 SECTION 13. IC 6-2.5-2-2, AS AMENDED BY P.L.87-2014,
 40 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JULY 1, 2015]: Sec. 2. (a) The state gross retail tax is measured by the
 42 gross retail income received by a retail merchant in a retail unitary



1 transaction and is imposed at ~~seven five and five-tenths percent (7%)~~
2 **(5.5%)** of that gross retail income.

3 (b) If the tax computed under subsection (a) carried to the third
4 decimal place results in the numeral in the third decimal place being
5 greater than four (4), the amount of the tax shall be rounded to the next
6 additional cent.

7 (c) A seller may elect to round the tax under subsection (b) on a
8 transaction on an item basis or an invoice basis. However, a seller may
9 not round the tax under subsection (b) to circumvent the tax that would
10 otherwise be imposed on a transaction using an invoice basis.

11 SECTION 14. IC 6-2.5-3-1 IS AMENDED TO READ AS
12 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1. ~~For purposes of this~~
13 ~~chapter:~~ (a) **As used in this chapter**, "use" means **either of the**
14 **following:**

15 (1) The exercise of any right or power of ownership over tangible
16 personal property.

17 (2) **The employment of a service for its intended purpose.**

18 (b) **As used in this chapter**, "storage" means the keeping or
19 retention of tangible personal property in Indiana for any purpose
20 except the subsequent use of that property solely outside Indiana.

21 (c) **As used in this chapter**, "a retail merchant engaged in business
22 in Indiana" includes any retail merchant who makes retail transactions
23 in which a person acquires personal property or services for use,
24 storage, or consumption in Indiana and who:

25 (1) maintains an office, place of distribution, sales location,
26 sample location, warehouse, storage place, or other place of
27 business which is located in Indiana and which the retail
28 merchant maintains, occupies, or uses, either permanently or
29 temporarily, either directly or indirectly, and either by the retail
30 merchant or through a representative, agent, or subsidiary;

31 (2) maintains a representative, agent, ~~salesman~~, **salesperson**,
32 canvasser, or solicitor who, while operating in Indiana under the
33 authority of and on behalf of the retail merchant or a subsidiary of
34 the retail merchant, sells, delivers, installs, repairs, assembles,
35 sets up, accepts returns of, bills, invoices, or takes orders for sales
36 of tangible personal property or services to be used, stored, or
37 consumed in Indiana;

38 (3) is otherwise required to register as a retail merchant under
39 IC 6-2.5-8-1; or

40 (4) may be required by the state to collect tax under this article to
41 the extent allowed under the Constitution of the United States and
42 federal law.



1 (d) Notwithstanding any other provision of this section, tangible or
2 intangible property that is:

3 (1) owned or leased by a person that has contracted with a
4 commercial printer for printing; and

5 (2) located at the premises of the commercial printer;

6 shall not be considered to be, or to create, an office, a place of
7 distribution, a sales location, a sample location, a warehouse, a storage
8 place, or other place of business maintained, occupied, or used in any
9 way by the person. A commercial printer with which a person has
10 contracted for printing shall not be considered to be in any way a
11 representative, an agent, a ~~salesman~~, **salesperson**, a canvasser, or a
12 solicitor for the person.

13 SECTION 15. IC 6-2.5-3-2, AS AMENDED BY P.L.13-2013,
14 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15 JULY 1, 2015]: Sec. 2. (a) An excise tax, known as the use tax, is
16 imposed on the storage, use, or consumption of tangible personal
17 property **or the use of a service** in Indiana if the property **or service**
18 was acquired in a retail transaction, regardless of the location of that
19 transaction or of the retail merchant making that transaction.

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

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

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

27 (c) The use tax is imposed on the addition of tangible personal
28 property to a structure or facility **and services used for an addition of**
29 **tangible personal property to a structure or facility**, if, after its
30 addition, the property becomes part of the real estate on which the
31 structure or facility is located. However, the use tax does not apply to
32 additions of tangible personal property described in this subsection, if:

33 (1) the state gross retail or use tax has been previously imposed
34 on the sale or use of that property **or service**; or

35 (2) the ultimate purchaser or recipient of that property **or service**
36 would have been exempt from the state gross retail and use taxes
37 if that purchaser or recipient had directly purchased the property
38 **or service** from the supplier for addition to the structure or
39 facility.

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

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



- 1 (2) uses, stores, distributes, or consumes tangible personal
 2 property in Indiana.
- 3 (e) Notwithstanding any other provision of this section, the use tax
 4 is not imposed on the keeping, retaining, or exercising of any right or
 5 power over tangible personal property, if:
- 6 (1) the property is delivered into Indiana by or for the purchaser
 7 of the property;
- 8 (2) the property is delivered in Indiana for the sole purpose of
 9 being processed, printed, fabricated, or manufactured into,
 10 attached to, or incorporated into other tangible personal property;
 11 and
- 12 (3) the property is subsequently transported out of state for use
 13 solely outside Indiana.
- 14 (f) As used in subsection (g) and IC 6-2.5-5-42:
- 15 (1) "completion work" means the addition of tangible personal
 16 property to or reconfiguration of the interior of an aircraft, if the
 17 work requires the issuance of an airworthiness certificate from
 18 the:
- 19 (A) Federal Aviation Administration; or
 20 (B) equivalent foreign regulatory authority;
- 21 due to the change in the type certification basis of the aircraft
 22 resulting from the addition to or reconfiguration of the interior of
 23 the aircraft;
- 24 (2) "delivery" means the physical delivery of the aircraft
 25 regardless of who holds title; and
- 26 (3) "prepurchase evaluation" means an examination of an aircraft
 27 by a potential purchaser for the purpose of obtaining information
 28 relevant to the potential purchase of the aircraft.
- 29 (g) Notwithstanding any other provision of this section, the use tax
 30 is not imposed on the keeping, retaining, or exercising of any right or
 31 power over an aircraft, if:
- 32 (1) the aircraft is or will be titled, registered, or based (as defined
 33 in IC 6-6-6.5-1(m)) in another state or country;
- 34 (2) the aircraft is delivered to Indiana by or for a nonresident
 35 owner or purchaser of the aircraft;
- 36 (3) the aircraft is delivered to Indiana for the sole purpose of
 37 being repaired, refurbished, remanufactured, or subjected to
 38 completion work or a prepurchase evaluation; and
- 39 (4) after completion of the repair, refurbishment, remanufacture,
 40 completion work, or prepurchase evaluation, the aircraft is
 41 transported to a destination outside Indiana.
- 42 (h) The amendments made to this section by P.L.153-2012 shall be



1 interpreted to specify and not to change the general assembly's intent
2 with respect to this section.

3 SECTION 16. IC 6-2.5-3-4 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4. (a) The storage, use,
5 and consumption of tangible personal property **or the use of a service**
6 in Indiana is exempt from the use tax if:

7 (1) the property **or service** was acquired in a retail transaction in
8 Indiana and the state gross retail tax has been paid on the
9 acquisition of that property **or service**; or

10 (2) the property **or service** was acquired in a transaction that is
11 wholly or partially exempt from the state gross retail tax under
12 any part of IC 6-2.5-5, except IC 6-2.5-5-24(b), and the property
13 **or service** is being used, stored, or consumed for the purpose for
14 which it was exempted.

15 (b) If a person issues a state gross retail or use tax exemption
16 certificate for the acquisition of tangible personal property **or a service**
17 and subsequently uses, stores, or consumes that property **or service** for
18 a nonexempt purpose, then the person shall pay the use tax.

19 SECTION 17. IC 6-2.5-3-5 IS AMENDED TO READ AS
20 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5. A person is entitled
21 to a credit against the use tax imposed on the use, storage, or
22 consumption of a particular item of tangible personal property **or the**
23 **use of a service** equal to the amount, if any, of sales tax, purchase tax,
24 or use tax paid to another state, territory, or possession of the United
25 States for the acquisition of that property **or service**.

26 SECTION 18. IC 6-2.5-3-6, AS AMENDED BY P.L.182-2009(ss),
27 SECTION 175, IS AMENDED TO READ AS FOLLOWS
28 [EFFECTIVE JULY 1, 2015]: Sec. 6. (a) For purposes of this section,
29 "person" includes an individual who is personally liable for use tax
30 under IC 6-2.5-9-3.

31 (b) The person who uses, stores, or consumes the tangible personal
32 property **or uses the service** acquired in a retail transaction is
33 personally liable for the use tax.

34 (c) The person liable for the use tax shall pay the tax to the retail
35 merchant from whom the person acquired the property **or service**, and
36 the retail merchant shall collect the tax as an agent for the state, if the
37 retail merchant is engaged in business in Indiana or if the retail
38 merchant has departmental permission to collect the tax. In all other
39 cases, the person shall pay the use tax to the department.

40 (d) Notwithstanding subsection (c), a person liable for the use tax
41 imposed in respect to a vehicle, watercraft, or aircraft under section
42 2(b) of this chapter shall pay the tax:



1 (1) to the titling agency when the person applies for a title for the
2 vehicle or the watercraft;

3 (2) to the registering agency when the person registers the
4 aircraft; or

5 (3) to the registering agency when the person registers the
6 watercraft because it is a United States Coast Guard documented
7 vessel;

8 unless the person presents proof to the agency that the use tax or state
9 gross retail tax has already been paid with respect to the purchase of
10 the vehicle, watercraft, or aircraft or proof that the taxes are
11 inapplicable because of an exemption under this article.

12 (e) At the time a person pays the use tax for the purchase of a
13 vehicle to a titling agency pursuant to subsection (d), the titling agency
14 shall compute the tax due based on the presumption that the sale price
15 was the average selling price for that vehicle, as determined under a
16 used vehicle buying guide to be chosen by the titling agency. However,
17 the titling agency shall compute the tax due based on the actual sale
18 price of the vehicle if the buyer, at the time the buyer pays the tax to the
19 titling agency, presents documentation to the titling agency sufficient
20 to rebut the presumption set forth in this subsection and to establish the
21 actual selling price of the vehicle.

22 SECTION 19. IC 6-2.5-3-7, AS AMENDED BY P.L.211-2007,
23 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
24 JULY 1, 2015]: Sec. 7. (a) A person who acquires tangible personal
25 property **or a service, or both**, from a retail merchant for delivery in
26 Indiana is presumed to have:

27 (1) acquired the property for storage, use, or consumption in
28 Indiana; **and**

29 (2) **received the service in Indiana.**

30 However, the person or the retail merchant can produce evidence to
31 rebut that presumption.

32 (b) A retail merchant is not required to produce evidence of
33 nontaxability under subsection (a) if the retail merchant receives from
34 the person who acquired the property **or service** an exemption
35 certificate which certifies, in the form prescribed by the department,
36 that the acquisition is exempt from the use tax.

37 (c) A retail merchant that sells tangible personal property **or a**
38 **service** to a person that purchases the tangible personal property **or**
39 **service** for use or consumption in providing public transportation under
40 IC 6-2.5-5-27 may verify the exemption by obtaining the person's:

41 (1) name;

42 (2) address; and



1 (3) motor carrier number, United States Department of
 2 Transportation number, or any other identifying number
 3 authorized by the department.

4 The person engaged in public transportation shall provide a signature
 5 to affirm under penalties of perjury that the information provided to the
 6 retail merchant is correct and that the tangible personal property **or**
 7 **service** is being purchased for an exempt purpose.

8 SECTION 20. IC 6-2.5-3-8 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 8. (a) When a retail
 10 merchant collects the use tax from a person, ~~he~~ **the retail merchant**
 11 shall, upon request, issue a receipt to that person for the use tax
 12 collected.

13 (b) If the department assesses the use tax against a person for the
 14 person's storage, use, or consumption of tangible personal property **or**
 15 **use of a service** in Indiana, and if the person has already paid the use
 16 tax in relation to that property **or service** to a retail merchant who is
 17 registered under IC 6-2.5-6, to the department, or, in the case of a
 18 vehicle or aircraft, to the proper state agency, then the person may
 19 avoid paying the use tax to the department if ~~he~~ **the person** can
 20 produce a receipt or other written evidence showing that ~~he~~ **the person**
 21 has so made the use tax payment.

22 SECTION 21. IC 6-2.5-4-1, AS AMENDED BY P.L.227-2013,
 23 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2015]: Sec. 1. (a) A person is a retail merchant making a retail
 25 transaction when the person engages in selling at retail.

26 (b) A person is engaged in selling at retail when, in the ordinary
 27 course of the person's regularly conducted trade or business, the person
 28 **does either of the following:**

29 (1) **The person:**

30 (A) acquires tangible personal property for the purpose of
 31 resale; and

32 ~~(2)~~ (B) transfers that property to another person for
 33 consideration.

34 (2) **The person performs a service for consideration.**

35 (c) For purposes of determining what constitutes selling at retail, it
 36 does not matter whether:

37 (1) the property is transferred **or the service is performed** in the
 38 same form as when it was acquired;

39 (2) the property is transferred **or the service is performed** alone
 40 or in conjunction with other property or services; or

41 (3) the property is transferred **or the service is performed**
 42 conditionally or otherwise.



1 (d) Notwithstanding subsection (b), a person is not selling at retail
 2 if the person is making a wholesale sale as described in section 2 of this
 3 chapter. However, in the case of sales of gasoline (as defined in
 4 IC 6-6-1.1-103), a person shall collect the gasoline use tax as provided
 5 in IC 6-2.5-3.5.

6 (e) The gross retail income received from selling at retail is only
 7 taxable under this article to the extent that the income represents

8 ~~(1) the price of the property transferred without the rendition of~~
 9 ~~any or the service and~~

10 ~~(2) except as provided in subsection (g); any bona fide charges~~
 11 ~~which are made for preparation, fabrication, alteration,~~
 12 ~~modification, finishing, completion, delivery, or other service~~
 13 ~~performed in respect to the property transferred before its transfer~~
 14 ~~and which are separately stated on the transferor's records.~~

15 ~~For purposes of this subsection, a transfer is considered to have~~
 16 ~~occurred after delivery of the property to the purchaser: **performed by**~~
 17 ~~**the seller, or both.**~~

18 (f) Notwithstanding subsection (e):

19 (1) in the case of retail sales of special fuel (as defined in
 20 IC 6-6-2.5-22), the gross retail income received from selling at
 21 retail is the total sales price of the special fuel minus the part of
 22 that price attributable to tax imposed under IC 6-6-2.5 or Section
 23 4041(a) or Section 4081 of the Internal Revenue Code; and

24 (2) in the case of retail sales of cigarettes (as defined in
 25 IC 6-7-1-2), the gross retail income received from selling at retail
 26 is the total sales price of the cigarettes including the tax imposed
 27 under IC 6-7-1.

28 ~~(g) Gross retail income does not include income that represents~~
 29 ~~charges for serving or delivering food and food ingredients furnished;~~
 30 ~~prepared, or served for consumption at a location, or on equipment;~~
 31 ~~provided by the retail merchant. However, the exclusion under this~~
 32 ~~subsection only applies if the charges for the serving or delivery are~~
 33 ~~stated separately from the price of the food and food ingredients when~~
 34 ~~the purchaser pays the charges.~~

35 SECTION 22. IC 6-2.5-4-2 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 2. (a) A person is a
 37 retail merchant making a retail transaction when ~~he~~ **the person** is
 38 making wholesale sales.

39 (b) For purposes of this section, a person is making wholesale sales
 40 when ~~he~~ **the person**:

41 (1) sells tangible personal property, other than capital assets or
 42 depreciable property, to a person who purchases the property for



1 the purpose of reselling it without changing its form;

2 (2) sells tangible personal property to a person who purchases the
3 property for direct consumption as a material in the direct
4 production of other tangible personal property produced by the
5 person in ~~his~~ **the person's** business of manufacturing, processing,
6 refining, repairing, mining, agriculture, or horticulture;

7 (3) sells tangible personal property to a person who purchases the
8 property for incorporation as a material or integral part of tangible
9 personal property produced by the person in ~~his~~ **the person's**
10 business of manufacturing, assembling, constructing, refining, or
11 processing;

12 (4) sells drugs, medical or dental preparations, or other similar
13 materials to a person who purchases the materials for direct
14 consumption in professional use by a physician, hospital,
15 embalmer, funeral director, or tonsorial parlor;

16 (5) sells tangible personal property to a person who purchases the
17 property for direct consumption in ~~his~~ **the person's** business of
18 industrial cleaning; or

19 (6) sells tangible personal property to a person who purchases the
20 property for direct consumption in the person's business in the
21 direct rendering of public utility service.

22 (c) ~~Notwithstanding any provision of this article, a person is not~~
23 ~~making a retail transaction when he:~~

24 (1) acquires tangible personal property owned by another person;

25 (2) provides industrial processing or servicing, including
26 enameling or plating, on the property; and

27 (3) transfers the property back to the owner to be sold by that
28 owner either in the same form or as a part of other tangible
29 personal property produced by that owner in his business of
30 manufacturing, assembling, constructing, refining, or processing.

31 SECTION 23. IC 6-2.5-4-3 IS REPEALED [EFFECTIVE JULY 1,
32 2015]. Sec. 3: (a) A person is a retail merchant making a retail
33 transaction when he regularly and occupationally engages in the
34 business of softening and conditioning water:

35 (b) For purposes of this section, the business of softening and
36 conditioning water includes the exchange of water softening and
37 conditioning tanks in the ordinary course of the business; but does not
38 include the preparatory plumbing and work necessary for the first
39 installation of tanks:

40 SECTION 24. IC 6-2.5-4-4 IS REPEALED [EFFECTIVE JULY 1,
41 2015]. Sec. 4: (a) A person is a retail merchant making a retail
42 transaction when the person rents or furnishes rooms, lodgings, or other



1 accommodations, such as booths, display spaces, banquet facilities, and
 2 cubicles or spaces used for adult relaxation, massage, modeling,
 3 dancing, or other entertainment to another person:

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

6 (2) if the rooms, lodgings, and accommodations are located in a
 7 hotel, motel, inn, tourist camp, tourist cabin, gymnasium, hall,
 8 coliseum, or other place, where rooms, lodgings, or
 9 accommodations are regularly furnished for consideration.

10 (b) Each rental or furnishing by a retail merchant under subsection
 11 (a) is a separate unitary transaction regardless of whether consideration
 12 is paid to an independent contractor or directly to the retail merchant.

13 (c) For purposes of this section, "consideration" includes a
 14 membership fee charged to a customer.

15 (d) Notwithstanding subsection (a), a person is not a retail merchant
 16 making a retail transaction if:

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

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

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

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

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

27 SECTION 25. IC 6-2.5-4-5, AS AMENDED BY P.L.288-2013,
 28 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 JULY 1, 2015]: Sec. 5. (a) As used in this section, a "power subsidiary"
 30 means a corporation which is owned or controlled by one (1) or more
 31 public utilities that furnish or sell electrical energy, natural or artificial
 32 gas, water, steam, or steam heat and which produces power exclusively
 33 for the use of those public utilities.

34 (b) A power subsidiary or a person engaged as a public utility is a
 35 retail merchant making a retail transaction when the subsidiary or
 36 person furnishes or sells electrical energy, natural or artificial gas,
 37 water, steam, or steam heating service to a person for commercial or
 38 domestic consumption.

39 (c) Notwithstanding subsection (b), a power subsidiary or a person
 40 engaged as a public utility is not a retail merchant making a retail
 41 transaction in any of the following transactions:

42 (1) The power subsidiary or person provides, installs, constructs;



1 services, or removes tangible personal property which is used in
 2 connection with the furnishing of the services or commodities
 3 listed in subsection (b):

4 ~~(2)~~ (1) The power subsidiary or person sells the services or
 5 commodities listed in subsection (b) to another public utility or
 6 power subsidiary described in this section or a person described
 7 in section 6 of this chapter.

8 ~~(3)~~ (2) The power subsidiary or person sells the services or
 9 commodities listed in subsection (b) to a person for use in
 10 manufacturing, mining, production, processing (after December
 11 31, 2012), repairing (after December 31, 2012), refining,
 12 recycling (as defined in IC 6-2.5-5-45.8), oil extraction, mineral
 13 extraction, irrigation, agriculture, floriculture (after December 31,
 14 2012), arboriculture (after December 31, 2012), or horticulture.
 15 However, this exclusion for sales of the services and commodities
 16 only applies if the services are consumed as an essential and
 17 integral part of an integrated process that produces tangible
 18 personal property and those sales are separately metered for the
 19 excepted uses listed in this subdivision, or if those sales are not
 20 separately metered but are predominately used by the purchaser
 21 for the excepted uses listed in this subdivision.

22 ~~(4)~~ (3) The power subsidiary or person sells the services or
 23 commodities listed in subsection (b) and all the following
 24 conditions are satisfied:

25 (A) The services or commodities are sold to a business that:

26 (i) relocates all or part of its operations to a facility; or

27 (ii) expands all or part of its operations in a facility;

28 located in a military base (as defined in IC 36-7-30-1(c)), a
 29 military base reuse area established under IC 36-7-30, the part
 30 of an economic development area established under
 31 IC 36-7-14.5-12.5 that is or formerly was a military base (as
 32 defined in IC 36-7-30-1(c)), or a qualified military base
 33 enhancement area established under IC 36-7-34.

34 (B) The business uses the services or commodities in the
 35 facility described in clause (A) not later than five (5) years
 36 after the operations that are relocated to the facility or
 37 expanded in the facility commence.

38 (C) The sales of the services or commodities are separately
 39 metered for use by the relocated or expanded operations.

40 (D) In the case of a business that uses the services or
 41 commodities in a qualified military base enhancement area
 42 established under IC 36-7-34-4(1), the business must satisfy at



- 1 least one (1) of the following criteria:
- 2 (i) The business is a participant in the technology transfer
- 3 program conducted by the qualified military base (as defined
- 4 in IC 36-7-34-3).
- 5 (ii) The business is a United States Department of Defense
- 6 contractor.
- 7 (iii) The business and the qualified military base have a
- 8 mutually beneficial relationship evidenced by a
- 9 memorandum of understanding between the business and
- 10 the United States Department of Defense.
- 11 (E) In the case of a business that uses the services or
- 12 commodities in a qualified military base enhancement area
- 13 established under IC 36-7-34-4(2), the business must satisfy at
- 14 least one (1) of the following criteria:
- 15 (i) The business is a participant in the technology transfer
- 16 program conducted by the qualified military base (as defined
- 17 in IC 36-7-34-3).
- 18 (ii) The business and the qualified military base have a
- 19 mutually beneficial relationship evidenced by a
- 20 memorandum of understanding between the business and
- 21 the qualified military base (as defined in IC 36-7-34-3).
- 22 However, this subdivision does not apply to a business that
- 23 substantially reduces or ceases its operations at another location
- 24 in Indiana in order to relocate its operations in an area described
- 25 in this subdivision, unless the department determines that the
- 26 business had existing operations in the area described in this
- 27 subdivision and that the operations relocated to the area are an
- 28 expansion of the business's operations in the area.
- 29 SECTION 26. IC 6-2.5-4-6, AS AMENDED BY P.L.84-2011,
- 30 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 31 JULY 1, 2015]: Sec. 6. (a) A person is a retail merchant making a retail
- 32 transaction when the person:
- 33 (1) furnishes or sells an intrastate telecommunication service; and
- 34 (2) receives gross retail income from billings or statements
- 35 rendered to customers.
- 36 (b) Notwithstanding subsection (a), a person is not a retail merchant
- 37 making a retail transaction when:
- 38 (1) the person furnishes or sells telecommunication services to
- 39 another person described in this section or in section 5 of this
- 40 chapter; **or**
- 41 ~~(2) the person furnishes telecommunications services to another~~
- 42 ~~person who is providing prepaid calling services or prepaid~~



1 wireless calling services in a retail transaction to customers who
 2 access the services described in section 13 of this chapter;

3 ~~(3)~~ **(2)** the person furnishes intrastate mobile telecommunications
 4 service (as defined in IC 6-8.1-15-7) to a customer with a place of
 5 primary use that is not located in Indiana (as determined under
 6 IC 6-8.1-15). ~~or~~

7 ~~(4) the person furnishes or sells value added nonvoice data~~
 8 ~~services in a retail transaction to a customer.~~

9 (c) Subject to IC 6-2.5-12 and IC 6-8.1-15, and notwithstanding
 10 subsections (a) and (b), if charges for telecommunication services,
 11 ancillary services, Internet access, audio services, or video services that
 12 are not taxable under this article are aggregated with and not separately
 13 stated from charges subject to taxation under this article, the charges
 14 for nontaxable telecommunication services, ancillary services, Internet
 15 access, audio services, or video services are subject to taxation unless
 16 the service provider can reasonably identify the charges not subject to
 17 the tax from the service provider's books and records kept in the regular
 18 course of business.

19 SECTION 27. IC 6-2.5-4-9 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 9. (a) A person is a
 21 retail merchant making a retail transaction:

22 **(1)** when the person sells tangible personal property ~~which:~~ **or**
 23 **services;**

24 ~~(1)~~ **(2)** when the tangible personal property is to be added to a
 25 structure or facility **or the service is used to add tangible**
 26 **personal property to a structure or facility** by the purchaser;
 27 and

28 ~~(2)~~ **(3)** after ~~its~~ **the** addition to the structure or facility, **the**
 29 **tangible personal property** would become a part of the real
 30 estate on which the structure or facility is located.

31 (b) Notwithstanding subsection (a), a transaction described in
 32 subsection (a) is not a retail transaction if the ultimate purchaser or
 33 recipient of the property to be added to the structure or facility would
 34 be exempt from the state gross retail and use taxes if that purchaser or
 35 recipient had directly purchased the property from the supplier for
 36 addition to the structure or facility.

37 SECTION 28. IC 6-2.5-4-10 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 10. (a) A person, other
 39 than a public utility, is a retail merchant making a retail transaction
 40 when ~~he~~ **the person** rents or leases tangible personal property to
 41 another person. ~~other than for subrent or sublease.~~

42 (b) A person is a retail merchant making a retail transaction when



1 the person sells any tangible personal property which has been rented
2 or leased in the regular course of the person's rental or leasing business.

3 (c) ~~Notwithstanding subsection (a); a person is not a retail merchant~~
4 ~~making a retail transaction when the person rents or leases motion~~
5 ~~picture film; audio tape; or video tape to another person. However; this~~
6 ~~exclusion only applies if:~~

7 (1) ~~the person who pays to rent or lease the film charges~~
8 ~~admission to those who view the film; or~~

9 (2) ~~the person who pays to rent or lease the film or tape~~
10 ~~broadcasts the film or tape for home viewing or listening.~~

11 SECTION 29. IC 6-2.5-4-11, AS AMENDED BY P.L.2-2005,
12 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 JULY 1, 2015]: Sec. 11. (a) A person is a retail merchant making a
14 retail transaction when the person furnishes cable television or radio
15 service or satellite television or radio service that terminates in Indiana.

16 (b) ~~Notwithstanding subsection (a);~~ A person is ~~not~~ a retail merchant
17 making a retail transaction when the person provides, installs,
18 constructs, services, or removes tangible personal property which is
19 used in connection with the furnishing of cable television or radio
20 service or satellite television or radio service.

21 SECTION 30. IC 6-2.5-4-13 IS REPEALED [EFFECTIVE JULY
22 1, 2015]. ~~Sec. 13: A person is a retail merchant making a retail~~
23 ~~transaction when a person sells:~~

24 (1) ~~a prepaid calling service or prepaid wireless calling service at~~
25 ~~retail;~~

26 (2) ~~a prepaid calling service authorization number or prepaid~~
27 ~~wireless calling service authorization number at retail;~~

28 (3) ~~the reauthorization of a prepaid calling service or prepaid~~
29 ~~wireless calling service; or~~

30 (4) ~~the reauthorization of a prepaid calling service authorization~~
31 ~~number or prepaid wireless calling service authorization number.~~

32 SECTION 31. IC 6-2.5-4-14 IS REPEALED [EFFECTIVE JULY
33 1, 2015]. ~~Sec. 14: The department of administration and each~~
34 ~~purchasing agent for a state educational institution shall provide the~~
35 ~~department with a list of every person who desires to enter into a~~
36 ~~contract to sell tangible personal property to an agency (as defined in~~
37 ~~IC 4-13-2-1) or a state educational institution. The department shall~~
38 ~~notify the department of administration or the purchasing agent of the~~
39 ~~state educational institution if a person on the list does not have a~~
40 ~~registered retail merchant certificate or is delinquent in remitting or~~
41 ~~paying amounts due to the department under this article.~~

42 SECTION 32. IC 6-2.5-5-8, AS AMENDED BY P.L.182-2009(ss),



1 SECTION 176, IS AMENDED TO READ AS FOLLOWS
 2 [EFFECTIVE JULY 1, 2015]: Sec. 8. (a) As used in this section, "new
 3 motor vehicle" has the meaning set forth in IC 9-13-2-111.

4 (b) Transactions involving tangible personal property other than a
 5 new motor vehicle are exempt from the state gross retail tax if the
 6 person acquiring the property acquires it for resale, rental, or leasing in
 7 the ordinary course of the person's business without changing the form
 8 of the property.

9 (c) The following transactions involving a new motor vehicle are
 10 exempt from the state gross retail tax:

11 (1) A transaction in which a person that has a franchise in effect
 12 at the time of the transaction for the vehicle trade name, trade or
 13 service mark, or related characteristics acquires a new motor
 14 vehicle for resale, rental, or leasing in the ordinary course of the
 15 person's business.

16 (2) A transaction in which a person that is a franchisee appointed
 17 by a manufacturer or converter manufacturer licensed under
 18 IC 9-23 acquires a new motor vehicle that has at least one (1)
 19 trade name, service mark, or related characteristic as a result of
 20 modification or further manufacture by the manufacturer or
 21 converter manufacturer for resale, rental, or leasing in the
 22 ordinary course of the person's business.

23 (3) A transaction in which a person acquires a new motor vehicle
 24 for rental or leasing in the ordinary course of the person's
 25 business.

26 (d) The rental or leasing of accommodations to a promoter by a
 27 political subdivision (including a capital improvement board) or the
 28 state fair commission is not exempt from the state gross retail tax, if the
 29 rental or leasing of the property by the promoter is exempt under
 30 ~~IC 6-2.5-4-4.~~ **section 50 of this chapter.**

31 (e) This subsection applies only to aircraft acquired after June 30,
 32 2008. Except as provided in subsection (h), a transaction in which a
 33 person acquires an aircraft for rental or leasing in the ordinary course
 34 of the person's business is not exempt from the state gross retail tax
 35 unless the person establishes, under guidelines adopted by the
 36 department in the manner provided in IC 4-22-2-37.1 for the adoption
 37 of emergency rules, that the annual amount of the gross lease revenue
 38 derived from leasing or rental of the aircraft, which may include
 39 revenue from related party transactions, is equal to or greater than
 40 seven and five-tenths percent (7.5%) of the:

41 (1) book value of the aircraft, as published in the Vref Aircraft
 42 Value Reference guide for the aircraft; or



1 (2) net acquisition price for the aircraft.
2 If a person acquires an aircraft below the Vref Aircraft Value
3 Reference guide book value, the person may appeal to the department
4 for a lower lease or rental threshold equal to the actual acquisition price
5 paid if the person demonstrates that the transaction was completed in
6 a commercially reasonable manner based on the aircraft's age,
7 condition, and equipment. The department may request the person to
8 submit to the department supporting documents showing the aircraft is
9 available for general public lease or rental, copies of business and
10 aircraft insurance policies, and other documents that assist the
11 department in determining if an aircraft is exempt from the state gross
12 retail tax.

13 (f) A person is required to meet the requirements of subsection (e)
14 until the earlier of the date the aircraft has generated sales tax on leases
15 or rental income that is equal to the amount of the original sales tax
16 exemption or the elapse of thirteen (13) years. If the aircraft is sold by
17 the person before meeting the requirements of this section and before
18 the sale the aircraft was exempt from gross retail tax under subsection
19 (e), the sale of the aircraft shall not result in the assessment or
20 collection of gross retail tax for the period from the date of acquisition
21 to the date of sale by the person.

22 (g) The person is required to remit the gross retail tax on taxable
23 lease and rental transactions no matter how long the aircraft is used for
24 lease and rental.

25 (h) This subsection applies only to aircraft acquired after December
26 31, 2007. A transaction in which a person acquires an aircraft to rent
27 or lease the aircraft to another person for predominant use in public
28 transportation by the other person or by an affiliate of the other person
29 is exempt from the state gross retail tax. The department may not
30 require a person to meet the revenue threshold in subsection (e) with
31 respect to the person's leasing or rental of the aircraft to receive or
32 maintain the exemption. To maintain the exemption provided under
33 this subsection, the department may require the person to submit only
34 annual reports showing that the aircraft is predominantly used to
35 provide public transportation.

36 (i) The exemptions allowed under subsections (e) and (h) apply
37 regardless of the relationship, if any, between the person or lessor and
38 the lessee or renter of the aircraft.

39 SECTION 33. IC 6-2.5-5-21, AS AMENDED BY P.L.293-2013(ts),
40 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
41 JULY 1, 2015]: Sec. 21. (a) For purposes of this section, "private
42 benefit or gain" does not include reasonable compensation paid to an



1 employee for work or services actually performed.

2 (b) Sales of food, ~~and~~ food ingredients, **and delivery of food or**
3 **food ingredients** are exempt from the state gross retail tax if:

4 (1) the seller meets the filing requirements under subsection (d)
5 and is any of the following:

6 (A) A fraternity, a sorority, or a student cooperative housing
7 organization that is connected with and under the supervision
8 of a postsecondary educational institution if no part of its
9 income is used for the private benefit or gain of any member,
10 trustee, shareholder, employee, or associate.

11 (B) Any:

12 (i) institution;

13 (ii) trust;

14 (iii) group;

15 (iv) united fund;

16 (v) affiliated agency of a united fund;

17 (vi) nonprofit corporation;

18 (vii) cemetery association; or

19 (viii) organization;

20 that is organized and operated exclusively for religious,
21 charitable, scientific, literary, educational, or civic purposes if
22 no part of its income is used for the private benefit or gain of
23 any member, trustee, shareholder, employee, or associate.

24 (C) A group, an organization, or a nonprofit corporation that
25 is organized and operated for fraternal or social purposes, or
26 as a business league or association, and not for the private
27 benefit or gain of any member, trustee, shareholder, employee,
28 or associate.

29 (D) A:

30 (i) hospital licensed by the state department of health;

31 (ii) shared hospital services organization exempt from
32 federal income taxation by Section 501(c)(3) or 501(e) of
33 the Internal Revenue Code;

34 (iii) labor union;

35 (iv) church;

36 (v) monastery;

37 (vi) convent;

38 (vii) school that is a part of the Indiana public school
39 system;

40 (viii) parochial school regularly maintained by a recognized
41 religious denomination; or

42 (ix) trust created for the purpose of paying pensions to



- 1 members of a particular profession or business who created
 2 the trust for the purpose of paying pensions to each other;
 3 if the taxpayer is not organized or operated for private profit or
 4 gain;
 5 (2) the purchaser is a person confined to the purchaser's home
 6 because of age, sickness, or infirmity;
 7 (3) the seller delivers the food and food ingredients to the
 8 purchaser; and
 9 (4) the delivery is prescribed as medically necessary by a
 10 physician licensed to practice medicine in Indiana.

11 (c) Sales of food, ~~and~~ food ingredients, **and the delivery of food or**
 12 **food ingredients** are exempt from the state gross retail tax if the seller
 13 is an organization described in subsection (b)(1), and the purchaser is
 14 a patient in a hospital operated by the seller.

15 (d) To obtain the exemption provided by this section, a taxpayer
 16 must file an application for exemption with the department not later
 17 than one hundred twenty (120) days after the taxpayer's formation. In
 18 addition, the taxpayer must file an annual report with the department
 19 on or before the fifteenth day of the fifth month following the close of
 20 each taxable year. If a taxpayer fails to file the report, the department
 21 shall notify the taxpayer of the failure. If within sixty (60) days after
 22 receiving such notice the taxpayer does not provide the report, the
 23 taxpayer's exemption shall be canceled. However, the department may
 24 reinstate the taxpayer's exemption if the taxpayer shows by petition that
 25 the failure was due to excusable neglect.

26 SECTION 34. IC 6-2.5-5-21.5 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 21.5. Sales of food, ~~and~~
 28 food ingredients, **and the delivery of food or food ingredients**
 29 prescribed as medically necessary by a physician licensed to practice
 30 medicine in Indiana are exempt from the state gross retail tax if:

- 31 (1) a registered pharmacist makes the sale upon the prescription
 32 of a practitioner who is licensed to practice medicine in Indiana;
 33 or
 34 (2) the licensed practitioner makes the sale of the food, ~~and the~~
 35 food ingredients, **or the delivery of the food or food ingredients**
 36 described in this section.

37 SECTION 35. IC 6-2.5-5-26 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 26. (a) Sales of tangible
 39 personal property **or services** are exempt from the state gross retail tax,
 40 if:

- 41 (1) the seller is an organization that is described in section
 42 21(b)(1) of this chapter;



- 1 (2) the organization makes the sale to make money to carry on a
 2 not-for-profit purpose; and
 3 (3) the organization does not make those sales during more than
 4 thirty (30) days in a calendar year.

5 (b) Sales of tangible personal property **or services** are exempt from
 6 the state gross retail tax, if:

- 7 (1) the seller is an organization described in section 21(b)(1) of
 8 this chapter;
 9 (2) the seller is not operated predominantly for social purposes;
 10 (3) the property **or service** sold is designed and intended
 11 primarily either for the organization's educational, cultural, or
 12 religious purposes, or for improvement of the work skills or
 13 professional qualifications of the organization's members; and
 14 (4) the property **or service** sold is not designed or intended
 15 primarily for use in carrying on a private or proprietary business.

16 (c) The exemption provided by this section does not apply to an
 17 accredited college or university's sales of books, stationery,
 18 haberdashery, supplies, or other property **or noneducational services**.

19 SECTION 36. IC 6-2.5-5-33 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 33. Sales of tangible
 21 personal property **or services** purchased with food stamps are exempt
 22 from the state gross retail tax.

23 SECTION 37. IC 6-2.5-5-47 IS ADDED TO THE INDIANA CODE
 24 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 25 1, 2015]: **Sec. 47. (a) Sales of any of the following health services
 26 are exempt from the state gross retail and use tax:**

- 27 (1) Preventive care.
 28 (2) Inpatient and outpatient hospital and physician care.
 29 (3) Diagnostic laboratory care.
 30 (4) Diagnostic and therapeutic radiological services.
 31 (5) Emergency care.
 32 (6) Mental health services.
 33 (7) Services for alcohol and drug abuse.
 34 (8) Dental services.
 35 (9) Vision services.
 36 (10) Long term rehabilitation treatment.
 37 (11) Home health services.

38 (b) Sales of insurance coverage that will pay for services listed
 39 in subsection (a) are exempt from the state gross retail and use tax.

40 SECTION 38. IC 6-2.5-5-48 IS ADDED TO THE INDIANA CODE
 41 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 42 1, 2015]: **Sec. 48. Transactions involving professional legal advice**



1 are exempt from the state gross retail tax.

2 SECTION 39. IC 6-2.5-5-50 IS ADDED TO THE INDIANA CODE
3 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
4 1, 2015]: **Sec. 50. Transactions involving the leasing or rental of
5 real property for at least thirty (30) consecutive days are exempt
6 from the state gross retail tax.**

7 SECTION 40. IC 6-2.5-5-51 IS ADDED TO THE INDIANA CODE
8 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
9 1, 2015]: **Sec. 51. Transactions involving labor furnished to a
10 person by the person's employee are exempt from the state gross
11 retail tax.**

12 SECTION 41. IC 6-2.5-5-52 IS ADDED TO THE INDIANA CODE
13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
14 1, 2015]: **Sec. 52. A transaction is exempt from the state gross retail
15 tax if the transaction involves a person who is a promoter who
16 rents a booth or display space to an exhibitor and the booth or
17 display space is located in a facility that:**

18 (1) has rooms, lodgings, and accommodations located in a
19 hotel, motel, inn, tourist camp, tourist cabin, gymnasium, hall,
20 coliseum, or other place where rooms, lodgings, or
21 accommodations are regularly furnished for consideration;
22 and

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

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

29 SECTION 42. IC 6-2.5-6-7, AS AMENDED BY P.L.146-2008,
30 SECTION 311, IS AMENDED TO READ AS FOLLOWS
31 [EFFECTIVE JULY 1, 2015]: Sec. 7. Except as otherwise provided in
32 IC 6-2.5-7 or in this chapter, a retail merchant shall pay to the
33 department, for a particular reporting period, an amount equal to the
34 product of:

35 (1) **seven five and five-tenths percent (7.5%);** multiplied
36 by

37 (2) the retail merchant's total gross retail income from taxable
38 transactions made during the reporting period.

39 The amount determined under this section is the retail merchant's state
40 gross retail and use tax liability regardless of the amount of tax the
41 retail merchant actually collects.

42 SECTION 43. IC 6-2.5-6-8, AS AMENDED BY P.L.146-2008,



1 SECTION 312, IS AMENDED TO READ AS FOLLOWS
 2 [EFFECTIVE JULY 1, 2015]: Sec. 8. (a) For purposes of determining
 3 the amount of state gross retail and use taxes which a retail merchant
 4 must remit under section 7 of this chapter, the retail merchant may
 5 exclude from the retail merchant's gross retail income from retail
 6 transactions made during a particular reporting period, an amount equal
 7 to the product of:

- 8 (1) the amount of that gross retail income; multiplied by
 9 (2) the retail merchant's "income exclusion ratio" for the tax year
 10 which contains the reporting period.

11 (b) A retail merchant's "income exclusion ratio" for a particular tax
 12 year equals a fraction, the numerator of which is the retail merchant's
 13 estimated total gross retail income for the tax year from unitary retail
 14 transactions which produce gross retail income of less than ~~eight nine~~
 15 cents (~~\$0.08~~) (**\$0.09**) each, and the denominator of which is the retail
 16 merchant's estimated total gross retail income for the tax year from all
 17 retail transactions.

18 (c) In order to minimize a retail merchant's recordkeeping
 19 requirements, the department shall prescribe a procedure for
 20 determining the retail merchant's income exclusion ratio for a tax year,
 21 based on a period of time, not to exceed fifteen (15) consecutive days,
 22 during the first quarter of the retail merchant's tax year. However, the
 23 period of time may be changed if the change is requested by the retail
 24 merchant because of the retail merchant's peculiar accounting
 25 procedures or marketing factors. In addition, if a retail merchant has
 26 multiple sales locations or diverse types of sales, the department shall
 27 permit the retail merchant to determine the ratio on the basis of a
 28 representative sampling of the locations and types of sales.

29 SECTION 44. IC 6-2.5-6-9, AS AMENDED BY P.L.162-2006,
 30 SECTION 23, AND AS AMENDED BY P.L.184-2006, SECTION 2,
 31 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 32 [EFFECTIVE JULY 1, 2015]: Sec. 9. (a) In determining the amount of
 33 state gross retail and use taxes which a retail merchant must remit
 34 under section 7 of this chapter, the retail merchant shall, subject to
 35 subsections (c) and (d), deduct from the retail merchant's gross retail
 36 income from retail transactions made during a particular reporting
 37 period, an amount equal to the retail merchant's receivables which:

- 38 (1) resulted from retail transactions in which the retail merchant
 39 did not collect the state gross retail or use tax from the purchaser;
 40 (2) resulted from retail transactions on which the retail merchant
 41 has previously paid the state gross retail or use tax liability to the
 42 department; and



- 1 (3) were written off as an uncollectible debt for federal tax
 2 purposes under Section 166 of the Internal Revenue Code during
 3 the particular reporting period.
- 4 (b) If a retail merchant deducts a receivable under subsection (a)
 5 and subsequently collects all or part of that receivable, then the retail
 6 merchant shall, subject to subsection (d)(6), include the amount
 7 collected as part of the retail merchant's gross retail income from retail
 8 transactions for the particular reporting period in which the retail
 9 merchant makes the collection.
- 10 (c) This subsection applies only to retail transactions occurring after
 11 ~~June 30, 2007~~. *December 31, 2006*. As used in this subsection,
 12 "affiliated group" means any combination of the following:
- 13 (1) An affiliated group within the meaning provided in Section
 14 1504 of the Internal Revenue Code (except that the ownership
 15 percentage in Section 1504(a)(2) of the Internal Revenue Code
 16 shall be determined using fifty percent (50%) instead of eighty
 17 percent (80%)) *or a relationship described in Section 267(b)(11)*
 18 *of the Internal Revenue Code*.
- 19 (2) Two (2) or more partnerships (as defined in IC 6-3-1-19),
 20 including limited liability companies and limited liability
 21 partnerships, that have the same degree of mutual ownership as
 22 an affiliated group described in subdivision (1), as determined
 23 under the rules adopted by the department.
- 24 The right to a deduction under this section is not assignable to an
 25 individual or entity that is not part of the same affiliated group as the
 26 assignor.
- 27 (d) The following provisions apply to a deduction for a receivable
 28 treated as uncollectible debt under subsection (a):
- 29 (1) The deduction does not include interest.
- 30 (2) The amount of the deduction shall be determined in the
 31 manner provided by Section 166 of the Internal Revenue Code for
 32 bad debts but shall be adjusted to exclude:
- 33 (A) financing charges or interest;
- 34 (B) sales or use taxes charged on the purchase price;
- 35 (C) uncollectible amounts on property that remain in the
 36 possession of the seller **or a service that is not delivered** until
 37 the full purchase price is paid;
- 38 (D) expenses incurred in attempting to collect any debt; and
- 39 (E) repossessed property.
- 40 (3) The deduction shall be claimed on the return for the period
 41 during which the receivable is written off as uncollectible in the
 42 claimant's books and records and is eligible to be deducted for



1 federal income tax purposes. For purposes of this subdivision, a
2 claimant who is not required to file federal income tax returns
3 may deduct an uncollectible receivable on a return filed for the
4 period in which the receivable is written off as uncollectible in the
5 claimant's books and records and would be eligible for a bad debt
6 deduction for federal income tax purposes if the claimant were
7 required to file a federal income tax return.

8 (4) If the amount of uncollectible receivables claimed as a
9 deduction by a retail merchant for a particular reporting period
10 exceeds the amount of the retail merchant's taxable sales for that
11 reporting period, the retail merchant may file a refund claim
12 under IC 6-8.1-9. However, the deadline for the refund claim shall
13 be measured from the due date of the return for the reporting
14 period on which the deduction for the uncollectible receivables
15 could first be claimed.

16 (5) If a retail merchant's filing responsibilities have been assumed
17 by a certified service provider (as defined in IC 6-2.5-11-2), the
18 certified service provider may claim, on behalf of the retail
19 merchant, any deduction or refund for uncollectible receivables
20 provided by this section. The certified service provider must
21 credit or refund the full amount of any deduction or refund
22 received to the retail merchant.

23 (6) For purposes of reporting a payment received on a previously
24 claimed uncollectible receivable, any payments made on a debt or
25 account shall be applied first proportionally to the taxable price
26 of the property **or service** and the state gross retail tax or use tax
27 thereon, and secondly to interest, service charges, and any other
28 charges.

29 (7) A retail merchant claiming a deduction for an uncollectible
30 receivable may allocate that receivable among the states that are
31 members of the streamlined sales and use tax agreement if the
32 books and records of the retail merchant support that allocation.

33 SECTION 45. IC 6-2.5-6-10, AS AMENDED BY P.L.227-2013,
34 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2015]: Sec. 10. (a) In order to compensate retail merchants
36 and those required to remit gasoline use tax for collecting and timely
37 remitting the state gross retail tax, the state use tax, and the gasoline
38 use tax, every retail merchant or person required to remit the gasoline
39 use tax, except as provided in subsection (c), is entitled to deduct and
40 retain from the amount of those taxes otherwise required to be remitted
41 under IC 6-2.5-7-5, IC 6-2.5-3.5, or under this chapter, if timely
42 remitted, a retail merchant's collection allowance.



1 (b) The allowance equals a percentage of the retail merchant's state
 2 gross retail and use tax or the person's gasoline use tax liability accrued
 3 during a calendar year, specified as follows:

4 (1) ~~Seventy-three~~ **Ninety-three** hundredths percent (~~0.73%~~;
 5 **0.93%**), if the retail merchant's state gross retail and use tax or
 6 gasoline use tax liability accrued during the state fiscal year
 7 ending on June 30 of the immediately preceding calendar year did
 8 not exceed sixty thousand dollars (\$60,000).

9 (2) ~~Fifty-three~~ **Sixty-seven** hundredths percent (~~0.53%~~); **0.67%**),
 10 if the retail merchant's state gross retail and use tax or gasoline
 11 use tax liability accrued during the state fiscal year ending on
 12 June 30 of the immediately preceding calendar year:

13 (A) was greater than sixty thousand dollars (\$60,000); and

14 (B) did not exceed six hundred thousand dollars (\$600,000).

15 (3) ~~Twenty-six~~ **Thirty-three** hundredths percent (~~0.26%~~;
 16 **0.33%**), if the retail merchant's state gross retail and use tax
 17 liability or the person's gasoline use tax accrued during the state
 18 fiscal year ending on June 30 of the immediately preceding
 19 calendar year was greater than six hundred thousand dollars
 20 (\$600,000).

21 (c) A retail merchant described in IC 6-2.5-4-5 or IC 6-2.5-4-6 is not
 22 entitled to the allowance provided by this section. A retail merchant is
 23 not entitled to the allowance provided by this section with respect to
 24 gasoline use taxes imposed by IC 6-2.5-3.5.

25 SECTION 46. IC 6-2.5-7-3, AS AMENDED BY P.L.227-2013,
 26 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2015]: Sec. 3. With respect to the sale of special fuel or
 28 kerosene which is dispensed from a metered pump, unless the
 29 purchaser provides an exemption certificate in accordance with
 30 IC 6-2.5-8-8, a retail merchant shall collect, for each unit of special fuel
 31 or kerosene sold, state gross retail tax in an amount equal to the
 32 product, rounded to the nearest one-tenth of one cent (\$0.001), of:

33 (1) the price per unit before the addition of state and federal taxes;
 34 multiplied by

35 (2) ~~seven five and five-tenths~~ percent (~~7%~~); **(5.5%)**.

36 Unless the exemption certificate is provided, the retail merchant shall
 37 collect the state gross retail tax prescribed in this section even if the
 38 transaction is exempt from taxation under IC 6-2.5-5.

39 SECTION 47. IC 6-2.5-7-5, AS AMENDED BY P.L.2-2014,
 40 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JULY 1, 2015]: Sec. 5. (a) Each retail merchant who dispenses special
 42 fuel from a metered pump shall, in the manner prescribed in IC 6-2.5-6,



1 report to the department the following information:

2 (1) The total number of gallons of special fuel sold from a
3 metered pump during the period covered by the report.

4 (2) The total amount of money received from the sale of special
5 fuel during the period covered by the report.

6 (3) That portion of the amount described in subdivision (2) that
7 represents state and federal taxes imposed under this article,
8 IC 6-6-2.5, or Section 4041 or Section 4081 of the Internal
9 Revenue Code.

10 (b) Concurrently with filing the report, the retail merchant shall
11 remit the state gross retail tax in an amount ~~which that~~ equals ~~six and~~
12 ~~fifty-four~~ **five and twenty-one** hundredths percent ~~(6.54%)~~ **(5.21%)**
13 of the gross receipts, including state gross retail taxes but excluding
14 Indiana and federal special fuel taxes, received by the retail merchant
15 from the sale of the special fuel that is covered by the report and on
16 which the retail merchant was required to collect state gross retail tax.
17 The retail merchant shall remit that amount regardless of the amount
18 of state gross retail tax which the merchant has actually collected under
19 this chapter. However, the retail merchant is entitled to deduct and
20 retain the amounts prescribed in subsection (c), IC 6-2.5-6-10, and
21 IC 6-2.5-6-11.

22 (c) A retail merchant is entitled to deduct from the amount of state
23 gross retail tax required to be remitted under subsection (b) an amount
24 equal to:

25 (1) the sum of the prepayment amounts made during the period
26 covered by the retail merchant's report; minus

27 (2) the sum of prepayment amounts collected by the retail
28 merchant, in the merchant's capacity as a qualified distributor,
29 during the period covered by the retail merchant's report.

30 For purposes of this section, a prepayment of the gross retail tax is
31 presumed to occur on the date on which it is invoiced.

32 SECTION 48. IC 6-2.5-8-3 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) A manufacturer
34 or wholesaler may register with the department as a purchaser of
35 property **or services** in exempt transactions. A manufacturer or
36 wholesaler wishing to register must apply in the same manner and pay
37 the same fee as a retail merchant under section 1 of this chapter.

38 (b) Upon receiving the application and fee, the department may
39 issue a manufacturer's or wholesaler's certificate for each place of
40 business listed on the application. Each certificate shall contain a serial
41 number and the location of the place of business for which it is issued.

42 SECTION 49. IC 6-2.5-8-4 IS AMENDED TO READ AS



1 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4. (a) An organization
 2 exempt from the state gross retail tax under IC 6-2.5-5-21,
 3 IC 6-2.5-5-25, or IC 6-2.5-5-26 may register with the department as a
 4 purchaser of property **or services** in exempt transactions. An exempt
 5 organization wishing to register must file an application listing its
 6 principal location, but the organization is not required to pay the fee.

7 (b) Upon receiving the application, the department may issue an
 8 exempt organization certificate containing a serial number and the
 9 principal location of the exempt organization.

10 SECTION 50. IC 6-2.5-10-1, AS AMENDED BY P.L.205-2013,
 11 SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2015]: Sec. 1. (a) The department shall account for all state
 13 gross retail and use taxes that it collects.

14 (b) The department shall deposit those collections in the following
 15 manner:

16 (1) ~~Ninety-eight~~ **Ninety-nine** and ~~eight two~~ hundred forty-eight
 17 thousandths percent (~~98.848%~~) (**99.248%**) of the collections shall
 18 be paid into the state general fund.

19 (2) ~~One percent (1%)~~ **Six hundred fifty-three thousandths of**
 20 **one percent (0.653%)** of the collections shall be deposited in the
 21 motor vehicle highway account established under IC 8-14-1.

22 (3) ~~Twenty-nine~~ **Nineteen** thousandths of one percent (~~0.029%~~)
 23 (**0.019%**) of the collections shall be deposited into the industrial
 24 rail service fund established under IC 8-3-1.7-2.

25 (4) ~~One hundred twenty-three thousandths~~ **Eight hundredths** of
 26 one percent (~~0.123%~~) (**0.08%**) of the collections shall be
 27 deposited into the commuter rail service fund established under
 28 IC 8-3-1.5-20.5.

29 SECTION 51. IC 6-2.5-15 IS ADDED TO THE INDIANA CODE
 30 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 31 UPON PASSAGE]:

32 **Chapter 15. Homestead And Business Personal Property Tax**
 33 **Replacement Distributions**

34 **Sec. 1. (a) Before July 1, 2015, and before July 1 each year**
 35 **thereafter, the department of local government finance shall**
 36 **determine for each county a homestead and business personal**
 37 **property property tax replacement amount for the following year.**

38 **(b) A county's property tax replacement amount is the amount**
 39 **of net property taxes that would be first due and payable in the**
 40 **determination year in the county on all homesteads (as defined in**
 41 **IC 6-1.1-12-37) and business personal property. This determination**
 42 **shall be made by using the net property tax liability on the**



1 property before applying the exemption provided by IC 6-1.1-10.2
 2 or the exemption provided by IC 6-1.1-10.4 and after applying all
 3 assessed value deductions, credits, or abatements provided under
 4 any other law.

5 (c) Before August 2 each year, the department of local
 6 government finance shall certify in writing to each county auditor
 7 the amount of the county's certified property tax replacement
 8 amount for the following year. Each taxing unit in a county is
 9 entitled to receive its allocation of the certified property tax
 10 replacement amount based on the amount that each taxing unit
 11 would have received in property taxes if the exemption under
 12 IC 6-1.1-10.2 and the exemption under IC 6-1.1-10.4 were not
 13 applied.

14 Sec. 2. A taxing unit shall treat the amount certified for a year
 15 as property tax revenue for the purpose of fixing the taxing unit's
 16 budget for that budget year.

17 Sec. 3. Each distribution under this chapter shall be made by the
 18 auditor of state to the appropriate county treasurer. The
 19 distribution for a year shall be made to the county treasurer in two
 20 (2) equal installments. The first installment shall be made on the
 21 first business day in May each year. The second installment shall
 22 be made on the first business day in November each year. The
 23 county auditor shall credit each installment to each taxing unit in
 24 the county at the same time and in the same manner as property
 25 taxes are credited.

26 Sec. 4. A taxing unit shall treat revenue received under this
 27 chapter as property tax revenue. A taxing unit shall credit the
 28 revenue received to all funds and accounts in the same proportion
 29 as property taxes are credited to each fund or account.

30 Sec. 5. There is appropriated from the state general fund the
 31 amount necessary to provide distributions under this chapter each
 32 year.

33 SECTION 52. IC 6-3-2-6, AS AMENDED BY P.L.146-2008,
 34 SECTION 318, IS AMENDED TO READ AS FOLLOWS
 35 [EFFECTIVE JANUARY 1, 2016]: Sec. 6. (a) Each taxable year, an
 36 individual who rents a dwelling for use as the individual's principal
 37 place of residence may deduct from the individual's adjusted gross
 38 income (as defined in IC 6-3-1-3.5(a)), the lesser of:

39 (1) the amount of rent paid by the individual with respect to the
 40 dwelling during the taxable year; or

41 (2) ~~three~~ **eight** thousand dollars (~~\$3,000~~): **(\$8,000)**.

42 (b) Notwithstanding subsection (a), a husband and wife filing a joint



1 adjusted gross income tax return for a particular taxable year may not
 2 claim a deduction under this section of more than ~~three eight~~ thousand
 3 dollars (~~\$3,000~~): **(\$8,000)**.

4 (c) The deduction provided by this section does not apply to an
 5 individual who rents a dwelling that is exempt from Indiana property
 6 tax.

7 (d) For purposes of this section, a "dwelling" includes a single
 8 family dwelling and a unit of a multi-family dwelling.

9 SECTION 53. IC 36-7-14-48, AS AMENDED BY P.L.149-2014,
 10 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JANUARY 1, 2016]: Sec. 48. (a) Notwithstanding section 39(a) of this
 12 chapter, with respect to the allocation and distribution of property taxes
 13 for the accomplishment of a program adopted under section 45 of this
 14 chapter, "base assessed value" means the net assessed value of all of
 15 the property, other than personal property, as finally determined for the
 16 assessment date immediately preceding the effective date of the
 17 allocation provision, as adjusted under section 39(h) of this chapter.

18 (b) The allocation fund established under section 39(b) of this
 19 chapter for the allocation area for a program adopted under section 45
 20 of this chapter may be used only for purposes related to the
 21 accomplishment of the program, including the following:

22 (1) The construction, rehabilitation, or repair of residential units
 23 within the allocation area.

24 (2) The construction, reconstruction, or repair of any
 25 infrastructure (including streets, sidewalks, and sewers) within or
 26 serving the allocation area.

27 (3) The acquisition of real property and interests in real property
 28 within the allocation area.

29 (4) The demolition of real property within the allocation area.

30 (5) The provision of financial assistance to enable individuals and
 31 families to purchase or lease residential units within the allocation
 32 area. However, financial assistance may be provided only to those
 33 individuals and families whose income is at or below the county's
 34 median income for individuals and families, respectively.

35 (6) The provision of financial assistance to neighborhood
 36 development corporations to permit them to provide financial
 37 assistance for the purposes described in subdivision (5).

38 (7) For property taxes first due and payable before January 1,
 39 2009, providing each taxpayer in the allocation area a credit for
 40 property tax replacement as determined under subsections (c) and
 41 (d). However, the commission may provide this credit only if the
 42 municipal legislative body (in the case of a redevelopment



1 commission established by a municipality) or the county
 2 executive (in the case of a redevelopment commission established
 3 by a county) establishes the credit by ordinance adopted in the
 4 year before the year in which the credit is provided.

5 (c) The maximum credit that may be provided under subsection
 6 (b)(7) to a taxpayer in a taxing district that contains all or part of an
 7 allocation area established for a program adopted under section 45 of
 8 this chapter shall be determined as follows:

9 STEP ONE: Determine that part of the sum of the amounts
 10 described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2)
 11 through IC 6-1.1-21-2(g)(5) (before their repeal) that is
 12 attributable to the taxing district.

13 STEP TWO: Divide:

14 (A) that part of each county's eligible property tax replacement
 15 amount (as defined in IC 6-1.1-21-2) (before its repeal) for
 16 that year as determined under IC 6-1.1-21-4(a)(1) (before its
 17 repeal) that is attributable to the taxing district; by

18 (B) the amount determined under STEP ONE.

19 STEP THREE: Multiply:

20 (A) the STEP TWO quotient; by

21 (B) the taxpayer's taxes (as defined in IC 6-1.1-21-2) (before
 22 its repeal) levied in the taxing district allocated to the
 23 allocation fund, including the amount that would have been
 24 allocated but for the credit.

25 (d) The commission may determine to grant to taxpayers in an
 26 allocation area from its allocation fund a credit under this section, as
 27 calculated under subsection (c). Except as provided in subsection (g),
 28 one-half (1/2) of the credit shall be applied to each installment of taxes
 29 (as defined in IC 6-1.1-21-2) (before its repeal) that under
 30 IC 6-1.1-22-9 are due and payable in a year. The commission must
 31 provide for the credit annually by a resolution and must find in the
 32 resolution the following:

33 (1) That the money to be collected and deposited in the allocation
 34 fund, based upon historical collection rates, after granting the
 35 credit will equal the amounts payable for contractual obligations
 36 from the fund, plus ten percent (10%) of those amounts.

37 (2) If bonds payable from the fund are outstanding, that there is
 38 a debt service reserve for the bonds that at least equals the amount
 39 of the credit to be granted.

40 (3) If bonds of a lessor under section 25.2 of this chapter or under
 41 IC 36-1-10 are outstanding and if lease rentals are payable from
 42 the fund, that there is a debt service reserve for those bonds that



1 at least equals the amount of the credit to be granted.

2 If the tax increment is insufficient to grant the credit in full, the
3 commission may grant the credit in part, prorated among all taxpayers.

4 (e) Notwithstanding section 39(b) of this chapter, the allocation
5 fund established under section 39(b) of this chapter for the allocation
6 area for a program adopted under section 45 of this chapter may only
7 be used to do one (1) or more of the following:

8 (1) Accomplish one (1) or more of the actions set forth in section
9 39(b)(3)(A) through 39(b)(3)(H) and 39(b)(3)(J) of this chapter
10 for property that is residential in nature.

11 (2) Reimburse the county or municipality for expenditures made
12 by the county or municipality in order to accomplish the housing
13 program in that allocation area.

14 The allocation fund may not be used for operating expenses of the
15 commission.

16 (f) Notwithstanding section 39(b) of this chapter, the commission
17 shall, relative to the allocation fund established under section 39(b) of
18 this chapter for an allocation area for a program adopted under section
19 45 of this chapter, do the following before July 15 of each year:

20 (1) Determine the amount, if any, by which the assessed value of
21 the taxable property in the allocation area for the most recent
22 assessment date minus the base assessed value, when multiplied
23 by the estimated tax rate of the allocation area, will exceed the
24 amount of assessed value needed to produce the property taxes
25 necessary to:

26 (A) make the distribution required under section 39(b)(2) **of**
27 **this chapter;**

28 (B) make, when due, principal and interest payments on bonds
29 described in section 39(b)(3) of this chapter;

30 (C) pay the amount necessary for other purposes described in
31 section 39(b)(3) of this chapter; and

32 (D) reimburse the county or municipality for anticipated
33 expenditures described in subsection (e)(2).

34 (2) Provide a written notice to the county auditor, the fiscal body
35 of the county or municipality that established the department of
36 redevelopment, and the officers who are authorized to fix budgets,
37 tax rates, and tax levies under IC 6-1.1-17-5 for each of the other
38 taxing units that is wholly or partly located within the allocation
39 area. The notice must:

40 (A) state the amount, if any, of excess property taxes that the
41 commission has determined may be paid to the respective
42 taxing units in the manner prescribed in section 39(b)(1) of



1 this chapter; or
 2 (B) state that the commission has determined that there is no
 3 excess assessed value that may be allocated to the respective
 4 taxing units in the manner prescribed in subdivision (1).
 5 The county auditor shall allocate to the respective taxing units the
 6 amount, if any, of excess assessed value determined by the
 7 commission.
 8 (3) If:
 9 (A) the amount of excess assessed value determined by the
 10 commission is expected to generate more than two hundred
 11 percent (200%) of the amount of allocated tax proceeds
 12 necessary to make, when due, principal and interest payments
 13 on bonds described in subdivision (1); plus
 14 (B) the amount necessary for other purposes described in
 15 subdivision (1);
 16 the commission shall submit to the legislative body of the unit its
 17 determination of the excess assessed value that the commission
 18 proposes to allocate to the respective taxing units in the manner
 19 prescribed in subdivision (2). The legislative body of the unit may
 20 approve the commission's determination or modify the amount of
 21 the excess assessed value that will be allocated to the respective
 22 taxing units in the manner prescribed in subdivision (2).
 23 (g) This subsection applies to an allocation area only to the extent
 24 that the net assessed value of property that is assessed as residential
 25 property under the rules of the department of local government finance
 26 is not included in the base assessed value. ~~If property tax installments~~
 27 ~~with respect to a homestead (as defined in IC 6-1.1-12-37) are due in~~
 28 ~~installments established by the department of local government finance~~
 29 ~~under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an~~
 30 ~~allocation area is entitled to an additional credit under subsection (d)~~
 31 ~~for the taxes (as defined in IC 6-1.1-21-2) (before its repeal) due in~~
 32 ~~installments. The credit shall be applied in the same proportion to each~~
 33 ~~installment of taxes (as defined in IC 6-1.1-21-2) (before its repeal):~~
 34 SECTION 54. IC 36-7-15.1-35, AS AMENDED BY P.L.6-2012,
 35 SECTION 245, IS AMENDED TO READ AS FOLLOWS
 36 [EFFECTIVE JANUARY 1, 2016]: Sec. 35. (a) Notwithstanding
 37 section 26(a) of this chapter, with respect to the allocation and
 38 distribution of property taxes for the accomplishment of a program
 39 adopted under section 32 of this chapter, "base assessed value" means
 40 the net assessed value of all of the land as finally determined for the
 41 assessment date immediately preceding the effective date of the
 42 allocation provision, as adjusted under section 26(h) of this chapter.



1 However, "base assessed value" does not include the value of real
2 property improvements to the land.

3 (b) The special fund established under section 26(b) of this chapter
4 for the allocation area for a program adopted under section 32 of this
5 chapter may be used only for purposes related to the accomplishment
6 of the program, including the following:

7 (1) The construction, rehabilitation, or repair of residential units
8 within the allocation area.

9 (2) The construction, reconstruction, or repair of infrastructure
10 (such as streets, sidewalks, and sewers) within or serving the
11 allocation area.

12 (3) The acquisition of real property and interests in real property
13 within the allocation area.

14 (4) The demolition of real property within the allocation area.

15 (5) To provide financial assistance to enable individuals and
16 families to purchase or lease residential units within the allocation
17 area. However, financial assistance may be provided only to those
18 individuals and families whose income is at or below the county's
19 median income for individuals and families, respectively.

20 (6) To provide financial assistance to neighborhood development
21 corporations to permit them to provide financial assistance for the
22 purposes described in subdivision (5).

23 (7) For property taxes first due and payable before 2009, to
24 provide each taxpayer in the allocation area a credit for property
25 tax replacement as determined under subsections (c) and (d).
26 However, this credit may be provided by the commission only if
27 the city-county legislative body establishes the credit by
28 ordinance adopted in the year before the year in which the credit
29 is provided.

30 (c) The maximum credit that may be provided under subsection
31 (b)(7) to a taxpayer in a taxing district that contains all or part of an
32 allocation area established for a program adopted under section 32 of
33 this chapter shall be determined as follows:

34 STEP ONE: Determine that part of the sum of the amounts
35 described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2)
36 through IC 6-1.1-21-2(g)(5) (before their repeal) that is
37 attributable to the taxing district.

38 STEP TWO: Divide:

39 (A) that part of each county's eligible property tax replacement
40 amount (as defined in IC 6-1.1-21-2 (before its repeal)) for
41 that year as determined under IC 6-1.1-21-4(a)(1) (before its
42 repeal) that is attributable to the taxing district; by



- 1 (B) the amount determined under STEP ONE.
 2 STEP THREE: Multiply:
 3 (A) the STEP TWO quotient; by
 4 (B) the taxpayer's taxes (as defined in IC 6-1.1-21-2 (before its
 5 repeal)) levied in the taxing district allocated to the allocation
 6 fund, including the amount that would have been allocated but
 7 for the credit.
- 8 (d) Except as provided in subsection (g), the commission may
 9 determine to grant to taxpayers in an allocation area from its allocation
 10 fund a credit under this section, as calculated under subsection (c), by
 11 applying one-half (1/2) of the credit to each installment of taxes (as
 12 defined in IC 6-1.1-21-2 (before its repeal)) that under IC 6-1.1-22-9
 13 are due and payable in a year. Except as provided in subsection (g),
 14 one-half (1/2) of the credit shall be applied to each installment of taxes
 15 (as defined in IC 6-1.1-21-2 (before its repeal)). The commission must
 16 provide for the credit annually by a resolution and must find in the
 17 resolution the following:
- 18 (1) That the money to be collected and deposited in the allocation
 19 fund, based upon historical collection rates, after granting the
 20 credit will equal the amounts payable for contractual obligations
 21 from the fund, plus ten percent (10%) of those amounts.
 22 (2) If bonds payable from the fund are outstanding, that there is
 23 a debt service reserve for the bonds that at least equals the amount
 24 of the credit to be granted.
 25 (3) If bonds of a lessor under section 17.1 of this chapter or under
 26 IC 36-1-10 are outstanding and if lease rentals are payable from
 27 the fund, that there is a debt service reserve for those bonds that
 28 at least equals the amount of the credit to be granted.
- 29 If the tax increment is insufficient to grant the credit in full, the
 30 commission may grant the credit in part, prorated among all taxpayers.
- 31 (e) Notwithstanding section 26(b) of this chapter, the special fund
 32 established under section 26(b) of this chapter for the allocation area
 33 for a program adopted under section 32 of this chapter may only be
 34 used to do one (1) or more of the following:
- 35 (1) Accomplish one (1) or more of the actions set forth in section
 36 26(b)(3)(A) through 26(b)(3)(H) of this chapter.
 37 (2) Reimburse the consolidated city for expenditures made by the
 38 city in order to accomplish the housing program in that allocation
 39 area.
- 40 The special fund may not be used for operating expenses of the
 41 commission.
- 42 (f) Notwithstanding section 26(b) of this chapter, the commission



1 shall, relative to the special fund established under section 26(b) of this
 2 chapter for an allocation area for a program adopted under section 32
 3 of this chapter, do the following before July 15 of each year:

4 (1) Determine the amount, if any, by which the assessed value of
 5 the taxable property in the allocation area, when multiplied by the
 6 estimated tax rate of the allocation area, will exceed the amount
 7 of assessed value needed to produce the property taxes necessary
 8 to:

9 (A) make the distribution required under section 26(b)(2) of
 10 this chapter;

11 (B) make, when due, principal and interest payments on bonds
 12 described in section 26(b)(3) of this chapter;

13 (C) pay the amount necessary for other purposes described in
 14 section 26(b)(3) of this chapter; and

15 (D) reimburse the consolidated city for anticipated
 16 expenditures described in subsection (e)(2).

17 (2) Provide a written notice to the county auditor, the legislative
 18 body of the consolidated city, and the officers who are authorized
 19 to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for
 20 each of the other taxing units that is wholly or partly located
 21 within the allocation area. The notice must:

22 (A) state the amount, if any, of excess assessed value that the
 23 commission has determined may be allocated to the respective
 24 taxing units in the manner prescribed in section 26(b)(1) of
 25 this chapter; or

26 (B) state that the commission has determined that there is no
 27 excess assessed value that may be allocated to the respective
 28 taxing units in the manner prescribed in section 26(b)(1) of
 29 this chapter.

30 The county auditor shall allocate to the respective taxing units the
 31 amount, if any, of excess assessed value determined by the
 32 commission.

33 (g) This subsection applies to an allocation area only to the extent
 34 that the net assessed value of property that is assessed as residential
 35 property under the rules of the department of local government finance
 36 is not included in the base assessed value. ~~If property tax installments~~
 37 ~~with respect to a homestead (as defined in IC 6-1.1-20-9-1 (before its~~
 38 ~~repeal)) are due in installments established by the department of local~~
 39 ~~government finance under IC 6-1.1-22-9.5, each taxpayer subject to~~
 40 ~~those installments in an allocation area is entitled to an additional~~
 41 ~~credit under subsection (d) for the taxes (as defined in IC 6-1.1-21-2~~
 42 ~~(before its repeal)) due in installments. The credit shall be applied in~~



1 the same proportion to each installment of taxes (as defined in
 2 ~~IC 6-1.1-21-2~~ (before its repeal));

3 SECTION 55. [EFFECTIVE JULY 1, 2015] (a) For purposes of
 4 IC 6-2.5, as amended by this act, all transactions, except:

5 (1) the furnishing of public utility, telephone, or cable
 6 television services and commodities by retail merchants
 7 described in IC 6-2.5-4-5, IC 6-2.5-4-6, and IC 6-2.5-4-11, all
 8 as amended by this act; or

9 (2) a transaction in which services are delivered before July
 10 1, 2015, and after June 30, 2015, by a retail merchant;

11 shall be considered as having occurred after June 30, 2015, to the
 12 extent that delivery of the property or services constituting selling
 13 at retail is made after that date to the purchaser or to the place of
 14 delivery designated by the purchaser. However, a transaction shall
 15 be considered as having occurred before July 1, 2015, to the extent
 16 that the agreement of the parties to the transaction is entered into
 17 before July 1, 2015, and payment for the property or services
 18 furnished in the transaction is made before July 1, 2015,
 19 notwithstanding the delivery of the property or services after June
 20 30, 2015.

21 (b) With respect to a transaction:

22 (1) constituting the furnishing of public utility, telephone, or
 23 cable television services and commodities by retail merchants
 24 described in IC 6-2.5-4-5, IC 6-2.5-4-6, and IC 6-2.5-4-11, all
 25 as amended by this act; or

26 (2) in which services are delivered before July 1, 2015, and
 27 after June 30, 2015, by a retail merchant;

28 only transactions for which the charges are collected on original
 29 statements and billings dated after June 30, 2015, shall be
 30 considered as having occurred after June 30, 2015.

31 (c) This SECTION expires July 1, 2016.

32 SECTION 56. An emergency is declared for this act.

