HOUSE ENROLLED ACT No. 1010

AN ACT to amend the Indiana Code concerning taxation.

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

SECTION 1. IC 6-3-2-4, AS AMENDED BY P.L.214-2018(ss), SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2019 (RETROACTIVE)]: Sec. 4. (a) Each taxable year, an individual, or the individual's surviving spouse, is entitled to the following:

1) An adjusted gross income tax deduction for the first five thousand dollars ($5,000) of income, excluding adjusted gross income described in subdivision (2), received during the taxable year by the individual, or the individual's surviving spouse, for the individual's service in an active or reserve component of the armed forces of the United States, including the army, navy, air force, coast guard, marine corps, merchant marine, Indiana army national guard, or Indiana air national guard.

2) An adjusted gross income tax deduction of six thousand two hundred fifty dollars ($6,250) for income from retirement or survivor's benefits received during the taxable year by the individual, or the individual's surviving spouse, for the individual's service in an active or reserve component of the armed forces of the United States, including the army, navy, air force, coast guard, marine corps, merchant marine, Indiana army national guard, or Indiana air national guard. The amount of the deduction is the lesser of:
(A) the benefits included in the adjusted gross income of
the individual or the individual's surviving spouse; or
(B) six thousand two hundred fifty dollars ($6,250) plus the
following:
   (i) For taxable years beginning in 2019, twenty-five
       percent (25%) of the amount of the benefits in excess of
       six thousand two hundred fifty dollars ($6,250).
   (ii) For taxable years beginning in 2020, fifty percent
        (50%) of the amount of the benefits in excess of six
        thousand two hundred fifty dollars ($6,250).
   (iii) For taxable years beginning in 2021, seventy-five
        percent (75%) of the amount of the benefits in excess of
        six thousand two hundred fifty dollars ($6,250).
   (iv) For taxable years beginning after 2021, one hundred
        percent (100%) of the amount of the benefits in excess of
        six thousand two hundred fifty dollars ($6,250).

(b) An individual whose qualified military income is subtracted
from the individual's federal adjusted gross income under
IC 6-3-1-3.5(a)(18) for Indiana individual income tax purposes is not,
for that taxable year, entitled to a deduction under this section for the
same qualified military income that is deducted under
IC 6-3-1-3.5(a)(18).

SECTION 2. [EFFECTIVE JANUARY 1, 2019 (RETROACTIVE)]:
(a) IC 6-3-2-4, as amended by this act, applies to taxable years
beginning after December 31, 2018.
(b) This SECTION expires June 30, 2022.

SECTION 3. An emergency is declared for this act.
Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Governor of the State of Indiana

Date: ________________   Time: ________________