

# SENATE BILL No. 1

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-3-7.2; IC 6-3; IC 6-3.1; IC 36-7-14.2.

**Synopsis:** State and local taxation. Provides that if the assessed value of a taxpayer's business personal property in a county that would otherwise be subject to taxation is less than \$25,000 for a particular assessment date: (1) the taxpayer is not required to file a personal property return for the taxpayer's business personal property in the county for that assessment date; and (2) the taxpayer's business personal property in the county is exempt from taxation for that assessment date. Requires the taxpayer to file an informational return with the county assessor. Provides that the tax rate for certain tax increment financing areas shall be calculated as if this exemption were not in effect. Phases down the corporate income tax rate from 6.5% in 2015 to 4.9% in 2019. Reduces the research and development tax credit percentage by half for qualified research expense incurred after 2014. Provides that a taxpayer is not entitled to: (1) a college contribution tax credit for contributions made in a taxable year beginning after 2014; (2) a riverboat building tax credit for qualified investments made in a taxable year beginning after 2014; (3) a biodiesel tax credit for the production or distribution of biodiesel or blended biodiesel in a taxable year beginning after 2014; (4) an ethanol production tax credit for the production of ethanol in a taxable year beginning after 2014; and (5) a new employer tax credit for wages paid in a taxable year beginning after 2014. Repeals the voluntary remediation tax credit statute. (Under current law, tax credits may not be awarded for taxable years after 2007, and the carryforward period has expired.) Repeals the energy savings tax credit. (Under current law, the tax credit may not be awarded for costs incurred after December 31,  
(Continued next page)

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

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## Hershman, Kenley

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January 14, 2014, read first time and referred to Committee on Tax and Fiscal Policy.

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Digest Continued

2011, and may not be carried forward.) Establishes the commission on business personal property and business taxation to study certain issues during the 2014 legislative interim. Requires the commission on state tax and financing policy to study income tax deductions and exemptions during the 2014 and 2015 legislative interims.



Introduced

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## SENATE BILL No. 1

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

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

- 1 SECTION 1. IC 6-1.1-3-7.2 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2014]: **Sec. 7.2. (a) This section applies to assessment dates after**  
4 **February 28, 2015.**  
5 **(b) As used in this section, "business personal property" means**  
6 **personal property that:**  
7 **(1) is otherwise subject to assessment and taxation under this**  
8 **article; and**  
9 **(2) is used in a trade or business or otherwise held, used, or**  
10 **consumed in connection with the production of income.**  
11 **The term does not include mobile homes assessed under IC 6-1.1-7**  
12 **or personal property held as an investment.**  
13 **(c) Notwithstanding section 7 of this chapter, if the assessed**  
14 **value of a taxpayer's business personal property:**  
15 **(1) in a county; and**

2014

IN 1—LS 7115/DI 73



1           **(2) that otherwise would be subject to taxation under this**  
 2           **article;**  
 3           **is less than twenty-five thousand dollars (\$25,000) for a particular**  
 4           **assessment date, the taxpayer's business personal property in the**  
 5           **county for that assessment date is exempt from taxation.**

6           **(d) A taxpayer that is eligible for the exemption under this**  
 7           **section is not required to file a personal property return for the**  
 8           **taxpayer's business personal property in the county for that**  
 9           **assessment date. However, the taxpayer must, before the filing**  
 10           **deadline for a personal property return, file an informational**  
 11           **return with the county assessor containing the information**  
 12           **required by the department of local government finance.**

13           SECTION 2. IC 6-3-2-1, AS AMENDED BY P.L.205-2013,  
 14           SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 15           JANUARY 1, 2015]: Sec. 1. (a) Each taxable year, a tax at the  
 16           following rate of adjusted gross income is imposed upon the adjusted  
 17           gross income of every resident person, and on that part of the adjusted  
 18           gross income derived from sources within Indiana of every nonresident  
 19           person:

20           (1) For taxable years beginning before January 1, 2015, three and  
 21           four-tenths percent (3.4%).

22           (2) For taxable years beginning after December 31, 2014, and  
 23           before January 1, 2017, three and three-tenths percent (3.3%).

24           (3) For taxable years beginning after December 31, 2016, three  
 25           and twenty-three hundredths percent (3.23%).

26           (b) Except as provided in section 1.5 of this chapter, each taxable  
 27           year, a tax at the following rate of adjusted gross income is imposed on  
 28           that part of the adjusted gross income derived from sources within  
 29           Indiana of every corporation:

30           (1) Before July 1, 2012, eight and five-tenths percent (8.5%).

31           (2) After June 30, 2012, and before July 1, 2013, eight percent  
 32           (8.0%).

33           (3) After June 30, 2013, and before July 1, 2014, seven and  
 34           five-tenths percent (7.5%).

35           (4) After June 30, 2014, and before July 1, 2015, seven percent  
 36           (7.0%).

37           (5) After June 30, 2015, **and before July 1, 2016**, six and  
 38           five-tenths percent (6.5%).

39           (6) **After June 30, 2016, and before July 1, 2017**, six percent  
 40           **(6.0%).**

41           (7) **After June 30, 2017, and before July 1, 2018**, five and  
 42           **five-tenths percent (5.5%).**



1           **(8) After June 30, 2018, and before July 1, 2019, five percent**  
 2           **(5.0%).**

3           **(9) After June 30, 2019, four and nine-tenths percent (4.9%).**

4           (c) If for any taxable year a taxpayer is subject to different tax rates  
 5 under subsection (b), the taxpayer's tax rate for that taxable year is the  
 6 rate determined in the last STEP of the following STEPS:

7           STEP ONE: Multiply the number of months in the taxpayer's  
 8 taxable year that precede the month the rate changed by the rate  
 9 in effect before the rate change.

10          STEP TWO: Multiply the number of months in the taxpayer's  
 11 taxable year that follow the month before the rate changed by the  
 12 rate in effect after the rate change.

13          STEP THREE: Divide the sum of the amounts determined under  
 14 STEPS ONE and TWO by twelve (12).

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

17          SECTION 3. IC 6-3-3-5, AS AMENDED BY P.L.2-2007,  
 18 SECTION 121, IS AMENDED TO READ AS FOLLOWS  
 19 [EFFECTIVE JULY 1, 2014]: Sec. 5. (a) At the election of the  
 20 taxpayer, there shall be allowed, as a credit against the adjusted gross  
 21 income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year,  
 22 an amount (subject to the applicable limitations provided by this  
 23 section) equal to fifty percent (50%) of the aggregate amount of  
 24 charitable contributions made by such taxpayer during such year to  
 25 postsecondary educational institutions located within Indiana  
 26 (including any of its associated colleges in Indiana) or to any  
 27 corporation or foundation organized and operated solely for the benefit  
 28 of any postsecondary educational institution.

29          (b) In the case of a taxpayer other than a corporation, the amount  
 30 allowable as a credit under this section for any taxable year shall not  
 31 exceed one hundred dollars (\$100) in the case of a single return or two  
 32 hundred dollars (\$200) in the case of a joint return.

33          (c) In the case of a corporation, the amount allowable as a credit  
 34 under this section for any taxable year shall not exceed:

35           (1) ten percent (10%) of such corporation's total adjusted gross  
 36 income tax under IC 6-3-1 through IC 6-3-7 for such year (as  
 37 determined without regard to any credits against that tax); or

38           (2) one thousand dollars (\$1,000);

39          whichever is less.

40          (d) A charitable contribution in Indiana qualifies for a credit under  
 41 this section only if the charitable contribution is made to a  
 42 postsecondary educational institution or a corporation or foundation



1 organized for the benefit of a postsecondary educational institution  
2 that:

3 (1) normally maintains a regular faculty and curriculum and  
4 normally has a regularly organized body of students in attendance  
5 at the place where its educational activities are carried on;

6 (2) regularly offers education at a level above the twelfth grade;  
7 (3) regularly awards either associate, bachelors, masters, or  
8 doctoral degrees, or any combination thereof; and

9 (4) is duly accredited by the North Central Association of  
10 Colleges and Schools, the Indiana state board of education, or the  
11 American Association of Theological Schools.

12 (e) The credit allowed by this section shall not exceed the amount  
13 of the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7  
14 for the taxable year, reduced by the sum of all credits (as determined  
15 without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.

16 **(f) A taxpayer is not entitled to a credit under this section for**  
17 **contributions made in a taxable year beginning after December 31,**  
18 **2014.**

19 **(g) This section expires January 1, 2015.**

20 SECTION 4. IC 6-3.1-4-2, AS AMENDED BY P.L.182-2009(ss),  
21 SECTION 201, IS AMENDED TO READ AS FOLLOWS  
22 [EFFECTIVE JANUARY 1, 2015]: Sec. 2. (a) A taxpayer who incurs  
23 Indiana qualified research expense in a particular taxable year is  
24 entitled to a research expense tax credit for the taxable year.

25 (b) For Indiana qualified research expense incurred before January  
26 1, 2008, the amount of the research expense tax credit is equal to the  
27 product of ten percent (10%) multiplied by the remainder of:

28 (1) the taxpayer's Indiana qualified research expenses for the  
29 taxable year; minus

30 (2) the taxpayer's base amount.

31 (c) Except as provided in subsection (d), for Indiana qualified  
32 research expense incurred after December 31, 2007, the amount of the  
33 research expense tax credit is determined under STEP FOUR of the  
34 following formula:

35 STEP ONE: Subtract the taxpayer's base amount from the  
36 taxpayer's Indiana qualified research expense for the taxable year.

37 STEP TWO: Multiply the lesser of:

38 (A) one million dollars (\$1,000,000); or

39 (B) the STEP ONE remainder;

40 by fifteen percent (15%), **for Indiana qualified research**  
41 **expense incurred before January 1, 2015, or seven and**  
42 **five-tenths percent (7.5%), for Indiana qualified research**



1 **expense incurred after December 31, 2014.**

2 STEP THREE: If the STEP ONE remainder exceeds one million  
3 dollars (\$1,000,000), multiply the amount of that excess by:

4 **(A) ten percent (10%), for Indiana qualified research  
5 expense incurred before January 1, 2015; or**

6 **(B) five percent (5%), for Indiana qualified research  
7 expense incurred after December 31, 2014.**

8 STEP FOUR: Add the STEP TWO and STEP THREE products.

9 (d) For Indiana qualified research expense incurred after December  
10 31, 2009, a taxpayer may choose to have the amount of the research  
11 expense tax credit determined under this subsection rather than under  
12 subsection (c). At the election of the taxpayer, the amount of the  
13 taxpayer's research expense tax credit is equal to:

14 **(1) ten percent (10%), for Indiana qualified research expense  
15 incurred before January 1, 2015; or**

16 **(2) five percent (5%), for Indiana qualified research expense  
17 incurred after December 31, 2014;**

18 of the part of the taxpayer's Indiana qualified research expense for the  
19 taxable year that exceeds fifty percent (50%) of the taxpayer's average  
20 Indiana qualified research expense for the three (3) taxable years  
21 preceding the taxable year for which the credit is being determined.  
22 However, if the taxpayer did not have Indiana qualified research  
23 expense in any one (1) of the three (3) taxable years preceding the  
24 taxable year for which the credit is being determined, the amount of the  
25 research expense tax credit is equal to five percent (5%) of the  
26 taxpayer's Indiana qualified research expense for the taxable year.

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

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

36 (c) When the total credits approved under this section equal the  
37 maximum amount allowable in a state fiscal year, no application  
38 thereafter filed for that same fiscal year shall be approved. However,  
39 if an applicant for whom a credit has been approved fails to file the  
40 statement of proof of payment required under section 8 of this chapter,  
41 an amount equal to the credit previously allowed or set aside for the  
42 applicant may be allowed to any subsequent applicant in the year. In



1 addition, the department may, if the applicant so requests, approve a  
 2 credit application, in whole or in part, with respect to the next  
 3 succeeding state fiscal year.

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

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

8 SECTION 6. IC 6-3.1-23 IS REPEALED [EFFECTIVE JANUARY  
 9 1, 2015]. (Voluntary Remediation Tax Credit).

10 SECTION 7. IC 6-3.1-27-12, AS AMENDED BY P.L.191-2005,  
 11 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 12 JULY 1, 2014]: Sec. 12. (a) If the amount of the credit determined  
 13 under this chapter for a taxpayer in a taxable year exceeds the  
 14 taxpayer's state tax liability for that taxable year, the taxpayer may carry  
 15 over the excess to the following taxable years. The amount of the credit  
 16 carryover from a taxable year shall be reduced to the extent that the  
 17 carryover is used by the taxpayer to obtain a credit under this chapter  
 18 for any subsequent taxable year. A credit may not be carried forward  
 19 for more than six (6) taxable years following the taxable year in which  
 20 the taxpayer was first entitled to claim the credit.

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

24 **(c) A taxpayer is not entitled to a credit under this chapter for**  
 25 **the production or distribution of biodiesel or blended biodiesel in**  
 26 **a taxable year beginning after December 31, 2014.**

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

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

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

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





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

2           SECTION 9. IC 6-3.1-31.5 IS REPEALED [EFFECTIVE JULY 1,  
3           2014]. (Energy Savings Tax Credit).

4           SECTION 10. IC 6-3.1-33-9, AS AMENDED BY P.L.137-2012,  
5           SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
6           JULY 1, 2014]: Sec. 9. (a) Before January 1, ~~2017~~, **2015**, a corporation  
7           or pass through entity that desires to qualify for the new employer  
8           credit provided by this chapter may submit an application to the IEDC  
9           in the form and manner specified by the IEDC.

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

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

- 15           (1) employing at least ten (10) qualified employees in each month  
16           of the period specified in section 10(b) of this chapter during the  
17           taxable year; and  
18           (2) meeting the requirements for the tax credit provided by this  
19           chapter;

20          the IEDC may issue the applicant a certificate of approval. If a  
21          certificate of approval is issued, the IEDC shall provide a copy of the  
22          certificate to the department.

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

- 25           (1) The applicant's employment levels in previous years to  
26           determine if the applicant is hiring new individuals or rehiring  
27           individuals.  
28           (2) Whether the applicant is the successor to part or all of the  
29           assets or business operations of another corporation or pass  
30           through entity that conducted business operations in Indiana in  
31           the same line of business to determine if the applicant is a new  
32           Indiana business under this chapter.

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

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

41          SECTION 11. IC 6-3.1-33-13, AS ADDED BY P.L.110-2010,  
42          SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2014]: Sec. 13. (a) If the credit provided by this chapter  
 2 exceeds the taxpayer's state tax liability for the taxable year for which  
 3 the credit is first claimed, the excess may be carried forward to  
 4 succeeding taxable years and used as a credit against the taxpayer's  
 5 state tax liability during those taxable years. Each time that the credit  
 6 is carried forward to a succeeding taxable year, the credit is to be  
 7 reduced by the amount that was used as a credit during the immediately  
 8 preceding taxable year. The credit provided by this chapter may be  
 9 carried forward and applied to succeeding taxable years for not more  
 10 than nine (9) taxable years following the first year the credit is claimed.

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

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

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

16 SECTION 12. IC 36-7-14.2 IS ADDED TO THE INDIANA CODE  
 17 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 18 JULY 1, 2014]:

19 **Chapter 14.2. Tax Rate Limitation**

20 **Sec. 1. As used in this chapter, "property taxes" means:**

21 (1) **property taxes, as described in:**

- 22 (A) IC 6-1.1-39-5(g);
- 23 (B) IC 36-7-14-39(a);
- 24 (C) IC 36-7-14-39.2;
- 25 (D) IC 36-7-14-39.3(c);
- 26 (E) IC 36-7-14.5-12.5;
- 27 (F) IC 36-7-15.1-26(a);
- 28 (G) IC 36-7-15.1-26.2(c);
- 29 (H) IC 36-7-15.1-53(a);
- 30 (I) IC 36-7-15.1-55(c);
- 31 (J) IC 36-7-30-25(a)(3);
- 32 (K) IC 36-7-30-26(c);
- 33 (L) IC 36-7-30.5-30; or
- 34 (M) IC 36-7-30.5-31; and

35 (2) **for allocation areas created under IC 8-22-3.5, the taxes**  
 36 **assessed on taxable tangible property in the allocation area.**

37 **Sec. 2. Notwithstanding any other law, for assessment dates on**  
 38 **or after March 1, 2015, a tax rate for property taxes described in**  
 39 **section 1 of this chapter must be calculated by including in the base**  
 40 **assessed value (for purposes of this section only) the amount of the**  
 41 **assessed value that would otherwise have been included in the base**  
 42 **assessed value if the exemption under IC 6-1.1-3-7.2 were not in**



1 effect for the assessment date.

2 SECTION 13. [EFFECTIVE UPON PASSAGE] (a) As used in this  
3 SECTION, "commission" refers to the commission on business  
4 personal property and business taxation established by subsection  
5 (b).

6 (b) The commission on business personal property and business  
7 taxation is established.

8 (c) The commission consists of the following members:

9 (1) Two (2) members of the senate appointed by the president  
10 pro tempore of the senate.

11 (2) One (1) member of the senate appointed by the minority  
12 leader of the senate.

13 (3) Two (2) members of the house of representatives  
14 appointed by the speaker of the house of representatives.

15 (4) One (1) member of the house of representatives appointed  
16 by the minority leader of the house of representatives.

17 (5) The governor or the governor's designee. An individual  
18 designated by the governor under this subdivision must be a  
19 state employee.

20 (6) One (1) member who is nominated by the Association of  
21 Indiana Counties and is appointed jointly by the chairman  
22 and the vice chairman of the legislative council.

23 (7) One (1) member who is nominated by the Indiana  
24 Association of Cities and Towns and is appointed jointly by  
25 the chairman and the vice chairman of the legislative council.

26 (8) One (1) member who is nominated by the Indiana State  
27 Chamber of Commerce and is appointed jointly by the  
28 chairman and the vice chairman of the legislative council.

29 (9) One (1) member who is nominated by the Indiana  
30 Manufacturers Association and is appointed jointly by the  
31 chairman and the vice chairman of the legislative council.

32 (d) The president pro tempore of the senate shall appoint a  
33 legislative member of the commission to serve as chairperson of the  
34 commission. The speaker of the house of representatives shall  
35 appoint a legislative member of the commission to serve as vice  
36 chairperson of the commission.

37 (e) If a vacancy occurs on the commission, the appointing  
38 authority who appointed the member whose position is vacant shall  
39 appoint an individual to fill the vacancy.

40 (f) The commission shall do the following:

41 (1) Study issues concerning the taxation of business personal  
42 property in Indiana and business taxation in general in



- 1           **Indiana.**
- 2           **(2) Study issues related to the share of the overall tax burden**
- 3           **borne by businesses in Indiana,**
- 4           **(3) Study the competitive advantages and disadvantages for**
- 5           **businesses in Indiana that result from the structure of state**
- 6           **and local taxation of business.**
- 7           **(4) Study any special elements of the taxation of business**
- 8           **personal property.**
- 9           **(5) Study any other topics assigned by the legislative council**
- 10           **or as directed by the chair of the commission.**
- 11           **(g) The commission shall submit a final report of the results of**
- 12           **its study and any recommendations to the legislative council before**
- 13           **November 1, 2014. The report must be in an electronic format**
- 14           **under IC 5-14-6.**
- 15           **(h) The legislative services agency shall provide staff support to**
- 16           **the commission.**
- 17           **(i) The affirmative votes of a majority of the members**
- 18           **appointed to the commission are required for the commission to**
- 19           **take action on any measure, including a final report.**
- 20           **(j) Except as otherwise specifically provided in this SECTION,**
- 21           **the commission shall operate under the rules of the legislative**
- 22           **council.**
- 23           **(k) This SECTION expires January 1, 2015.**
- 24           **SECTION 14. [EFFECTIVE UPON PASSAGE] (a) During the**
- 25           **2014 and 2015 legislative interims, the commission on state tax and**
- 26           **financing policy (IC 2-5-3) shall study all income tax deductions**
- 27           **and exemptions using a schedule that provides for approximately**
- 28           **one-half (1/2) of the deductions and exemptions to be studied each**
- 29           **year. The commission shall prepare a report that covers each**
- 30           **deduction and exemption and includes the following:**
- 31               **(1) A review of the original scope and purpose of the**
- 32               **deduction or exemption, and whether the scope or purpose**
- 33               **has changed since the enactment of the deduction or**
- 34               **exemption.**
- 35               **(2) The economic parameters of the deduction or exemption,**
- 36               **including the amounts, thresholds, percentages, and limits,**
- 37               **and whether these parameters have changed since the**
- 38               **enactment of the deduction or exemption.**
- 39               **(3) A description of the taxpayers that qualify for the**
- 40               **deduction or exemption, and how effective the deduction or**
- 41               **exemption has been in assisting these targeted taxpayers.**
- 42               **(4) The type of activities on which the deduction or exemption**



1 is based, and how effective the deduction or exemption has  
2 been in promoting these targeted activities.  
3 **(5) The amount of the deductions and exemptions granted**  
4 **over time.**  
5 **(6) A summary of audit findings for each deduction or**  
6 **exemption, and whether there has been any misuse of the**  
7 **deduction or exemption.**  
8 **(7) Suggested changes in the law with regard to each**  
9 **deduction and exemption, including whether or not the**  
10 **deduction or exemption should be retained.**  
11 **(8) Any other issues related to these deductions and**  
12 **exemptions, as determined by the commission.**  
13 **(b) This SECTION expires January 1, 2016.**  
14 **SECTION 15. An emergency is declared for this act.**

