

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6684
BILL NUMBER: HB 1939

DATE PREPARED: Jan 10, 2001
BILL AMENDED:

SUBJECT: Inheritance tax exemptions.

FISCAL ANALYST: Jim Landers
PHONE NUMBER: 232-9869

FUNDS AFFECTED:	GENERAL	IMPACT: Pending
	DEDICATED	
	FEDERAL	

Summary of Legislation: Provides that each family member inheriting a family farm or a family business is allowed an Indiana inheritance tax exemption equal to the amount of the estate's unified credit against the federal estate tax. Provides that the amount of the exemption increases incrementally to \$1,000,000 for family farms and family businesses transferred by persons who die after June 30, 2006. Requires transferees who inherit a family farm or a family business to materially participate in the operation of the farm or business for at least ten years following the person's death. Provides the amount of inheritance tax that exceeds the exemptions available under current law is subject to recapture if the transferee disposes of the property or ceases to use the property for the family farm or family business. Provides that the finally determined federal estate tax value of a property interest is presumed to be the fair market value of the property interest for Indiana inheritance tax purposes in all circumstances. (Current law provides that the finally determined federal estate tax value does not apply to family farms and family businesses valued under Section 2032 of the Internal Revenue Code and requires the transferees to use the property's fair market value.)

Effective Date: July 1, 2001.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources: