



Reprinted
January 21, 2004

HOUSE BILL No. 1055

DIGEST OF HB 1055 (Updated January 20, 2004 5:15 pm - DI 103)

Citations Affected: IC 6-1.1; IC 6-3; IC 6-5.5; noncode.

Synopsis: Neighborhood assessment factor. Directs the department of local government finance to amend its Real Property Assessment Guidelines to prevent the delineation of neighborhoods using different standards and to prevent assessment disparities between adjoining comparable residential real properties in adjoining neighborhoods. Provides that references to the Internal Revenue Code in Indiana law refer to the federal law as in effect on January 1, 2004. Indicates that the law that requires certain bonus depreciation allowed for federal income tax purposes to be added back for state tax purposes applies to the special depreciation allowance for 50-percent bonus depreciation property. Requires that "Section 179 property" deductions in excess of \$25,000 per year that are allowed for federal income tax purposes be added back for state tax purposes. Authorizes a property tax refund for a religious institution with respect to a missed exemption in 2002. Authorizes a taxpayer to file an amended personal property tax return to claim certain exemptions for property taxes first due and payable in 2002. Grants a youth baseball and softball organization an additional period in which to file an application for a property tax exemption.

Effective: January 1, 2001 (retroactive); January 1, 2004 (retroactive); upon passage.

Mays, Orentlicher, Noe, Avery

January 13, 2004, read first time and referred to Committee on Ways and Means.
January 15, 2004, amended, reported — Do Pass.
January 20, 2004, read second time, amended, ordered engrossed.

C
o
p
y

HB 1055—LS 6685/DI 52+



Second Regular Session 113th General Assembly (2004)

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 2003 Regular Session of the General Assembly.

C
O
P
Y

HOUSE BILL No. 1055

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 6-1.1-31-6.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE UPON PASSAGE]: **Sec. 6.5. (a) This section applies**
4 **for assessments determined for assessment dates after December**
5 **31, 2004.**

6 **(b) The department of local government finance shall, for the**
7 **purposes described in subsection (c), amend in the department's**
8 **Real Property Assessment Guidelines for 2002, Version A, as in**
9 **effect on December 1, 2003, the manner in which a neighborhood**
10 **is defined and delineated for purposes of the assessment of**
11 **residential real property, including the application of a**
12 **neighborhood factor for the assessment of residential real property**
13 **improvements.**

14 **(c) The purposes of the amendment under subsection (b) are to:**
15 **(1) establish a method for the delineation of neighborhoods**
16 **that prevents the delineation of neighborhoods using different**
17 **standards; and**

HB 1055—LS 6685/DI 52+



1 (2) ensure that the neighborhood delineation does not result
2 in assessment disparities between adjoining residential real
3 properties that are:

4 (A) comparable with respect to factors used to determine
5 the assessment other than the neighborhood; and

6 (B) separated by the neighborhood boundary.

7 (d) Assessing officials shall use the neighborhood standards as
8 amended under subsection (b).

9 SECTION 2. IC 6-1.1-31-9, AS AMENDED BY P.L.90-2002,
10 SECTION 225, IS AMENDED TO READ AS FOLLOWS
11 [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Except as provided in
12 subsection (b) and section 6.5 of this chapter, the department of local
13 government finance may not adopt rules for the appraisal of real
14 property in a general reassessment after July 1 of the year before the
15 year in which the general reassessment is scheduled to begin.

16 (b) If rules for the appraisal of real property in a general
17 reassessment are timely adopted under subsection (a) and are then
18 disapproved by the attorney general for any reason under IC 4-22-2-32,
19 the department of local government finance may modify the rules to
20 cure the defect that resulted in disapproval by the attorney general, and
21 may then take all actions necessary under IC 4-22-2 to readopt and to
22 obtain approval of the rules. This process may be repeated as necessary
23 until the rules are approved.

24 SECTION 3. IC 6-3-1-3.5, AS AMENDED BY P.L.1-2004,
25 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
26 JANUARY 1, 2004 (RETROACTIVE)]: Sec. 3.5. When used in this
27 article, the term "adjusted gross income" shall mean the following:

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

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

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

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

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

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

C
o
p
y



- 1 (B) each additional amount allowable under Section 63(f) of
- 2 the Internal Revenue Code; and
- 3 (C) the spouse of the taxpayer if a separate return is made by
- 4 the taxpayer and if the spouse, for the calendar year in which
- 5 the taxable year of the taxpayer begins, has no gross income
- 6 and is not the dependent of another taxpayer.
- 7 (5) Subtract:
- 8 (A) one thousand five hundred dollars (\$1,500) for each of the
- 9 exemptions allowed under Section 151(c)(1)(B) of the Internal
- 10 Revenue Code for taxable years beginning after December 31,
- 11 1996; and
- 12 (B) five hundred dollars (\$500) for each additional amount
- 13 allowable under Section 63(f)(1) of the Internal Revenue Code
- 14 if the adjusted gross income of the taxpayer, or the taxpayer
- 15 and the taxpayer's spouse in the case of a joint return, is less
- 16 than forty thousand dollars (\$40,000).
- 17 This amount is in addition to the amount subtracted under
- 18 subdivision (4).
- 19 (6) Subtract an amount equal to the lesser of:
- 20 (A) that part of the individual's adjusted gross income (as
- 21 defined in Section 62 of the Internal Revenue Code) for that
- 22 taxable year that is subject to a tax that is imposed by a
- 23 political subdivision of another state and that is imposed on or
- 24 measured by income; or
- 25 (B) two thousand dollars (\$2,000).
- 26 (7) Add an amount equal to the total capital gain portion of a
- 27 lump sum distribution (as defined in Section 402(e)(4)(D) of the
- 28 Internal Revenue Code) if the lump sum distribution is received
- 29 by the individual during the taxable year and if the capital gain
- 30 portion of the distribution is taxed in the manner provided in
- 31 Section 402 of the Internal Revenue Code.
- 32 (8) Subtract any amounts included in federal adjusted gross
- 33 income under Section 111 of the Internal Revenue Code as a
- 34 recovery of items previously deducted as an itemized deduction
- 35 from adjusted gross income.
- 36 (9) Subtract any amounts included in federal adjusted gross
- 37 income under the Internal Revenue Code which amounts were
- 38 received by the individual as supplemental railroad retirement
- 39 annuities under 45 U.S.C. 231 and which are not deductible under
- 40 subdivision (1).
- 41 (10) Add an amount equal to the deduction allowed under Section
- 42 221 of the Internal Revenue Code for married couples filing joint

COPY



- 1 returns if the taxable year began before January 1, 1987.
- 2 (11) Add an amount equal to the interest excluded from federal
- 3 gross income by the individual for the taxable year under Section
- 4 128 of the Internal Revenue Code if the taxable year began before
- 5 January 1, 1985.
- 6 (12) Subtract an amount equal to the amount of federal Social
- 7 Security and Railroad Retirement benefits included in a taxpayer's
- 8 federal gross income by Section 86 of the Internal Revenue Code.
- 9 (13) In the case of a nonresident taxpayer or a resident taxpayer
- 10 residing in Indiana for a period of less than the taxpayer's entire
- 11 taxable year, the total amount of the deductions allowed pursuant
- 12 to subdivisions (3), (4), (5), and (6) shall be reduced to an amount
- 13 which bears the same ratio to the total as the taxpayer's income
- 14 taxable in Indiana bears to the taxpayer's total income.
- 15 (14) In the case of an individual who is a recipient of assistance
- 16 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
- 17 subtract an amount equal to that portion of the individual's
- 18 adjusted gross income with respect to which the individual is not
- 19 allowed under federal law to retain an amount to pay state and
- 20 local income taxes.
- 21 (15) In the case of an eligible individual, subtract the amount of
- 22 a Holocaust victim's settlement payment included in the
- 23 individual's federal adjusted gross income.
- 24 (16) For taxable years beginning after December 31, 1999,
- 25 subtract an amount equal to the portion of any premiums paid
- 26 during the taxable year by the taxpayer for a qualified long term
- 27 care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the
- 28 taxpayer's spouse, or both.
- 29 (17) Subtract an amount equal to the lesser of:
- 30 (A) for a taxable year:
- 31 (i) including any part of 2004, the amount determined under
- 32 subsection (f); and
- 33 (ii) beginning after December 31, 2004, two thousand five
- 34 hundred dollars (\$2,500); or
- 35 (B) the amount of property taxes that are paid during the
- 36 taxable year in Indiana by the individual on the individual's
- 37 principal place of residence.
- 38 (18) Subtract an amount equal to the amount of a September 11
- 39 terrorist attack settlement payment included in the individual's
- 40 federal adjusted gross income.
- 41 (19) Add or subtract the amount necessary to make the adjusted
- 42 gross income of any taxpayer that owns property for which bonus

COPY



1 depreciation was allowed in the current taxable year or in an
 2 earlier taxable year equal to the amount of adjusted gross income
 3 that would have been computed had an election not been made
 4 under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue
 5 Code to apply bonus depreciation to the property in the year that
 6 it was placed in service.

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

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

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

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

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

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

32 (5) Add or subtract the amount necessary to make the adjusted
 33 gross income of any taxpayer that owns property for which bonus
 34 depreciation was allowed in the current taxable year or in an
 35 earlier taxable year equal to the amount of adjusted gross income
 36 that would have been computed had an election not been made
 37 under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue
 38 Code to apply bonus depreciation to the property in the year that
 39 it was placed in service.

40 **(6) Add or subtract the amount necessary to make the**
 41 **adjusted gross income of any taxpayer that placed Section 179**
 42 **property (as defined in Section 179 of the Internal Revenue**

C
o
p
y



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

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

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

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.
- (4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.
- (5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

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

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the

**C
O
P
Y**



1 same as "taxable income" (as defined in Section 832 of the Internal
2 Revenue Code), adjusted as follows:

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

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

7 (3) Add an amount equal to a deduction allowed or allowable
8 under Section 805 or Section 831(c) of the Internal Revenue Code
9 for taxes based on or measured by income and levied at the state
10 level by any state.

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

14 (5) Add or subtract the amount necessary to make the adjusted
15 gross income of any taxpayer that owns property for which bonus
16 depreciation was allowed in the current taxable year or in an
17 earlier taxable year equal to the amount of adjusted gross income
18 that would have been computed had an election not been made
19 under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue
20 Code to apply bonus depreciation to the property in the year that
21 it was placed in service.

22 **(6) Add or subtract the amount necessary to make the**
23 **adjusted gross income of any taxpayer that placed Section 179**
24 **property (as defined in Section 179 of the Internal Revenue**
25 **Code) in service in the current taxable year or in an earlier**
26 **taxable year equal to the amount of adjusted gross income**
27 **that would have been computed had an election for federal**
28 **income tax purposes not been made for the year in which the**
29 **property was placed in service to take deductions under**
30 **Section 179 of the Internal Revenue Code in an aggregate**
31 **amount exceeding twenty-five thousand dollars (\$25,000).**

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

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

37 (2) Subtract an amount equal to the amount of a September 11
38 terrorist attack settlement payment included in the federal
39 adjusted gross income of the estate of a victim of the September
40 11 terrorist attack or a trust to the extent the trust benefits a victim
41 of the September 11 terrorist attack.

42 (3) Add or subtract the amount necessary to make the adjusted

C
o
p
y



1 gross income of any taxpayer that owns property for which bonus
2 depreciation was allowed in the current taxable year or in an
3 earlier taxable year equal to the amount of adjusted gross income
4 that would have been computed had an election not been made
5 under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue
6 Code to apply bonus depreciation to the property in the year that
7 it was placed in service.

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

18 (f) This subsection applies only to the extent that an individual paid
19 property taxes in 2004 that were imposed for the March 1, 2002,
20 assessment date or the January 15, 2003, assessment date. The
21 maximum amount of the deduction under subsection (a)(17) is equal
22 to the amount determined under STEP FIVE of the following formula:

23 STEP ONE: Determine the amount of property taxes that the
24 taxpayer paid after December 31, 2003, in the taxable year for
25 property taxes imposed for the March 1, 2002, assessment date
26 and the January 15, 2003, assessment date.

27 STEP TWO: Determine the amount of property taxes that the
28 taxpayer paid in the taxable year for the March 1, 2003,
29 assessment date and the January 15, 2004, assessment date.

30 STEP THREE: Determine the result of the STEP ONE amount
31 divided by the STEP TWO amount.

32 STEP FOUR: Multiply the STEP THREE amount by two
33 thousand five hundred dollars (\$2,500).

34 STEP FIVE: Determine the sum of the STEP THREE amount and
35 two thousand five hundred dollars (\$2,500).

36 SECTION 4. IC 6-3-1-11, AS AMENDED BY P.L.105-2003,
37 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
38 JANUARY 1, 2004 (RETROACTIVE)]: Sec. 11. (a) The term "Internal
39 Revenue Code" means the Internal Revenue Code of 1986 of the
40 United States as amended and in effect on January 1, ~~2003~~ **2004**.

41 (b) Whenever the Internal Revenue Code is mentioned in this
42 article, the particular provisions that are referred to, together with all

C
o
p
y



1 the other provisions of the Internal Revenue Code in effect on January
2 1, ~~2003~~; **2004**, that pertain to the provisions specifically mentioned,
3 shall be regarded as incorporated in this article by reference and have
4 the same force and effect as though fully set forth in this article. To the
5 extent the provisions apply to this article, regulations adopted under
6 Section 7805(a) of the Internal Revenue Code and in effect on January
7 1, ~~2003~~; **2004**, shall be regarded as rules adopted by the department
8 under this article, unless the department adopts specific rules that
9 supersede the regulation.

10 (c) An amendment to the Internal Revenue Code made by an act
11 passed by Congress before January 1, ~~2003~~; **2004**, that is effective for
12 any taxable year that began before January 1, ~~2003~~; **2004**, and that
13 affects:

- 14 (1) individual adjusted gross income (as defined in Section 62 of
- 15 the Internal Revenue Code);
- 16 (2) corporate taxable income (as defined in Section 63 of the
- 17 Internal Revenue Code);
- 18 (3) trust and estate taxable income (as defined in Section 641(b)
- 19 of the Internal Revenue Code);
- 20 (4) life insurance company taxable income (as defined in Section
- 21 801(b) of the Internal Revenue Code);
- 22 (5) mutual insurance company taxable income (as defined in
- 23 Section 821(b) of the Internal Revenue Code); or
- 24 (6) taxable income (as defined in Section 832 of the Internal
- 25 Revenue Code);

26 is also effective for that same taxable year for purposes of determining
27 adjusted gross income under section 3.5 of this chapter.

28 SECTION 5. IC 6-3-1-33, AS ADDED BY P.L.105-2003,
29 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
30 JANUARY 1, 2004 (RETROACTIVE)]: Sec. 33. As used in this
31 article, "bonus depreciation" means an amount equal to that part of any
32 depreciation allowance allowed in computing the taxpayer's federal
33 adjusted gross income or federal taxable income that is attributable to
34 the additional first-year special depreciation allowance (bonus
35 depreciation) for qualified property allowed under Section 168(k) of
36 the Internal Revenue Code, **including the special depreciation**
37 **allowance for 50-percent bonus depreciation property.**

38 SECTION 6. IC 6-5.5-1-2, AS AMENDED BY P.L.105-2003,
39 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40 JANUARY 1, 2004 (RETROACTIVE)]: Sec. 2. (a) Except as provided
41 in subsections (b) through (d), "adjusted gross income" means taxable
42 income as defined in Section 63 of the Internal Revenue Code, adjusted

C
o
p
y



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

as follows:

(1) Add the following amounts:

(A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.

(B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States.

(D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(G) Add the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(H) Add the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions

C
o
p
y



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).

- (2) Subtract the following amounts:
 - (A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.
 - (B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.
 - (C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.
 - (D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.
 - (E) ~~Subtract~~ The amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation.
 - (F) The amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income multiplied by the quotient of:

- (1) the aggregate of the gross payments collected by the company

C
o
p
y



1 during the taxable year from old and new business upon
 2 investment contracts issued by the company and held by residents
 3 of Indiana; divided by
 4 (2) the total amount of gross payments collected during the
 5 taxable year by the company from the business upon investment
 6 contracts issued by the company and held by persons residing
 7 within Indiana and elsewhere.

8 (d) As used in subsection (c), "investment company" means a
 9 person, copartnership, association, limited liability company, or
 10 corporation, whether domestic or foreign, that:

11 (1) is registered under the Investment Company Act of 1940 (15
 12 U.S.C. 80a-1 et seq.); and

13 (2) solicits or receives a payment to be made to itself and issues
 14 in exchange for the payment:

- 15 (A) a so-called bond;
- 16 (B) a share;
- 17 (C) a coupon;
- 18 (D) a certificate of membership;
- 19 (E) an agreement;
- 20 (F) a pretended agreement; or
- 21 (G) other evidences of obligation;

22 entitling the holder to anything of value at some future date, if the
 23 gross payments received by the company during the taxable year
 24 on outstanding investment contracts, plus interest and dividends
 25 earned on those contracts (by prorating the interest and dividends
 26 earned on investment contracts by the same proportion that
 27 certificate reserves (as defined by the Investment Company Act
 28 of 1940) is to the company's total assets) is at least fifty percent
 29 (50%) of the company's gross payments upon investment
 30 contracts plus gross income from all other sources except
 31 dividends from subsidiaries for the taxable year. The term
 32 "investment contract" means an instrument listed in clauses (A)
 33 through (G).

34 SECTION 7. IC 6-5.5-1-20, AS ADDED BY P.L.105-2003,
 35 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JANUARY 1, 2004 (RETROACTIVE)]: Sec. 20. As used in this
 37 article, "bonus depreciation" means an amount equal to that part of any
 38 depreciation allowance allowed in computing the taxpayer's federal
 39 taxable income that is attributable to the additional first-year special
 40 depreciation allowance (bonus depreciation) for qualified property
 41 allowed under Section 168(k) of the Internal Revenue Code, **including**
 42 **the special depreciation allowance for 50-percent bonus**

C
o
p
y



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

depreciation property.

SECTION 8. [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]
 IC 6-3-1-3.5, IC 6-3-1-11, and IC 6-5.5-1-2, all as amended by this
 act, apply only to taxable years beginning after December 31, 2003.

SECTION 9. [EFFECTIVE UPON PASSAGE] (a) A religious
 institution may file an application under IC 6-1.1-11 before May
 11, 2004, for exemption of one (1) or more parcels of real property
 for property taxes first due and payable in 2002 if:

- (1) the religious institution did not file an application under
 IC 6-1.1-11 for exemption of the real property with respect to
 property taxes first due and payable in 2002;
- (2) the religious institution acquired the real property in 1999;
 and
- (3) the real property was exempt from property taxes for
 property taxes first due and payable in 2001.

(b) If a religious institution files an exemption application under
 subsection (a):

- (1) the exemption application is subject to review and action
 by:
 - (A) the county property tax assessment board of appeals;
 and
 - (B) the department of local government finance; and
- (2) the exemption determination made under subdivision (1)
 is subject to appeal;

in the same manner that would have applied if an application for
 exemption had been timely filed in 2001.

(c) If an exemption application filed under subsection (a) is
 approved, the religious institution may file a claim under
 IC 6-1.1-26-1 with the county auditor for a refund for the payment
 of property taxes first due and payable in 2002 with respect to the
 exempt property.

(d) Upon receiving a claim for a refund filed under subsection
 (c), the county auditor shall determine whether the claim is correct.
 If the county auditor determines that the claim is correct, the
 auditor shall, without an appropriation being required, issue a
 warrant to the claimant payable from the county general fund for
 the amount of the refund due the claimant. No interest is payable
 on the refund.

(e) This SECTION expires January 1, 2005.

SECTION 10. [EFFECTIVE JANUARY 1, 2001
 (RETROACTIVE)] (a) This SECTION applies notwithstanding the
 following:

C
O
P
Y



- 1 **IC 6-1.1-3-7.5**
- 2 **IC 6-1.1-10-10**
- 3 **IC 6-1.1-10-13**
- 4 **IC 6-1.1-10-31.1**
- 5 **IC 6-1.1-11**
- 6 **IC 6-1.1-12.1-5.4**
- 7 **50 IAC 4.2-11**
- 8 **50 IAC 4.2-12-1**
- 9 **50 IAC 10-3**
- 10 **50 IAC 16.**

11 **(b) As used in this SECTION, "taxpayer" means a taxpayer in**
 12 **a county containing a consolidated city that filed:**

- 13 **(1) an original personal property tax return under IC 6-1.1-3**
 14 **for the March 1, 2001, assessment date using a consolidated**
 15 **return, Form 103-C; and**
- 16 **(2) before March 1, 2003, a Form 133 petition for correction**
 17 **of an error with respect to the assessed value of the taxpayer's**
 18 **personal property on the March 1, 2001, assessment date.**

19 **(c) Before January 1, 2005, a taxpayer may file an amended**
 20 **personal property tax return for the March 1, 2001, assessment**
 21 **date.**

22 **(d) A taxpayer that files an amended personal property tax**
 23 **return under subsection (c) is entitled to the following exemptions**
 24 **for the March 1, 2001, assessment date:**

- 25 **(1) An exemption for an industrial waste control facility under**
 26 **IC 6-1.1-10-9.**
- 27 **(2) An exemption for an industrial air purification system**
 28 **under IC 6-1.1-10-12.**
- 29 **(3) An exemption for tangible personal property under**
 30 **IC 6-1.1-10-29, as in effect on March 1, 2001.**
- 31 **(4) An exemption for tangible personal property under**
 32 **IC 6-1.1-10-29.3.**
- 33 **(5) An exemption for tangible personal property under**
 34 **IC 6-1.1-10-30.**

35 **(e) The amount of an exemption described in subsection (d)(1)**
 36 **or (d)(2) is based on the total cost of the industrial waste control**
 37 **facility or industrial air purification system reported by the**
 38 **taxpayer on a Form 103-P that must be filed with the amended**
 39 **personal property tax return filed under subsection (c).**

40 **(f) The total amount of the exemptions described in subsection**
 41 **(d)(3) through (d)(5) is:**

- 42 **(1) the total cost of the taxpayer's finished goods reported on**

C
O
P
Y



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

Schedule B, line 3 of the taxpayer's amended personal property tax return filed under subsection (c); multiplied by (2) the ratio reported by the taxpayer on the Form 103-W filed with the taxpayer's amended personal property tax return.

(g) Before January 1, 2005, a taxpayer may file with the county auditor an application for a deduction from assessed valuation for new manufacturing equipment in an economic revitalization area for the March 1, 2001, assessment date. The taxpayer shall include all necessary attachments to the deduction application.

(h) If a taxpayer files an amended personal property tax return under subsection (c) and a deduction application described in subsection (g), the taxpayer is entitled to a credit in the amount of the taxes paid by the taxpayer on the remainder of:

- (1) the assessed value reported on the taxpayer's original personal property tax return for the March 1, 2001, assessment date; minus
- (2) the assessed value reported on the taxpayer's amended personal property tax return for the March 1, 2001, assessment date filed under subsection (c); minus
- (3) the amount of the deduction from assessed valuation claimed by the taxpayer on an application filed under subsection (g).

(i) The county auditor shall reduce the amount of the credit to which a taxpayer is entitled under subsection (h) by the amount of any property tax refunds paid:

- (1) to the taxpayer for personal property taxes based on the March 1, 2001, assessment date; and
- (2) before the date the taxpayer files an amended personal property tax return under subsection (c).

(j) Notwithstanding IC 6-1.1-26, the county auditor shall apply a credit allowed under this SECTION against the taxpayer's property tax liability for property taxes first due and payable in 2004 and in each year thereafter until the credit is exhausted. However, the county auditor may refund the remaining credit amount at any time before the credit is exhausted.

(k) A taxpayer is not required to file a separate application for the credit allowed under subsection (h).

(l) This SECTION expires January 1, 2007.

SECTION 11. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) As used in this SECTION, "taxpayer" means a nonprofit

C
o
p
y



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

corporation that is an owner of land and improvements:

(1) that were owned, occupied, and used by the taxpayer to provide youths with the opportunity to play supervised and organized baseball or softball, or both, against other youths during the period preceding the assessment date in 2002 and continuing through the date that this SECTION is effective;

(2) for which a property tax liability exceeding twenty thousand dollars (\$20,000) was imposed for property taxes first due and payable in 2003;

(3) that would have qualified for an exemption under IC 6-1.1-10 from property taxes first due and payable in 2003 if the owner had complied with the filing requirements for the exemption in a timely manner; and

(4) that have been granted an exemption under IC 6-1.1-10 from property taxes first due and payable in 2004.

(c) The land and improvements described in subsection (b) are exempt under IC 6-1.1-10-16 from property taxes first due and payable in 2003, notwithstanding that the taxpayer failed to make a timely application for the exemption on or before May 15, 2002.

(d) The taxpayer may file a claim with the county auditor for a refund for the amount paid toward property taxes on the land and improvements described in subsection (b) that were billed to the taxpayer for property taxes first due and payable in 2003. The claim must be filed as set forth in IC 6-1.1-26-1. The claim must present sufficient facts for the county auditor to determine whether the claimant is a person that meets the qualifications described in subsection (b) and the amount that should be refunded to the taxpayer.

(e) Upon receiving a claim filed under this SECTION, the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the county auditor shall submit the claim under IC 6-1.1-26-3 to the county board of commissioners for review. The only grounds for disallowing the claim under IC 6-1.1-26-4 are that the claimant is not a person that meets the qualifications described in subsection (b) or that the amount claimed is not the amount due to the taxpayer. If the claim is allowed, the county auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount due the claimant under this SECTION. The amount of the refund must equal the amount of the claim allowed. Notwithstanding IC 6-1.1-26-5, no interest is payable on the refund.

C
o
p
y



1 **(f) This SECTION expires December 31, 2006.**
2 **SECTION 12. An emergency is declared for this act.**

**C
o
p
y**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1055, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, after line 23, begin a new paragraph and insert:

"SECTION 3. IC 6-3-1-3.5, AS AMENDED BY P.L.1-2004, SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

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

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.
- (3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).
- (4) Subtract one thousand dollars (\$1,000) for:
 - (A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;
 - (B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and
 - (C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.
- (5) Subtract:
 - (A) one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996; and
 - (B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under

C
O
P
Y



subdivision (4).

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

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

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

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

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

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

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's

C
o
p
y



adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

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

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

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

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

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

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

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

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

(b) In the case of corporations, the same as "taxable income" (as

C
O
P
Y



defined in Section 63 of the Internal Revenue Code) adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.
- (4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.
- (5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.
- (6) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

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

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code

C
O
P
Y



for taxes based on or measured by income and levied at the state level by any state.

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

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

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

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

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

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

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

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

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income

C
O
P
Y



that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

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

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

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

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

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

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

C
O
P
Y



(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP THREE amount and two thousand five hundred dollars (\$2,500).

SECTION 4. IC 6-3-1-11, AS AMENDED BY P.L.105-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, ~~2003~~ **2004**.

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, ~~2003~~ **2004**, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, ~~2003~~ **2004**, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, ~~2003~~ **2004**, that is effective for any taxable year that began before January 1, ~~2003~~ **2004**, and that affects:

- (1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);
- (2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);

C
O
P
Y



- (3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);
- (4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);
- (5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or
- (6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under section 3.5 of this chapter.

SECTION 5. IC 6-3-1-33, AS ADDED BY P.L.105-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 33. As used in this article, "bonus depreciation" means an amount equal to that part of any depreciation allowance allowed in computing the taxpayer's federal adjusted gross income or federal taxable income that is attributable to the additional first-year special depreciation allowance (bonus depreciation) for qualified property allowed under Section 168(k) of the Internal Revenue Code, **including the special depreciation allowance for 50-percent bonus depreciation property.**

SECTION 6. IC 6-5.5-1-2, AS AMENDED BY P.L.105-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

- (1) Add the following amounts:
 - (A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.
 - (B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.
 - (C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States.
 - (D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

C
o
p
y



(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(G) Add the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

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

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

(E) ~~Subtract~~ The amount necessary to make the adjusted gross

C
O
P
Y



income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation.

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

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income multiplied by the quotient of:

- (1) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of Indiana; divided by
- (2) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

- (1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and
- (2) solicits or receives a payment to be made to itself and issues in exchange for the payment:
 - (A) a so-called bond;
 - (B) a share;
 - (C) a coupon;

**C
O
P
Y**



- (D) a certificate of membership;
- (E) an agreement;
- (F) a pretended agreement; or
- (G) other evidences of obligation;

entitling the holder to anything of value at some future date, if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 7. IC 6-5.5-1-20, AS ADDED BY P.L.105-2003, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 20. As used in this article, "bonus depreciation" means an amount equal to that part of any depreciation allowance allowed in computing the taxpayer's federal taxable income that is attributable to the additional first-year special depreciation allowance (bonus depreciation) for qualified property allowed under Section 168(k) of the Internal Revenue Code, **including the special depreciation allowance for 50-percent bonus depreciation property.**

SECTION 8. [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)] **IC 6-3-1-3.5, IC 6-3-1-11, and IC 6-5.5-1-2, all as amended by this act, apply only to taxable years beginning after December 31, 2003.**

SECTION 9. [EFFECTIVE UPON PASSAGE] (a) **A religious institution may file an application under IC 6-1.1-11 before May 11, 2004, for exemption of one (1) or more parcels of real property for property taxes first due and payable in 2002 if:**

- (1) **the religious institution did not file an application under IC 6-1.1-11 for exemption of the real property with respect to property taxes first due and payable in 2002;**
- (2) **the religious institution acquired the real property in 1999; and**
- (3) **the real property was exempt from property taxes for property taxes first due and payable in 2001.**

(b) **If a religious institution files an exemption application under subsection (a):**

C
O
P
Y



(1) the exemption application is subject to review and action by:

(A) the county property tax assessment board of appeals; and

(B) the department of local government finance; and

(2) the exemption determination made under subdivision (1) is subject to appeal;

in the same manner that would have applied if an application for exemption had been timely filed in 2001.

(c) If an exemption application filed under subsection (a) is approved, the religious institution may file a claim under IC 6-1.1-26-1 with the county auditor for a refund for the payment of property taxes first due and payable in 2002 with respect to the exempt property.

(d) Upon receiving a claim for a refund filed under subsection (c), the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount of the refund due the claimant. No interest is payable on the refund.

(e) This SECTION expires January 1, 2005.

SECTION 10. [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)] (a) This SECTION applies notwithstanding the following:

- IC 6-1.1-3-7.5**
- IC 6-1.1-10-10**
- IC 6-1.1-10-13**
- IC 6-1.1-10-31.1**
- IC 6-1.1-11**
- IC 6-1.1-12.1-5.4**
- 50 IAC 4.2-11**
- 50 IAC 4.2-12-1**
- 50 IAC 10-3**
- 50 IAC 16.**

(b) As used in this SECTION, "taxpayer" means a taxpayer in a county containing a consolidated city that filed:

- (1) an original personal property tax return under IC 6-1.1-3 for the March 1, 2001, assessment date using a consolidated return, Form 103-C; and**
- (2) before March 1, 2003, a Form 133 petition for correction of an error with respect to the assessed value of the taxpayer's**

**C
O
P
Y**



personal property on the March 1, 2001, assessment date.

(c) Before January 1, 2005, a taxpayer may file an amended personal property tax return for the March 1, 2001, assessment date.

(d) A taxpayer that files an amended personal property tax return under subsection (c) is entitled to the following exemptions for the March 1, 2001, assessment date:

- (1) An exemption for an industrial waste control facility under IC 6-1.1-10-9.
- (2) An exemption for an industrial air purification system under IC 6-1.1-10-12.
- (3) An exemption for tangible personal property under IC 6-1.1-10-29, as in effect on March 1, 2001.
- (4) An exemption for tangible personal property under IC 6-1.1-10-29.3.
- (5) An exemption for tangible personal property under IC 6-1.1-10-30.

(e) The amount of an exemption described in subsection (d)(1) or (d)(2) is based on the total cost of the industrial waste control facility or industrial air purification system reported by the taxpayer on a Form 103-P that must be filed with the amended personal property tax return filed under subsection (c).

(f) The total amount of the exemptions described in subsection (d)(3) through (d)(5) is:

- (1) the total cost of the taxpayer's finished goods reported on Schedule B, line 3 of the taxpayer's amended personal property tax return filed under subsection (c); multiplied by
- (2) the ratio reported by the taxpayer on the Form 103-W filed with the taxpayer's amended personal property tax return.

(g) Before January 1, 2005, a taxpayer may file with the county auditor an application for a deduction from assessed valuation for new manufacturing equipment in an economic revitalization area for the March 1, 2001, assessment date. The taxpayer shall include all necessary attachments to the deduction application.

(h) If a taxpayer files an amended personal property tax return under subsection (c) and a deduction application described in subsection (g), the taxpayer is entitled to a credit in the amount of the taxes paid by the taxpayer on the remainder of:

- (1) the assessed value reported on the taxpayer's original personal property tax return for the March 1, 2001, assessment date; minus

**C
O
P
Y**



- (2) the assessed value reported on the taxpayer's amended personal property tax return for the March 1, 2001, assessment date filed under subsection (c); minus
- (3) the amount of the deduction from assessed valuation claimed by the taxpayer on an application filed under subsection (g).

(i) The county auditor shall reduce the amount of the credit to which a taxpayer is entitled under subsection (h) by the amount of any property tax refunds paid:

- (1) to the taxpayer for personal property taxes based on the March 1, 2001, assessment date; and
- (2) before the date the taxpayer files an amended personal property tax return under subsection (c).

(j) Notwithstanding IC 6-1.1-26, the county auditor shall apply a credit allowed under this SECTION against the taxpayer's property tax liability for property taxes first due and payable in 2004 and in each year thereafter until the credit is exhausted. However, the county auditor may refund the remaining credit amount at any time before the credit is exhausted.

(k) A taxpayer is not required to file a separate application for the credit allowed under subsection (h).

(l) This SECTION expires January 1, 2007.

SECTION 11. An emergency is declared for this act."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1055 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 28, nays 0.

C
O
P
Y



HOUSE MOTION

Mr. Speaker: I move that House Bill 1055 be amended to read as follows:

Page 15, between lines 38 and 39, begin a new paragraph and insert: "SECTION 11. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) As used in this SECTION, "taxpayer" means a nonprofit corporation that is an owner of land and improvements:

- (1) that were owned, occupied, and used by the taxpayer to provide youths with the opportunity to play supervised and organized baseball or softball, or both, against other youths during the period preceding the assessment date in 2002 and continuing through the date that this SECTION is effective;
- (2) for which a property tax liability exceeding twenty thousand dollars (\$20,000) was imposed for property taxes first due and payable in 2003;
- (3) that would have qualified for an exemption under IC 6-1.1-10 from property taxes first due and payable in 2003 if the owner had complied with the filing requirements for the exemption in a timely manner; and
- (4) that have been granted an exemption under IC 6-1.1-10 from property taxes first due and payable in 2004.

(c) The land and improvements described in subsection (b) are exempt under IC 6-1.1-10-16 from property taxes first due and payable in 2003, notwithstanding that the taxpayer failed to make a timely application for the exemption on or before May 15, 2002.

(d) The taxpayer may file a claim with the county auditor for a refund for the amount paid toward property taxes on the land and improvements described in subsection (b) that were billed to the taxpayer for property taxes first due and payable in 2003. The claim must be filed as set forth in IC 6-1.1-26-1. The claim must present sufficient facts for the county auditor to determine whether the claimant is a person that meets the qualifications described in subsection (b) and the amount that should be refunded to the taxpayer.

(e) Upon receiving a claim filed under this SECTION, the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the county auditor shall submit the claim under IC 6-1.1-26-3 to the county board of commissioners for review. The only grounds for disallowing the claim under IC 6-1.1-26-4 are that the claimant is not a person that meets the qualifications described in subsection

COPY



(b) or that the amount claimed is not the amount due to the taxpayer. If the claim is allowed, the county auditor shall , without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount due the claimant under this SECTION. The amount of the refund must equal the amount of the claim allowed. Notwithstanding IC 6-1.1-26-5, no interest is payable on the refund.

(f) This SECTION expires December 31, 2006."

Renumber all SECTIONS consecutively.

(Reference is to HB 1055 as printed January 16, 2004.)

MURPHY

**C
o
p
y**

