

**CONFERENCE COMMITTEE REPORT
DIGEST FOR EHB 1365**

Citations Affected: IC 4-32-9-33; IC 6-2.5; IC 6-3-2-2.5; IC 6-3-2-2.6; IC 6-3.1-13-7; IC 6-3.1-13-21; IC 6-3.1-26-26; IC 6-4.1-1-3; IC 6-2.5-4-5; IC 6-3-2-1; IC 6-3-2-1.5; IC 6-3.1-11.6; IC 36-7-32-11; IC 32-24-1-4; IC 32-34-1-28; IC 32-34-1-28.5; IC 6-3.1-19-3; IC 6-3.1-19-5; IC 36-7-13; IC 6-8.1-3-16; IC 34-30-2-16.7; IC 4-4-5.2; IC 36-1-8-5.1; IC 36-4-1-1; IC 36-9-41; IC 6-1.1-4-40; IC 6-2.5-5-15; IC 9-18-9-4.

Synopsis: State and local administration. Makes the following changes to the sales and use tax: (1) Grants a credit against Indiana use tax for sales tax paid in another state for a vehicle, a watercraft, or an aircraft. (2) Makes the furnishing of satellite television service, cable radio service, and satellite radio service a retail transaction. (3) Indicates that a deduction for sales tax paid on a purchase price that becomes uncollectible is assignable only if the retail merchant that paid the tax assigned the right to the deduction in writing. (4) Requires certain out-of-state entities to collect sales tax in Indiana. (5) Provides that gross retail income does not include receipts attributable to installation charges if those charges are separately stated on the invoice. Revises the manner in which net operating losses are computed. Makes the research expense credit permanent (instead of expiring at the end of 2013). Repeals the sales tax credit for sales of motor vehicles, trailers, watercraft, and aircraft that are sold in Indiana and titled or registered in another state. Repeals the registration fee for a converter dolly. Repeals the sales tax on complimentary hotel rooms. Makes various changes concerning taxation, economic development, state and local administration, and charity gaming. **(This conference committee report does the following: (1) Restores a provision deleted in the senate that limited the classification of adopted children as Class A transferees for the purposes of the inheritance tax. (2) Adds SB 215 concerning prize limits for charity gaming. (3) Adds SB 272 concerning military bases and economic development (senate passed version plus the certified technology park amendment passed in Ways and Means). (4) Adds SB 201 concerning eminent domain filings. (5) Adds SB 252 concerning unclaimed property resulting from the demutualization of an insurance company. (6) Adds provisions from SB 180 concerning community revitalization enhancement districts. (7) Adds SB 425 concerning early retirees from Muscatatuck. (8) Adds provisions concerning the EDGE credit and certain pass through**

entities. (9) Authorizes the department of revenue to publish on the Internet a list of taxpayers that are subject to tax warrants issued at least 24 months before the date of the publication of the list. (10) Sunsets the authority to publish the list after June 30, 2006. (11) Removes the repeal of the annual fee to renew a permanent registration of a semitrailer. (12) Provides that delivery charges are taxable by removing them from the bill's exclusion from gross retail income. (13) Extends the Hoosier business investment tax credit by two years. (14) Establishes the interim study committee on corporate taxation to study the utilization of passive investment corporations by companies doing business in Indiana. (15) Adds provisions from SB 211 concerning a twenty-first century fund grant office. (16) Adds the senate passed version of SB 47 creating the emerging technology grant fund to be administered by the twenty-first century research and technology fund board. (17) Adds SB 151 concerning local rainy day funds. (18) Adds SB 149 concerning borrowing for local public works. (19) Adds provisions from SB 281 concerning property tax abatement but limits the application to a particular locality. (20) Adds SB 274 concerning an optional property tax abatement fee. (21) Removes provisions concerning farmland preservation. (22) Adds a provision concerning the assessment of Section 42 low income housing.)

Effective: Upon passage; January 1, 2004 (retroactive); March 1, 2004 (retroactive); April 1, 2004; July 1, 2004; January 1, 2005.

Adopted Rejected

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed Senate Amendments to Engrossed House Bill No. 1365 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning state
- 3 and local administration and to make an appropriation.
- 4 Delete everything after the enacting clause and insert the following:
- 5 SECTION 1. IC 4-32-9-33 IS AMENDED TO READ AS FOLLOWS
- 6 [EFFECTIVE JULY 1, 2004]: Sec. 33. (a) The total prizes awarded for
- 7 one (1) pull tab, punchboard, or tip board game may not exceed ~~two~~
- 8 **five** thousand dollars ~~(\$2,000)~~. **(\$5,000)**.
- 9 (b) A single prize awarded for one (1) winning ticket in a pull tab,
- 10 punchboard, or tip board game may not exceed ~~three~~ **five** hundred
- 11 **ninety-nine** dollars ~~(\$300)~~. **(\$599)**.
- 12 (c) The selling price for one (1) ticket for a pull tab, punchboard, or
- 13 tip board game may not exceed one dollar (\$1).
- 14 SECTION 2. IC 6-2.5-1-5, AS AMENDED BY P.L.257-2003,
- 15 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 16 UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (b),
- 17 "gross retail income" means the total gross receipts, of any kind or

1 character, received in a retail transaction, including cash, credit,
 2 property, and services, for which tangible personal property is sold,
 3 leased, or rented, valued in money, whether received in money or
 4 otherwise, without any deduction for:

- 5 (1) the seller's cost of the property sold;
- 6 (2) the cost of materials used, labor or service cost, interest, losses,
 7 all costs of transportation to the seller, all taxes imposed on the
 8 seller, and any other expense of the seller;
- 9 (3) charges by the seller for any services necessary to complete the
 10 sale, other than delivery and installation charges;
- 11 (4) delivery charges; **or**
- 12 ~~(5) installation charges; or~~
- 13 ~~(6)~~ **(5)** the value of exempt personal property given to the
 14 purchaser where taxable and exempt personal property have been
 15 bundled together and sold by the seller as a single product or piece
 16 of merchandise.

17 **For purposes of subdivision (4), delivery charges are charges by**
 18 **the seller for preparation and delivery of the property to a location**
 19 **designated by the purchaser of property, including but not limited**
 20 **to transportation, shipping, postage, handling, crating, and**
 21 **packing.**

22 (b) "Gross retail income" does not include that part of the gross
 23 receipts attributable to:

- 24 (1) the value of any tangible personal property received in a like
 25 kind exchange in the retail transaction, if the value of the property
 26 given in exchange is separately stated on the invoice, bill of sale, or
 27 similar document given to the purchaser;
- 28 (2) the receipts received in a retail transaction which constitute
 29 interest, finance charges, or insurance premiums on either a
 30 promissory note or an installment sales contract;
- 31 (3) discounts, including cash, terms, or coupons that are not
 32 reimbursed by a third party that are allowed by a seller and taken by
 33 a purchaser on a sale;
- 34 (4) interest, financing, and carrying charges from credit extended
 35 on the sale of personal property if the amount is separately stated
 36 on the invoice, bill of sale, or similar document given to the
 37 purchaser; **or**
- 38 (5) any taxes legally imposed directly on the consumer that are
 39 separately stated on the invoice, bill of sale, or similar document
 40 given to the purchaser; **or**
- 41 **(6) installation charges that are separately stated on the**
 42 **invoice, bill of sale, or similar document given to the**
 43 **purchaser.**

44 (c) A public utility's or a power subsidiary's gross retail income
 45 includes all gross retail income received by the public utility or power
 46 subsidiary, including any minimum charge, flat charge, membership fee,
 47 or any other form of charge or billing.

48 SECTION 3. IC 6-2.5-3-1 IS AMENDED TO READ AS FOLLOWS
 49 [EFFECTIVE JULY 1, 2004]: Sec. 1. For purposes of this chapter:

1 (a) "Use" means the exercise of any right or power of ownership over
2 tangible personal property.

3 (b) "Storage" means the keeping or retention of tangible personal
4 property in Indiana for any purpose except the subsequent use of that
5 property solely outside Indiana.

6 (c) "A retail merchant engaged in business in Indiana" includes any
7 retail merchant who makes retail transactions in which a person
8 acquires personal property **or services** for use, storage, or
9 consumption in Indiana and who: ~~maintains:~~

10 (1) **maintains** an office, place of distribution, sales location,
11 sample location, warehouse, storage place, or other place of
12 business which is located in Indiana and which the retail merchant
13 maintains, occupies, or uses, either permanently or temporarily,
14 either directly or indirectly, and either by ~~himself~~ **the retail**
15 **merchant** or through ~~an~~ **a representative**, agent, or subsidiary;
16 ~~or~~

17 (2) **maintains** a representative, agent, salesman, canvasser, or
18 solicitor who, while operating in Indiana under the authority of and
19 on behalf of the retail merchant or a subsidiary of the retail
20 merchant, sells, delivers, **installs, repairs, assembles, sets up,**
21 **accepts returns of, bills, invoices,** or takes orders for sales of
22 tangible personal property **or services** to be used, stored, or
23 consumed in Indiana;

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

26 **(4) may be required by the state to collect tax under this**
27 **article to the extent allowed under the Constitution of the**
28 **United States and federal law.**

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

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

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

34 shall not be considered to be, or to create, an office, a place of
35 distribution, a sales location, a sample location, a warehouse, a storage
36 place, or other place of business maintained, occupied, or used in any
37 way by the person. A commercial printer with which a person has
38 contracted for printing shall not be considered to be in any way a
39 representative, an agent, a salesman, a canvasser, or a solicitor for the
40 person.

41 SECTION 4. IC 6-2.5-3-5 IS AMENDED TO READ AS FOLLOWS
42 [EFFECTIVE JULY 1, 2004]: Sec. 5. ~~(a)~~ A person is entitled to a credit
43 against the use tax imposed on the use, storage, or consumption of a
44 particular item of tangible personal property equal to the amount, if any,
45 of sales tax, purchase tax, or use tax paid to another state, territory, or
46 possession of the United States for the acquisition of that property.

47 ~~(b) The credit provided under subsection (a) does not apply to the use~~
48 ~~tax imposed on the use, storage, or consumption of vehicles,~~
49 ~~watercraft, or aircraft that are required to be titled, registered, or~~

1 ~~licensed by Indiana.~~

2 SECTION 5. IC 6-2.5-4-1, AS AMENDED BY P.L.257-2003,
3 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 UPON PASSAGE]: Sec. 1. (a) A person is a retail merchant making a
5 retail transaction when he engages in selling at retail.

6 (b) A person is engaged in selling at retail when, in the ordinary
7 course of his regularly conducted trade or business, he:

8 (1) acquires tangible personal property for the purpose of resale;
9 and

10 (2) transfers that property to another person for consideration.

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

13 (1) the property is transferred in the same form as when it was
14 acquired;

15 (2) the property is transferred alone or in conjunction with other
16 property or services; or

17 (3) the property is transferred conditionally or otherwise.

18 (d) Notwithstanding subsection (b), a person is not selling at retail if
19 he is making a wholesale sale as described in section 2 of this chapter.

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

22 (1) the price of the property transferred, without the rendition of
23 any service; and

24 (2) except as provided in subsection (g), any bona fide charges
25 which are made for preparation, fabrication, alteration,
26 modification, finishing, completion, delivery, or other service
27 performed in respect to the property transferred before its transfer
28 and which are separately stated on the transferor's records.

29 ~~For purposes of subdivision (2), charges for delivery are charges by the~~
30 ~~seller for preparation and delivery of the property to a location~~
31 ~~designated by the purchaser of property, including but not limited to~~
32 ~~transportation, shipping, postage, handling, crating, and packing. For~~
33 ~~purposes of this subsection, a transfer is considered to have~~
34 ~~occurred after delivery of the property to the purchaser.~~

35 (f) Notwithstanding subsection (e):

36 (1) in the case of retail sales of gasoline (as defined in
37 IC 6-6-1.1-103) and special fuel (as defined in IC 6-6-2.5-22), the
38 gross retail income received from selling at retail is the total sales
39 price of the gasoline or special fuel minus the part of that price
40 attributable to tax imposed under IC 6-6-1.1, IC 6-6-2.5, or Section
41 4041(a) or Section 4081 of the Internal Revenue Code; and

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

46 (g) Gross retail income does not include income that represents
47 charges for serving or delivering food and food ingredients furnished,
48 prepared, or served for consumption at a location, or on equipment,
49 provided by the retail merchant. However, the exclusion under this
50 subsection only applies if the charges for the serving or delivery are

1 stated separately from the price of the food and food ingredients when
2 the purchaser pays the charges.

3 SECTION 6. IC 6-2.5-4-11 IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: Sec. 11. (a) A
5 person is a retail merchant making a retail transaction when ~~he the~~
6 **person** furnishes ~~local~~ cable television **or radio** service or ~~intrastate~~
7 ~~cable satellite~~ television **or radio** service **that terminates in Indiana.**

8 (b) Notwithstanding subsection (a), a person is not a retail merchant
9 making a retail transaction when the person provides, installs,
10 constructs, services, or removes tangible personal property which is
11 used in connection with the furnishing of ~~local~~ cable television **or radio**
12 service or ~~intrastate cable satellite~~ **or radio** television service.

13 SECTION 7. IC 6-2.5-6-9, AS AMENDED BY P.L.257-2003,
14 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15 JULY 1, 2004]: Sec. 9. (a) In determining the amount of state gross
16 retail and use taxes which ~~he a retail merchant~~ must remit under
17 section 7 of this chapter, ~~a the~~ retail merchant shall, subject to
18 ~~subsection~~ **subsections (c) and (d)**, deduct from ~~his the retail~~
19 **merchant's** gross retail income from retail transactions made during a
20 particular reporting period, an amount equal to ~~his the retail~~
21 **merchant's** receivables which:

22 (1) resulted from retail transactions in which the retail merchant did
23 not collect the state gross retail or use tax from the purchaser;

24 (2) resulted from retail transactions on which the retail merchant
25 has previously paid the state gross retail or use tax liability to the
26 department; and

27 (3) were written off as an uncollectible debt for federal tax
28 purposes under Section 166 of the Internal Revenue Code during
29 the particular reporting period.

30 (b) If a retail merchant deducts a receivable under subsection (a) and
31 subsequently collects all or part of that receivable, then the retail
32 merchant shall, subject to subsection ~~(c)(6); (d)(6)~~, include the amount
33 collected as part of ~~his the retail merchant's~~ gross retail income from
34 retail transactions for the particular reporting period in which ~~he the~~
35 **retail merchant** makes the collection.

36 (c) **This subsection applies only to retail transactions occurring**
37 **after June 30, 2004. The right to a deduction under this section is**
38 **assignable only if the retail merchant that paid the state gross**
39 **retail or use tax liability assigned the right to the deduction in**
40 **writing.**

41 (d) The following provisions apply to a deduction for a receivable
42 treated as uncollectible debt under subsection (a):

43 (1) The deduction does not include interest.

44 (2) The amount of the deduction shall be determined in the manner
45 provided by Section 166 of the Internal Revenue Code for bad
46 debts but shall be adjusted to exclude:

47 (A) financing charges or interest;

48 (B) sales or use taxes charged on the purchase price;

49 (C) uncollectible amounts on property that remain in the

1 possession of the seller until the full purchase price is paid;
 2 (D) expenses incurred in attempting to collect any debt; and
 3 (E) repossessed property.

4 (3) The deduction shall be claimed on the return for the period
 5 during which the receivable is written off as uncollectible in the
 6 claimant's books and records and is eligible to be deducted for
 7 federal income tax purposes. For purposes of this subdivision, a
 8 claimant who is not required to file federal income tax returns may
 9 deduct an uncollectible receivable on a return filed for the period in
 10 which the receivable is written off as uncollectible in the claimant's
 11 books and records and would be eligible for a bad debt deduction
 12 for federal income tax purposes if the claimant were required to file
 13 a federal income tax return.

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

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

29 (6) For purposes of reporting a payment received on a previously
 30 claimed uncollectible receivable, any payments made on a debt or
 31 account shall be applied first proportionally to the taxable price of
 32 the property and the state gross retail tax or use tax thereon, and
 33 secondly to interest, service charges, and any other charges.

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

38 SECTION 8. IC 6-2.5-8-10, AS AMENDED BY P.L.254-2003,
 39 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 40 JULY 1, 2004]: Sec. 10. (a) A person that:

41 (1) makes retail transactions from outside Indiana to a destination
 42 in Indiana;

43 (2) does not maintain a place of business in Indiana; and

44 (3) either:

45 (A) engages in the regular or systematic soliciting of retail
 46 transactions from potential customers in Indiana;

47 (B) enters into a contract to provide property or services to an
 48 agency (as defined in IC 4-13-2-1) or ~~an~~ **a state educational**
 49 ~~institution of higher education~~ (as defined in IC 20-12-0.5-1); ~~or~~

50 (C) agrees to sell property or services to an agency (as defined

1 in IC 4-13-2-1) or ~~an~~ a state educational institution of higher
 2 education (as defined in IC 20-12-0.5-1); or
 3 **(D) is closely related to another person that maintains a**
 4 **place of business in Indiana or is described in clause (A),**
 5 **(B), or (C);**

6 shall file an application for a retail merchant's certificate under this
 7 chapter and collect and remit tax as provided in this article. Conduct
 8 described in subdivision (3)(B) and (3)(C) occurring after June 30,
 9 2003, constitutes consent to be treated under this article as if the person
 10 has a place of business in Indiana or is engaging in conduct described
 11 in subdivision (3)(A), including the provisions of this article that require
 12 a person to collect and remit tax under this article.

13 (b) A person is rebuttably presumed to be engaging in the regular or
 14 systematic soliciting of retail transactions from potential customers in
 15 Indiana if the person does any of the following:

16 (1) Distributes catalogs, periodicals, advertising flyers, or other
 17 written solicitations of business to potential customers in Indiana,
 18 regardless of whether the distribution is by mail or otherwise and
 19 without regard to the place from which the distribution originated
 20 or in which the materials were prepared.

21 (2) Displays advertisements on billboards or displays other outdoor
 22 advertisements in Indiana.

23 (3) Advertises in newspapers published in Indiana.

24 (4) Advertises in trade journals or other periodicals that circulate
 25 primarily in Indiana.

26 (5) Advertises in Indiana editions of a national or regional
 27 publication or a limited regional edition in which Indiana is included
 28 as part of a broader regional or national publication if the
 29 advertisements are not placed in other geographically defined
 30 editions of the same issue of the same publication.

31 (6) Advertises in editions of regional or national publications that
 32 are not by the contents of the editions geographically targeted to
 33 Indiana but that are sold over the counter in Indiana or by
 34 subscription to Indiana residents.

35 (7) Broadcasts on a radio or television station located in Indiana.

36 (8) Makes any other solicitation by telegraphy, telephone, computer
 37 data base, cable, optic, microwave, or other communication
 38 system.

39 (c) A person not maintaining a place of business in Indiana is
 40 considered to be engaged in the regular or systematic soliciting of retail
 41 transactions from potential customers in Indiana if the person engages
 42 in any of the activities described in subsection (b) and:

43 (1) makes at least one hundred (100) retail transactions from
 44 outside Indiana to destinations in Indiana during a period of twelve
 45 (12) consecutive months; or

46 (2) makes at least ten (10) retail transactions totaling more than one
 47 hundred thousand dollars (\$100,000) from outside Indiana to
 48 destinations in Indiana during a period of twelve (12) consecutive
 49 months.

50 (d) **Subject to subsection (e)**, the location in or outside Indiana of

- 1 vendors that:
- 2 (1) are independent of a person that is soliciting customers in
- 3 Indiana; and
- 4 (2) provide products or services to the person in connection with
- 5 the person's solicitation of customers in Indiana:
- 6 (A) including products and services such as creation of copy,
- 7 printing, distribution, and recording; **but**
- 8 **(B) excluding:**
- 9 (i) **delivery of goods;**
- 10 (ii) **billing or invoicing for the sale of goods;**
- 11 (iii) **providing repairs of goods;**
- 12 (iv) **assembling or setting up goods for use by the**
- 13 **purchaser; or**
- 14 (v) **accepting returns of unwanted or damaged goods;**
- 15 is not to be taken into account in the determination of whether the
- 16 person is required to collect use tax under this section.
- 17 (e) **Subsection (d) does not apply if the person soliciting orders**
- 18 **is closely related to the vendor.**
- 19 (f) **For purposes of subsections (a) and (e), a person is closely**
- 20 **related to another person if:**
- 21 (1) **the two (2) persons:**
- 22 (A) **use an identical or a substantially similar name,**
- 23 **trademark, or good will to develop, promote, or maintain**
- 24 **sales;**
- 25 (B) **pay for each other's services in whole or in part**
- 26 **contingent on the volume or value of sales; or**
- 27 (C) **share a common business plan or substantially**
- 28 **coordinate their business plans; and**
- 29 (2) **either:**
- 30 (A) **one (1) or both of the persons are corporations and:**
- 31 (i) **one (1) person; and**
- 32 (ii) **any other person related to the person in a manner**
- 33 **that would require an attribution of stock from the**
- 34 **corporation to the person or from the person to the**
- 35 **corporation under the attribution rules of Section 318 of**
- 36 **the Internal Revenue Code;**
- 37 **own directly, indirectly, beneficially, or constructively at**
- 38 **least fifty percent (50%) of the value of the corporation's**
- 39 **outstanding stock;**
- 40 (B) **both entities are corporations and an individual**
- 41 **stockholder and the members of the stockholder's family**
- 42 **(as defined in Section 318 of the Internal Revenue Code)**
- 43 **own directly, indirectly, beneficially, or constructively a total**
- 44 **of at least fifty percent (50%) of the value of both entities'**
- 45 **outstanding stock; or**
- 46 (C) **one (1) or both persons are limited liability companies,**
- 47 **partnerships, limited liability partnerships, estates, or**

1 **trusts, and their members, partners, or beneficiaries own**
 2 **directly, indirectly, beneficially, or constructively a total of**
 3 **at least fifty percent (50%) of the profits, capital, stock, or**
 4 **value of one (1) or both persons.**

5 SECTION 9. IC 6-3-1-3.5, AS AMENDED BY P.L.1-2004,
 6 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JANUARY 1, 2004 (RETROACTIVE)]: Sec. 3.5. When used in this
 8 article, the term "adjusted gross income" shall mean the following:

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

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

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

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

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

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

23 (B) each additional amount allowable under Section 63(f) of the
 24 Internal Revenue Code; and

25 (C) the spouse of the taxpayer if a separate return is made by the
 26 taxpayer and if the spouse, for the calendar year in which the
 27 taxable year of the taxpayer begins, has no gross income and is
 28 not the dependent of another taxpayer.

29 (5) Subtract:

30 (A) one thousand five hundred dollars (\$1,500) for each of the
 31 exemptions allowed under Section 151(c)(1)(B) of the Internal
 32 Revenue Code for taxable years beginning after December 31,
 33 1996; and

34 (B) five hundred dollars (\$500) for each additional amount
 35 allowable under Section 63(f)(1) of the Internal Revenue Code if
 36 the adjusted gross income of the taxpayer, or the taxpayer and
 37 the taxpayer's spouse in the case of a joint return, is less than
 38 forty thousand dollars (\$40,000).

39 This amount is in addition to the amount subtracted under
 40 subdivision (4).

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

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

46 or

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

48 (7) Add an amount equal to the total capital gain portion of a lump
 49 sum distribution (as defined in Section 402(e)(4)(D) of the Internal
 50 Revenue Code) if the lump sum distribution is received by the

1 individual during the taxable year and if the capital gain portion of
2 the distribution is taxed in the manner provided in Section 402 of
3 the Internal Revenue Code.

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

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

12 (10) Add an amount equal to the deduction allowed under Section
13 221 of the Internal Revenue Code for married couples filing joint
14 returns if the taxable year began before January 1, 1987.

15 (11) Add an amount equal to the interest excluded from federal
16 gross income by the individual for the taxable year under Section
17 128 of the Internal Revenue Code if the taxable year began before
18 January 1, 1985.

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

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

28 (14) In the case of an individual who is a recipient of assistance
29 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
30 subtract an amount equal to that portion of the individual's adjusted
31 gross income with respect to which the individual is not allowed
32 under federal law to retain an amount to pay state and local income
33 taxes.

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

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

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

43 (A) for a taxable year:

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

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

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

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

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

12 **(20) Add an amount equal to any deduction allowed under**
 13 **Section 172 of the Internal Revenue Code.**

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

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

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

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

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

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

35 **(6) Add an amount equal to any deduction allowed under**
 36 **Section 172 of the Internal Revenue Code.**

37 (c) In the case of life insurance companies (as defined in Section
 38 816(a) of the Internal Revenue Code) that are organized under Indiana
 39 law, the same as "life insurance company taxable income" (as defined
 40 in Section 801 of the Internal Revenue Code), adjusted as follows:

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

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

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

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

1 Revenue Code.

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

10 **(6) Add an amount equal to any deduction allowed under**
11 **Section 172 or Section 810 of the Internal Revenue Code.**

12 (d) In the case of insurance companies subject to tax under Section
13 831 of the Internal Revenue Code and organized under Indiana law, the
14 same as "taxable income" (as defined in Section 832 of the Internal
15 Revenue Code), adjusted as follows:

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

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

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

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

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

35 **(6) Add an amount equal to any deduction allowed under**
36 **Section 172 of the Internal Revenue Code.**

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

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

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

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

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

5 **(4) Add an amount equal to any deduction allowed under**
 6 **Section 172 of the Internal Revenue Code.**

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

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

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

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

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

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

25 SECTION 10. IC 6-3-2-2.5 IS AMENDED TO READ AS FOLLOWS
 26 [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 2.5. (a) This
 27 section applies to a resident person. ~~for a particular taxable year, if the~~
 28 ~~taxpayer's adjusted gross income for that taxable year is reduced~~
 29 ~~because of a deduction allowed under Section 172 of the Internal~~
 30 ~~Revenue Code for a net operating loss. For purposes of section 4 of this~~
 31 ~~chapter, the taxpayer's adjusted gross income, for the particular taxable~~
 32 ~~year, is the remainder determined under STEP FOUR of the following~~
 33 ~~formula:~~

34 ~~STEP ONE: Determine the taxpayer's adjusted gross income, for~~
 35 ~~the taxable year, as calculated without the deduction for net~~
 36 ~~operating losses provided by Section 172 of the Internal Revenue~~
 37 ~~Code.~~

38 ~~STEP TWO: Determine, in the manner prescribed in subsection~~
 39 ~~(b), the amount of the taxpayer's net operating losses that are~~
 40 ~~deductible for the taxable year under Section 172 of the Internal~~
 41 ~~Revenue Code, as adjusted to reflect the modifications required by~~
 42 ~~IC 6-3-1-3.5.~~

43 ~~STEP THREE: Enter the larger of zero (0) or the amount~~
 44 ~~determined under STEP TWO.~~

45 ~~STEP FOUR: Subtract the amount entered under STEP THREE~~
 46 ~~from the amount determined under STEP ONE.~~

47 (b) For purposes of STEP TWO of subsection (a), the modifications
 48 that are to be applied are those modifications required under
 49 IC 6-3-1-3.5 for the same taxable year during which each net operating
 50 loss was incurred. In addition, for purposes of STEP TWO of

1 subsection (a), the following procedures apply:

2 (1) ~~The taxpayer's net operating loss for a particular taxable year~~
3 ~~shall be treated as a positive number.~~

4 (2) ~~A modification that is to be added to federal adjusted gross~~
5 ~~income or federal taxable income under IC 6-3-1-3.5 shall be~~
6 ~~treated as a negative number.~~

7 (3) ~~A modification that is to be subtracted from federal adjusted~~
8 ~~gross income or federal taxable income under IC 6-3-1-3.5 shall be~~
9 ~~treated as a positive number.~~

10 (b) Resident persons are entitled to a net operating loss
11 deduction. The amount of the deduction taken in a taxable year
12 may not exceed the taxpayer's unused Indiana net operating
13 losses carried back or carried over to that year.

14 (c) An Indiana net operating loss equals the taxpayer's federal
15 net operating loss for a taxable year as calculated under Section
16 172 of the Internal Revenue Code, adjusted for the modifications
17 required by IC 6-3-1-3.5.

18 (d) The following provisions apply for purposes of subsection (c):

19 (1) The modifications that are to be applied are those
20 modifications required under IC 6-3-1-3.5 for the same
21 taxable year in which each net operating loss was incurred.

22 (2) An Indiana net operating loss includes a net operating loss
23 that arises when the modifications required by IC 6-3-1-3.5
24 exceed the taxpayer's federal adjusted gross income (as
25 defined in Section 62 of the Internal Revenue Code) for the
26 taxable year in which the Indiana net operating loss is
27 determined.

28 (e) Subject to the limitations contained in subsection (g), an
29 Indiana net operating loss carryback or carryover shall be
30 available as a deduction from the taxpayer's adjusted gross income
31 (as defined in IC 6-3-1-3.5) in the carryback or carryover year
32 provided in subsection (f).

33 (f) Carrybacks and carryovers shall be determined under this
34 subsection as follows:

35 (1) An Indiana net operating loss shall be an Indiana net
36 operating loss carryback to each of the carryback years
37 preceding the taxable year of the loss.

38 (2) An Indiana net operating loss shall be an Indiana net
39 operating loss carryover to each of the carryover years
40 following the taxable year of the loss.

41 (3) Carryback years shall be determined by reference to the
42 number of years allowed for carrying back a net operating loss
43 under Section 172(b) of the Internal Revenue Code.

44 (4) Carryover years shall be determined by reference to the
45 number of years allowed for carrying over net operating losses
46 under Section 172(b) of the Internal Revenue Code.

47 (5) A taxpayer who makes an election under Section 172(b)(3)

1 of the Internal Revenue Code to relinquish the carryback
 2 period with respect to a net operating loss for any taxable year
 3 shall be considered to have also relinquished the carryback of
 4 the Indiana net operating loss for purposes of this section.

5 (g) The entire amount of the Indiana net operating loss for any
 6 taxable year shall be carried to the earliest of the taxable years to
 7 which (as determined under subsection (f)) the loss may be
 8 carried. The amount of the Indiana net operating loss remaining
 9 after the deduction is taken under this section in a taxable year
 10 may be carried back or carried over as provided in subsection (f).
 11 The amount of the Indiana net operating loss carried back or
 12 carried over from year to year shall be reduced to the extent that
 13 the Indiana net operating loss carryback or carryover is used by
 14 the taxpayer to obtain a deduction in a taxable year until the
 15 occurrence of the earlier of the following:

16 (1) The entire amount of the Indiana net operating loss has
 17 been used as a deduction.

18 (2) The Indiana net operating loss has been carried over to
 19 each of the carryover years provided by subsection (f).

20 SECTION 11. IC 6-3-2-2.6, AS AMENDED BY P.L.192-2002(ss),
 21 SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JANUARY 1, 2004 (RETROACTIVE)]: Sec. 2.6. (a) This section
 23 applies to a corporation or a nonresident person. ~~for a particular taxable~~
 24 ~~year; if the taxpayer's adjusted gross income for that taxable year is~~
 25 ~~reduced because of a deduction allowed under Section 172 of the~~
 26 ~~Internal Revenue Code for a net operating loss. For purposes of section~~
 27 ~~11 of this chapter, the taxpayer's adjusted gross income, for the~~
 28 ~~particular taxable year, derived from sources within Indiana is the~~
 29 ~~remainder determined under STEP FOUR of the following formula:~~

30 STEP ONE: Determine, in the manner prescribed in section 2 of
 31 this chapter, the taxpayer's adjusted gross income, for the taxable
 32 year, derived from sources within Indiana, as calculated without
 33 the deduction for net operating losses provided by Section 172 of
 34 the Internal Revenue Code.

35 STEP TWO: Determine, in the manner prescribed in subsection
 36 (b), the amount of the taxpayer's net operating losses that are
 37 deductible for the taxable year under Section 172 of the Internal
 38 Revenue Code, as adjusted to reflect the modifications required by
 39 IC 6-3-1-3.5, and that are derived from sources within Indiana.

40 STEP THREE: Enter the larger of zero (0) or the amount
 41 determined under STEP TWO.

42 STEP FOUR: Subtract the amount entered under STEP THREE
 43 from the amount determined under STEP ONE.

44 (b) For purposes of STEP TWO of subsection (a), the modifications
 45 that are to be applied are those modifications required under
 46 IC 6-3-1-3.5 for the same taxable year during which each net operating
 47 loss was incurred. In addition, for purposes of STEP TWO of
 48 subsection (a), the amount of a taxpayer's net operating losses that are
 49 derived from sources within Indiana shall be determined in the same

1 manner that the amount of the taxpayer's income derived from sources
 2 within Indiana is determined; under section 2 of this chapter; for the
 3 same taxable year during which each loss was incurred. Also; for
 4 purposes of STEP TWO of subsection (a); the following procedures
 5 apply:

6 (1) The taxpayer's net operating loss for a particular taxable year
 7 shall be treated as a positive number.

8 (2) A modification that is to be added to federal adjusted gross
 9 income or federal taxable income under IC 6-3-1-3.5 shall be
 10 treated as a negative number.

11 (3) A modification that is to be subtracted from federal adjusted
 12 gross income or federal taxable income under IC 6-3-1-3.5 shall be
 13 treated as a positive number.

14 (4) A net operating loss under this section shall be considered even
 15 though in the year the taxpayer incurred the loss the taxpayer was
 16 not subject to the tax imposed under section 1 of this chapter
 17 because the taxpayer was:

18 (A) a life insurance company (as defined in Section 816(a) of the
 19 Internal Revenue Code); or

20 (B) an insurance company subject to tax under Section 831 of
 21 the Internal Revenue Code.

22 (b) Corporations and nonresident persons are entitled to a net
 23 operating loss deduction. The amount of the deduction taken in a
 24 taxable year may not exceed the taxpayer's unused Indiana net
 25 operating losses carried back or carried over to that year.

26 (c) An Indiana net operating loss equals the taxpayer's federal
 27 net operating loss for a taxable year as calculated under Section
 28 172 of the Internal Revenue Code, derived from sources within
 29 Indiana and adjusted for the modifications required by
 30 IC 6-3-1-3.5.

31 (d) The following provisions apply for purposes of subsection (c):

32 (1) The modifications that are to be applied are those
 33 modifications required under IC 6-3-1-3.5 for the same
 34 taxable year in which each net operating loss was incurred.

35 (2) The amount of the taxpayer's net operating loss that is
 36 derived from sources within Indiana shall be determined in
 37 the same manner that the amount of the taxpayer's adjusted
 38 income derived from sources within Indiana is determined
 39 under section 2 of this chapter for the same taxable year
 40 during which each loss was incurred.

41 (3) An Indiana net operating loss includes a net operating loss
 42 that arises when the modifications required by IC 6-3-1-3.5
 43 exceed the taxpayer's federal taxable income (as defined in
 44 Section 63 of the Internal Revenue Code), if the taxpayer is
 45 a corporation, or when the modifications required by
 46 IC 6-3-1-3.5 exceed the taxpayer's federal adjusted gross
 47 income (as defined by Section 62 of the Internal Revenue
 48 Code), if the taxpayer is a nonresident person, for the taxable

- 1 year in which the Indiana net operating loss is determined.
- 2 (e) Subject to the limitations contained in subsection (g), an
- 3 Indiana net operating loss carryback or carryover shall be
- 4 available as a deduction from the taxpayer's adjusted gross income
- 5 derived from sources within Indiana (as defined in section 2 of
- 6 this chapter) in the carryback or carryover year provided in
- 7 subsection (f).
- 8 (f) Carrybacks and carryovers shall be determined under this
- 9 subsection as follows:
- 10 (1) An Indiana net operating loss shall be an Indiana net
- 11 operating loss carryback to each of the carryback years
- 12 preceding the taxable year of the loss.
- 13 (2) An Indiana net operating loss shall be an Indiana net
- 14 operating loss carryover to each of the carryover years
- 15 following the taxable year of the loss.
- 16 (3) Carryback years shall be determined by reference to the
- 17 number of years allowed for carrying back a net operating loss
- 18 under Section 172(b) of the Internal Revenue Code.
- 19 (4) Carryover years shall be determined by reference to the
- 20 number of years allowed for carrying over net operating losses
- 21 under Section 172(b) of the Internal Revenue Code.
- 22 (5) A taxpayer who makes an election under Section 172(b)(3)
- 23 of the Internal Revenue Code to relinquish the carryback
- 24 period with respect to a net operating loss for any taxable year
- 25 shall be considered to have also relinquished the carryback of
- 26 the Indiana net operating loss for purposes of this section.
- 27 (g) The entire amount of the Indiana net operating loss for any
- 28 taxable year shall be carried to the earliest of the taxable years to
- 29 which (as determined under subsection (f)) the loss may be
- 30 carried. The amount of the Indiana net operating loss remaining
- 31 after the deduction is taken under this section in a taxable year
- 32 may be carried back or carried over as provided in subsection (f).
- 33 The amount of the Indiana net operating loss carried back or
- 34 carried over from year to year shall be reduced to the extent that
- 35 the Indiana net operating loss carryback or carryover is used by
- 36 the taxpayer to obtain a deduction in a taxable year until the
- 37 occurrence of the earlier of the following:
- 38 (1) The entire amount of the Indiana net operating loss has
- 39 been used as a deduction.
- 40 (2) The Indiana net operating loss has been carried over to
- 41 each of the carryover years provided by subsection (f).
- 42 (h) An Indiana net operating loss deduction determined under
- 43 this section shall be allowed notwithstanding the fact that in the
- 44 year the taxpayer incurred the net operating loss the taxpayer was
- 45 not subject to the tax imposed under section 1 of this chapter
- 46 because the taxpayer was:
- 47 (1) a life insurance company (as defined in Section 816(a) of

1 **the Internal Revenue Code); or**

2 **(2) an insurance company subject to tax under Section 831 of**
 3 **the Internal Revenue Code.**

4 **(i) In the case of a life insurance company that claims an**
 5 **operations loss deduction under Section 810 of the Internal**
 6 **Revenue Code, this section shall be applied by:**

7 **(1) substituting the corresponding provisions of Section 810 of**
 8 **the Internal Revenue Code in place of references to Section**
 9 **172 of the Internal Revenue; and**

10 **(2) substituting life insurance company taxable income (as**
 11 **defined in Section 801 the Internal Revenue Code) in place of**
 12 **references to taxable income (as defined in Section 63 of the**
 13 **Internal Revenue Code).**

14 **(j) For purposes of an amended return filed to carry back an**
 15 **Indiana net operating loss:**

16 **(1) the term "due date of the return" as used in**
 17 **IC 6-8.1-9-1(a)(1) means the due date of the return for the**
 18 **taxable year in which the net operating loss was incurred; and**

19 **(2) the term "date the payment was due" as used in**
 20 **IC 6-8.1-9-2(c) means the due date of the return for the**
 21 **taxable year in which the net operating loss was incurred.**

22 SECTION 12. IC 6-3.1-4-6, AS AMENDED BY P.L.224-2003,
 23 SECTION 191, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2004]: Sec. 6. ~~Notwithstanding the other provisions of this~~
 25 ~~chapter, a taxpayer is not entitled to a credit for Indiana qualified~~
 26 ~~research expense incurred after December 31, 2013.~~ Notwithstanding
 27 Section 41 of the Internal Revenue Code, the termination date in Section
 28 41(h) of the Internal Revenue Code does not apply to a taxpayer who
 29 is eligible for the credit under this chapter for the taxable year in which
 30 the Indiana qualified research expense is incurred.

31 SECTION 13. IC 6-3.1-13-7 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec.

33 7. As used in this chapter, "pass through entity" means **a:**

34 **(1) a corporation that is exempt from the adjusted gross income tax**
 35 **under IC 6-3-2-2.8(2); or**

36 **(2) a partnership;**

37 **(3) trust;**

38 **(4) limited liability company; or**

39 **(5) limited liability partnership.**

40 SECTION 14. IC 6-3.1-13-21 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec.

42 21. (a) If a pass through entity does not have state income tax liability
 43 against which the tax credit may be applied, a shareholder or partner of
 44 the pass through entity is entitled to a tax credit equal to:

45 **(1) the tax credit determined for the pass through entity for the**
 46 **taxable year; multiplied by**

47 **(2) the percentage of the pass through entity's distributive income**
 48 **to which the shareholder or partner is entitled.**

1 (b) The credit provided under subsection (a) is in addition to a tax
 2 credit to which a shareholder or partner of a pass through entity is
 3 otherwise entitled under a separate agreement under this chapter. A pass
 4 through entity and a shareholder or partner of the pass through entity
 5 may not claim more than one (1) credit under the same agreement.

6 (c) **This subsection applies only to a pass through entity that is**
 7 **a limited liability company or a limited liability partnership owned**
 8 **wholly or in part by an electric cooperative incorporated under**
 9 **IC 8-1-13. At the request of a pass through entity, if the board**
 10 **finds that the amount of the average wage to be paid by the pass**
 11 **through entity will be at least double the average wage paid within**
 12 **the county in which the project will be located, the board may**
 13 **determine that:**

- 14 (1) the credit shall be claimed by the pass through entity; and
 15 (2) if the credit exceeds the pass through entity's state income
 16 tax liability for the taxable year, the excess shall be refunded
 17 to the pass through entity.

18 **If the board grants a refund directly to a pass through entity**
 19 **under this subsection, the pass through entity shall claim the**
 20 **refund on forms prescribed by the department of state revenue.**

21 SECTION 15. [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]
 22 **IC 6-3.1-13-7 and IC 6-3.1-13-21, both as amended by this act,**
 23 **apply to taxable years beginning after December 31, 2003.**

24 SECTION 16. IC 6-3.1-26-26, AS ADDED BY P.L.224-2003,
 25 SECTION 197, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JANUARY 1, 2004 (RETROACTIVE)]: Sec. 26. (a) **This chapter**
 27 **applies to taxable years beginning after December 31, 2003.**

28 (b) Notwithstanding the other provisions of this chapter, a taxpayer
 29 is not entitled to a credit for a qualified investment made after December
 30 31, ~~2005~~ **2007**. However, this section may not be construed to prevent
 31 a taxpayer from carrying an unused tax credit attributable to a qualified
 32 investment made before January 1, ~~2006~~ **2008**, forward to a taxable
 33 year beginning after December 31, ~~2005~~ **2007**, in the manner provided
 34 by section 15 of this chapter.

35 SECTION 17. P.L.224-2003, SECTION 198 IS REPEALED
 36 [EFFECTIVE UPON PASSAGE].

37 SECTION 18. IC 6-4.1-1-3, AS AMENDED BY HEA 1154-2004,
 38 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2004]: Sec. 3. (a) "Class A transferee" means a transferee who
 40 is:

- 41 (1) a lineal ancestor of the transferor;
 42 (2) a lineal descendant of the transferor; or
 43 (3) a stepchild of the transferor.
 44 (b) "Class B transferee" means a transferee who is a:
 45 (1) brother or sister of the transferor;
 46 (2) descendant of a brother or sister of the transferor; or
 47 (3) spouse, widow, or widower of a child of the transferor.
 48 (c) "Class C transferee" means a transferee, except a surviving

1 spouse, who is neither a Class A nor a Class B transferee.

2 (d) For purposes of this section, a legally adopted child is to be
3 treated as if the child were the natural child of the child's adopting
4 parent **if the adoption occurred before the individual was totally**
5 **emancipated.** For purposes of this section, if a relationship of loco
6 parentis has existed for at least ten (10) years and if the relationship
7 began before the child's fifteenth birthday, the child is to be considered
8 the natural child of the loco parentis parent.

9 (e) As used in this section, "stepchild" means a child of the
10 transferor's surviving, deceased, or former spouse who is not a child
11 of the transferor.

12 SECTION 19. IC 6-2.5-4-5 IS AMENDED TO READ AS FOLLOWS
13 [EFFECTIVE JULY 1, 2004]: Sec. 5. (a) As used in this section, a
14 "power subsidiary" means a corporation which is owned or controlled
15 by one (1) or more public utilities that furnish or sell electrical energy,
16 natural or artificial gas, water, steam, or steam heat and which
17 produces power exclusively for the use of those public utilities.

18 (b) A power subsidiary or a person engaged as a public utility is a
19 retail merchant making a retail transaction when the subsidiary or
20 person furnishes or sells electrical energy, natural or artificial gas,
21 water, steam, or steam heating service to a person for commercial or
22 domestic consumption.

23 (c) Notwithstanding subsection (b), a power subsidiary or a person
24 engaged as a public utility is not a retail merchant making a retail
25 transaction ~~when~~ **in any of the following transactions:**

26 (1) The power subsidiary or person provides, installs, constructs,
27 services, or removes tangible personal property which is used in
28 connection with the furnishing of the services or commodities
29 listed in subsection (b).

30 (2) The power subsidiary or person sells the services or
31 commodities listed in subsection (b) to another public utility or
32 power subsidiary described in this section or a person described in
33 section 6 of this chapter. ~~or~~

34 (3) The power subsidiary or person sells the services or
35 commodities listed in subsection (b) to a person for use in
36 manufacturing, mining, production, refining, oil extraction, mineral
37 extraction, irrigation, agriculture, or horticulture. However, this
38 exclusion for sales of the services and commodities only applies if
39 the services are consumed as an essential and integral part of an
40 integrated process that produces tangible personal property and
41 those sales are separately metered for the excepted uses listed in
42 this subdivision, or if those sales are not separately metered but are
43 predominately used by the purchaser for the excepted uses listed in
44 this subdivision.

45 **(4) The power subsidiary or person sells the services or**
46 **commodities listed in subsection (b) and all the following**
47 **conditions are satisfied:**

48 **(A) The services or commodities are sold to a business that**
49 **after June 30, 2004:**

1 (i) relocates all or part of its operations to a facility; or
 2 (ii) expands all or part of its operations in a facility;
 3 located in a military base (as defined in IC 36-7-30-1(c)), a
 4 military base reuse area established under IC 36-7-30, an
 5 economic development area established under
 6 IC 36-7-14.5-12.5, or a military base recovery site
 7 designated under IC 6-3.1-11.5.

8 **(B) The business uses the services or commodities in the**
 9 **facility described in clause (A) not later than five (5) years**
 10 **after the operations that are relocated to the facility or**
 11 **expanded in the facility commence.**

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

14 **However, this subdivision does not apply to a business that**
 15 **substantially reduces or ceases its operations at another**
 16 **location in Indiana in order to relocate its operations in an**
 17 **area described in this subdivision, unless the department**
 18 **determines that the business had existing operations in the**
 19 **area described in this subdivision and that the operations**
 20 **relocated to the area are an expansion of the business's**
 21 **operations in the area.**

22 SECTION 20. IC 6-3-2-1, AS AMENDED BY P.L.192-2002(ss),
 23 SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JANUARY 1, 2005]: Sec. 1. (a) Each taxable year, a tax at the rate of
 25 three and four-tenths percent (3.4%) of adjusted gross income is
 26 imposed upon the adjusted gross income of every resident person, and
 27 on that part of the adjusted gross income derived from sources within
 28 Indiana of every nonresident person.

29 (b) **Except as provided in section 1.5 of this chapter**, each taxable
 30 year, a tax at the rate of eight and five-tenths percent (8.5%) of
 31 adjusted gross income is imposed on that part of the adjusted gross
 32 income derived from sources within Indiana of every corporation.

33 SECTION 21. IC 6-3-2-1.5 IS ADDED TO THE INDIANA CODE
 34 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 35 JANUARY 1, 2005]: Sec. 1.5. (a) **As used in this section, "qualified**
 36 **area" means:**

37 (1) **a military base (as defined in IC 36-7-30-1(c));**
 38 (2) **a military base reuse area established under IC 36-7-30;**
 39 (3) **an economic development area established under**
 40 **IC 36-7-14.5-12.5; or**
 41 (4) **a military base recovery site designated under**
 42 **IC 6-3.1-11.5.**

43 (b) **Except as provided in subsection (c), a tax at the rate of five**
 44 **percent (5%) of adjusted gross income is imposed on that part of**
 45 **the adjusted gross income of a corporation that is derived from**
 46 **sources within a qualified area if the corporation locates all or part**
 47 **of its operations in a qualified area during the taxable year, as**
 48 **determined under subsection (c). The tax rate under this section**

1 applies to the taxable year in which the corporation locates its
 2 operations in the qualified area and to the next succeeding four
 3 (4) taxable years.

4 (c) A taxpayer is not entitled to the tax rate described in
 5 subsection (b) to the extent that the taxpayer substantially
 6 reduces or ceases its operations at another location in Indiana in
 7 order to relocate its operations within the qualified area, unless:

8 (1) the taxpayer had existing operations in the qualified area;
 9 and

10 (2) the operations relocated to the qualified area are an
 11 expansion of the taxpayer's operations in the qualified area.

12 (d) A determination under subsection (c) that a taxpayer is not
 13 entitled to the tax rate provided by this section as a result of a
 14 substantial reduction or cessation of operations applies to the
 15 taxable year in which the substantial reduction or cessation occurs
 16 and in all subsequent years. Determinations under this section
 17 shall be made by the department of state revenue.

18 (e) The department of state revenue:

19 (1) shall adopt rules under IC 4-22-2 to establish a procedure
 20 for determining the part of a corporation's adjusted gross
 21 income that was derived from sources within a qualified area;
 22 and

23 (2) may adopt other rules that the department considers
 24 necessary for the implementation of this chapter.

25 SECTION 22. IC 6-3.1-11.6 IS ADDED TO THE INDIANA CODE
 26 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 27 JANUARY 1, 2005]:

28 **Chapter 11.6. Military Base Investment Cost Credit**

29 **Sec. 1.** As used in this chapter, "NAICS Manual" refers to the
 30 current edition of the North American Industry Classification
 31 System Manual - United States published by the National
 32 Technical Information Service of the United States Department of
 33 Commerce.

34 **Sec. 2.** As used in this chapter, "qualified area" means:

- 35 (1) a military base (as defined in IC 36-7-30-1(c));
 36 (2) a military base reuse area established under IC 36-7-30;
 37 (3) an economic development area established under
 38 IC 36-7-14.5-12.5; or
 39 (4) a military base recovery site designated under
 40 IC 6-3.1-11.5.

41 **Sec. 3.** As used in this chapter, "pass through entity" means:

- 42 (1) a corporation that is exempt from the adjusted gross
 43 income tax under IC 6-3-2-2.8(2);
 44 (2) a partnership;
 45 (3) a limited liability company; or
 46 (4) a limited liability partnership.

47 **Sec. 4.** As used in this chapter, "qualified investment" means

1 any of the following:

2 (1) The purchase of an ownership interest in a business that
3 locates all or part of its operations in a qualified area during
4 the taxable year, if the purchase is approved by the
5 department of commerce under section 12 of this chapter.

6 (2) Subject to section 13 of this chapter, an investment:

7 (A) that is made in a business that locates all or part of its
8 operations in a qualified area during the taxable year;

9 (B) through which the taxpayer does not acquire an
10 ownership interest in the business; and

11 (C) that is approved by the department of commerce under
12 section 12 of this chapter.

13 Sec. 5. As used in this chapter, "SIC Manual" refers to the
14 current edition of the Standard Industrial Classification Manual
15 of the United States Office of Management and Budget.

16 Sec. 6. As used in this chapter, "state tax liability" means a
17 taxpayer's total tax liability that is incurred under IC 6-3-1
18 through IC 6-3-7 (the adjusted gross income tax), as computed
19 after the application of the credits that, under IC 6-3.1-1-2, are to
20 be applied before the credit provided by this chapter.

21 Sec. 7. As used in this chapter, "taxpayer" means an individual
22 or pass through entity that has any state tax liability.

23 Sec. 8. As used in this chapter, "transfer ownership" means to
24 purchase existing investment in a business, including real
25 property, improvements to real property, or equipment.

26 Sec. 9. (a) A taxpayer is entitled to a credit against the
27 taxpayer's state tax liability for a taxable year if the taxpayer
28 makes a qualified investment in that taxable year.

29 (b) The amount of the credit to which a taxpayer is entitled is
30 the percentage determined under section 12 of this chapter
31 multiplied by the amount of the qualified investment made by the
32 taxpayer during the taxable year.

33 Sec. 10. (a) If a pass through entity is entitled to a credit under
34 section 9 of this chapter but does not have state tax liability
35 against which the tax credit may be applied, an individual who is
36 a shareholder, partner, or member of the pass through entity is
37 entitled to a tax credit equal to:

38 (1) the tax credit determined for the pass through entity for
39 the taxable year; multiplied by

40 (2) the percentage of the pass through entity's distributive
41 income to which the shareholder, partner, or member is
42 entitled.

43 (b) The credit provided under subsection (a) is in addition to a
44 tax credit to which a shareholder, partner, or member of a pass
45 through entity is otherwise entitled under this chapter. However,
46 a pass through entity and an individual who is a shareholder,
47 partner, or member of the pass through entity may not claim

1 more than one (1) credit for the same investment.

2 Sec. 11. (a) If the amount determined under section 9(b) of this
3 chapter for a taxpayer in a taxable year exceeds the taxpayer's
4 state tax liability for that taxable year, the taxpayer may carry the
5 excess over to the following taxable years. The amount of the
6 credit carryover from a taxable year shall be reduced to the extent
7 that the carryover is used by the taxpayer to obtain a credit under
8 this chapter for a subsequent taxable year.

9 (b) A taxpayer is not entitled to a carryback or refund of unused
10 credit.

11 Sec. 12. (a) To be entitled to a credit for a purchase described in
12 section 4(1) of this chapter, a taxpayer must request the
13 department of commerce to determine:

- 14 (1) whether a purchase of an ownership interest in a business
15 located in a qualified area is a qualified investment; and
16 (2) the percentage credit to be allowed.

17 The request must be made before a purchase is made.

18 (b) To be entitled to a credit for an investment described in
19 section 4(2) of this chapter, a taxpayer must request the
20 department of commerce to determine:

- 21 (1) whether an investment in a business that locates in a
22 qualified area during the taxable year is a qualified
23 investment; and
24 (2) the percentage credit to be allowed.

25 The request must be made before an investment is made.

26 (c) The department of commerce shall find that a purchase or
27 other investment is a qualified investment if:

- 28 (1) the business is viable;
29 (2) the taxpayer has a legitimate purpose for purchase of the
30 ownership interest or the investment;
31 (3) the purchase or investment would not be made unless a
32 credit is allowed under this chapter; and
33 (4) the purchase or investment is critical to the
34 commencement, enhancement, or expansion of business
35 operations in the qualified area and:

36 (A) in the case of a purchase described in section 4(1) of this
37 chapter, the purchase will not merely transfer ownership,
38 and the purchase proceeds will be used only in business
39 operations in the qualified area; and

40 (B) in the case of an investment described in section 4(2) of
41 this chapter, the investment will not be made in a business
42 that substantially reduces or ceases its operations at
43 another location in Indiana in order to relocate its
44 operations within the qualified area, as described in section
45 13 of this chapter.

46 (d) If the department of commerce finds that a purchase or
47 other investment is a qualified investment, the department of

1 commerce shall certify the percentage credit to be allowed under
 2 this chapter based upon the following:

3 (1) For a purchase described in section 4(1) of this chapter, a
 4 percentage credit of ten percent (10%) may be allowed based
 5 on the need of the business for equity financing, as
 6 demonstrated by the inability of the business to obtain debt
 7 financing.

8 (2) A percentage credit of two percent (2%) may be allowed
 9 for purchases of or investments in business operations in the
 10 retail, professional, or warehouse/distribution codes of the SIC
 11 Manual (or corresponding sectors in the NAICS Manual).

12 (3) A percentage credit of five percent (5%) may be allowed
 13 for purchases of or investments in business operations in the
 14 manufacturing codes of the SIC Manual (or corresponding
 15 sectors in the NAICS Manual).

16 (4) A percentage credit of five percent (5%) may be allowed
 17 for purchases of or investments in high technology business
 18 operations (as defined in IC 4-4-6.1-1.3).

19 (5) A percentage credit may be allowed for jobs created during
 20 the twelve (12) month period following the purchase of an
 21 ownership interest in the business or other investment in the
 22 business, as determined under the following table:

JOBS CREATED	PERCENTAGE
Less than 11 jobs	1%
11 to 25 jobs	2%
26 to 40 jobs	3%
41 to 75 jobs	4%
More than 75 jobs	5%

29 (6) A percentage credit of five percent (5%) may be allowed
 30 if fifty percent (50%) or more of the jobs created in the
 31 twelve (12) month period following the purchase of an
 32 ownership interest in the business or other investment in the
 33 business will be reserved for residents in the qualified area.

34 (7) A percentage credit may be allowed for investments made
 35 in real or depreciable personal property, as determined under
 36 the following table:

AMOUNT OF INVESTMENT	PERCENTAGE
Less than \$25,001	1%
\$25,001 to \$50,000	2%
\$50,001 to \$100,000	3%
\$100,001 to \$200,000	4%
More than \$200,000	5%

43 The total percentage credit may not exceed thirty percent (30%).

44 (e) In the case of a purchase described in section 4(1) of this
 45 chapter, if all or a part of a purchaser's intent is to transfer
 46 ownership, the tax credit shall be applied only to that part of the
 47 purchase that relates directly to the enhancement or expansion of

1 **business operations in the qualified area.**

2 **Sec. 13. (a) This subsection applies to an investment described**
3 **in section 4(2) of this chapter.**

4 **(b) A taxpayer is not entitled to claim the credit provided by**
5 **this chapter to the extent that the taxpayer invests in a business**
6 **that substantially reduces or ceases its operations at another**
7 **location in Indiana in order to relocate its operations within the**
8 **qualified area, unless:**

9 **(1) the business had existing operations in the qualified area;**
10 **and**

11 **(2) the operations relocated to the qualified area are an**
12 **expansion of the business's operations in the qualified area.**

13 **(c) A determination under subsection (b) that a taxpayer is not**
14 **entitled to the credit provided by this chapter as a result of a**
15 **business's substantial reduction or cessation of operations applies**
16 **to credits that would otherwise arise in the taxable year:**

17 **(1) in which the substantial reduction or cessation occurs; or**

18 **(2) in which the taxpayer proposes to make the investment**
19 **in the business, if different than the taxable year described**
20 **in subdivision (1).**

21 **Determinations under this section shall be made by the**
22 **department of state revenue.**

23 **Sec. 14. To receive the credit provided by this chapter, a**
24 **taxpayer must claim the credit on the taxpayer's annual state tax**
25 **return or returns in the manner prescribed by the department of**
26 **state revenue. The taxpayer shall submit to the department of**
27 **state revenue the certification of the percentage credit by the**
28 **department of commerce and all information that the department**
29 **of state revenue determines is necessary for the calculation of the**
30 **credit provided by this chapter and for the determination of**
31 **whether an investment is a qualified investment.**

32 **SECTION 23. IC 36-7-32-11, AS ADDED BY P.L.192-2002(ss),**
33 **SECTION 187, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**
34 **JULY 1, 2004]: Sec. 11. (a) After receipt of an application under**
35 **section 10 of this chapter, and subject to subsection (b), the department**
36 **of commerce may designate a certified technology park if the**
37 **department determines that the application demonstrates a firm**
38 **commitment from at least one (1) business engaged in a high**
39 **technology activity creating a significant number of jobs and satisfies**
40 **one (1) or more of the following additional criteria:**

41 **(1) A demonstration of significant support from an institution of**
42 **higher education, or a private research based institute, or a**
43 **military research and development or testing facility on an**
44 **active United States government military base or other**
45 **military installation located within, or in the vicinity of, the**
46 **proposed certified technology park, as evidenced by the following**
47 **criteria:**

48 **(A) Grants of preferences for access to and commercialization**

- 1 of intellectual property.
- 2 (B) Access to laboratory and other facilities owned by or under
- 3 the control of the institution of higher education or private
- 4 research based institute.
- 5 (C) Donations of services.
- 6 (D) Access to telecommunications facilities and other
- 7 infrastructure.
- 8 (E) Financial commitments.
- 9 (F) Access to faculty, staff, and students.
- 10 (G) Opportunities for adjunct faculty and other types of staff
- 11 arrangements or affiliations.
- 12 (H) Other criteria considered appropriate by the department.
- 13 (2) A demonstration of a significant commitment by the institution
- 14 of higher education, ~~or~~ private research based institute, **or**
- 15 **military research and development or testing facility on an**
- 16 **active United States government military base or other**
- 17 **military installation** to the commercialization of research
- 18 produced at the certified technology park, as evidenced by the
- 19 intellectual property and, if applicable, tenure policies that reward
- 20 faculty and staff for commercialization and collaboration with
- 21 private businesses.
- 22 (3) A demonstration that the proposed certified technology park
- 23 will be developed to take advantage of the unique characteristics
- 24 and specialties offered by the public and private resources
- 25 available in the area in which the proposed certified technology
- 26 park will be located.
- 27 (4) The existence of or proposed development of a business
- 28 incubator within the proposed certified technology park that
- 29 exhibits the following types of resources and organization:
- 30 (A) Significant financial and other types of support from the
- 31 public or private resources in the area in which the proposed
- 32 certified technology park will be located.
- 33 (B) A business plan exhibiting the economic utilization and
- 34 availability of resources and a likelihood of successful
- 35 development of technologies and research into viable business
- 36 enterprises.
- 37 (C) A commitment to the employment of a qualified full-time
- 38 manager to supervise the development and operation of the
- 39 business incubator.
- 40 (5) The existence of a business plan for the proposed certified
- 41 technology park that identifies its objectives in a clearly focused
- 42 and measurable fashion and that addresses the following matters:
- 43 (A) A commitment to new business formation.
- 44 (B) The clustering of businesses, technology, and research.
- 45 (C) The opportunity for and costs of development of
- 46 properties under common ownership or control.
- 47 (D) The availability of and method proposed for development
- 48 of infrastructure and other improvements, including
- 49 telecommunications technology, necessary for the development
- 50 of the proposed certified technology park.

1 (E) Assumptions of costs and revenues related to the
2 development of the proposed certified technology park.

3 (6) A demonstrable and satisfactory assurance that the proposed
4 certified technology park can be developed to principally contain
5 property that is primarily used for, or will be primarily used for,
6 a high technology activity or a business incubator.

7 (b) The department of commerce may not approve an application
8 that would result in a substantial reduction or cessation of operations in
9 another location in Indiana in order to relocate them within the certified
10 technology park.

11 SECTION 24. [EFFECTIVE JANUARY 1, 2005] **IC 6-3-2-1, as**
12 **amended by this act, and IC 6-3-2-1.5 and IC 6-3.1-11.6, both as**
13 **added by this act, apply to taxable years beginning after December**
14 **31, 2004.**

15 SECTION 25. [EFFECTIVE JULY 1, 2004] **IC 6-2.5-4-5, as**
16 **amended by this act, applies to transactions that occur after June**
17 **30, 2004.**

18 SECTION 26. IC 32-24-1-4, AS ADDED BY P.L.2-2002, SECTION
19 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
20 2004]: Sec. 4. (a) If the person seeking to acquire the property does not
21 agree with the owner of an interest in the property or with the guardian
22 of an owner concerning the damages sustained by the owner, the
23 person seeking to acquire the property may file a complaint for that
24 purpose with the clerk of the circuit court of the county where the
25 property is located.

26 (b) The complaint must state the following:

27 (1) The name of the person seeking to acquire the property. This
28 person shall be named as the plaintiff.

29 (2) The names of all owners, claimants to, and holders of liens on
30 the property, if known, or a statement that they are unknown.
31 These owners, claimants, and holders of liens shall be named as
32 defendants.

33 (3) The use the plaintiff intends to make of the property or right
34 sought to be acquired.

35 (4) If a right-of-way is sought, the location, general route, width,
36 and the beginning and end points of the right-of-way.

37 (5) A specific description of each piece of property sought to be
38 acquired and whether the property includes the whole or only part
39 of the entire parcel or tract. If property is sought to be acquired
40 by the state or by a county for a public highway or by a municipal
41 corporation for a public use and the acquisition confers benefits
42 on any other property of the owner, a specific description of each
43 piece of property to which the plaintiff alleges the benefits will
44 accrue. Plats of property alleged to be affected may accompany
45 the descriptions.

46 (6) That the plaintiff has been unable to agree for the purchase of
47 the property with the owner, owners, or guardians, as the case
48 may be, or that the owner is mentally incompetent or less than
49 eighteen (18) years of age and has no legally appointed guardian,

1 or is a nonresident of Indiana.

2 (c) All parcels lying in the county and required for the same public
3 use, whether owned by the same parties or not, may be included in the
4 same or separate proceedings at the option of the plaintiff. However, the
5 court may consolidate or separate the proceedings to suit the
6 convenience of parties and the ends of justice. The filing of the
7 complaint **and a lis pendens notice in any eminent domain action**
8 **under this article** constitutes notice of proceedings to all subsequent
9 purchasers and persons taking encumbrances of the property, who are
10 bound by the notice.

11 SECTION 27. IC 32-34-1-28, AS AMENDED BY P.L.107-2003,
12 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 JULY 1, 2004]: Sec. 28. (a) Except as provided in subsection (e), the
14 attorney general shall publish a notice not later than November 30 of the
15 year immediately following the year in which unclaimed property has
16 been paid or delivered to the attorney general.

17 (b) Except as provided in subsection (c), the notice required by
18 subsection (a) must be published at least once each week for two (2)
19 successive weeks in a newspaper of general circulation published in the
20 county in Indiana of the last known address of any person named in the
21 notice.

22 (c) If the holder:

- 23 (1) does not report an address for the apparent owner; or
24 (2) reports an address outside Indiana;

25 the notice must be published in the county in which the holder has its
26 principal place of business within Indiana or any other county that the
27 attorney general may reasonably select.

28 (d) The advertised notice required by this section must be in a form
29 that, in the judgment of the attorney general, will attract the attention of
30 the apparent owner of the unclaimed property and must contain the
31 following information:

- 32 (1) The name of each person appearing to be an owner of
33 property that is presumed abandoned, as set forth in the report
34 filed by the holder.
35 (2) The last known address or location of each person appearing
36 to be an owner of property that is presumed abandoned, if an
37 address or a location is set forth in the report filed by the holder.
38 (3) A statement explaining that the property of the owner is
39 presumed to be abandoned and has been taken into the protective
40 custody of the attorney general.
41 (4) A statement that information about the abandoned property and
42 its return to the owner is available, upon request, from the
43 attorney general, to a person having a legal or beneficial interest in
44 the property.

45 (e) The attorney general is not required to publish the following in
46 the notice:

- 47 (1) Any item with a value of less than one hundred dollars (\$100).
48 (2) Information concerning a traveler's check, money order, or
49 any similar instrument.

50 **(3) Property reported as a result of a demutualization of an**

1 **insurance company.**

2 SECTION 28. IC 32-34-1-28.5 IS ADDED TO THE INDIANA
3 CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
4 UPON PASSAGE]: **Sec. 28.5. (a) The attorney general shall publish**
5 **a notice not later than November 30 of the year immediately**
6 **following the year in which unclaimed property as a result of a**
7 **demutualization of an insurance company has been paid or**
8 **delivered to the attorney general.**

9 **(b) The notice required by subsection (a) must be published at**
10 **least once in a newspaper of general circulation published in the**
11 **county of Indiana of the last known address of any person named**
12 **in the notice.**

13 **(c) If the holder does not report an address for the apparent**
14 **owner, the notice must be published in the county in which the**
15 **holder has its principal place of business within Indiana or any**
16 **other county that the attorney general may reasonably select.**

17 **(d) The advertised notice required by this section must be in a**
18 **form that, in the judgment of the attorney general, will attract the**
19 **attention of the apparent owner of the unclaimed property. The**
20 **advertised notice is not subject to the rate prescribed in**
21 **IC 5-3-1-1. The rate may not be higher than the rate set in**
22 **IC 5-3-1-1.**

23 **(e) The advertised notice must contain the following**
24 **information:**

25 **(1) The name of each person appearing to be an owner of**
26 **property that is presumed abandoned, as set forth in the**
27 **report filed by the holder.**

28 **(2) The last known address or location of each person**
29 **appearing to be an owner of property that is presumed**
30 **abandoned, if an address or a location is set forth in the**
31 **report filed by the holder.**

32 **(3) A statement explaining that the property of the owner is**
33 **presumed to be abandoned and has been taken into**
34 **protective custody of the attorney general.**

35 **(4) A statement that information about the abandoned**
36 **property and its return to the owner is available, upon**
37 **request, from the attorney general, to a person having a**
38 **legal or beneficial interest in the property.**

39 **(f) The attorney general is not required to include any item**
40 **with a value of less than one hundred dollars (\$100) in the notice.**

41 SECTION 29. IC 6-3.1-19-3, AS AMENDED BY P.L.224-2003,
42 SECTION 196, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
43 JULY 1, 2004]: **Sec. 3. (a) Subject to section 5 of this chapter, a**
44 **taxpayer is entitled to a credit against the taxpayer's state and local tax**
45 **liability for a taxable year if the taxpayer makes a qualified investment**
46 **in that year.**

47 **(b) The amount of the credit to which a taxpayer is entitled is the**

1 qualified investment made by the taxpayer during the taxable year
2 multiplied by twenty-five percent (25%).

3 (c) A taxpayer may assign any part of the credit to which the
4 taxpayer is entitled under this chapter to a lessee of property
5 redeveloped or rehabilitated under section 2 of this chapter. A credit that
6 is assigned under this subsection remains subject to this chapter.

7 (d) An assignment under subsection (c) must be in writing and both
8 the taxpayer and the lessee must report the assignment on their state tax
9 return for the year in which the assignment is made, in the manner
10 prescribed by the department. The taxpayer may not receive value in
11 connection with the assignment under subsection (c) that exceeds the
12 value of the part of the credit assigned.

13 (e) If a pass through entity is entitled to a credit under this chapter
14 but does not have state and local tax liability against which the tax credit
15 may be applied, a shareholder, partner, or member of the pass through
16 entity is entitled to a tax credit equal to:

17 (1) the tax credit determined for the pass through entity for the
18 taxable year; multiplied by

19 (2) the percentage of the pass through entity's distributive income
20 to which the shareholder, partner, or member is entitled.

21 The credit provided under this subsection is in addition to a tax credit
22 to which a shareholder, partner, or member of a pass through entity is
23 otherwise entitled under this chapter. However, a pass through entity
24 and an individual who is a shareholder, partner, or member of the pass
25 through entity may not claim more than one (1) credit for the same
26 investment.

27 **(f) A taxpayer that is otherwise entitled to a credit under this**
28 **chapter for a taxable year may claim the credit regardless of**
29 **whether any income tax incremental amount or gross retail**
30 **incremental amount has been:**

31 **(1) deposited in the incremental tax financing fund**
32 **established for the community revitalization enhancement**
33 **district; or**

34 **(2) allocated to the district.**

35 SECTION 30. IC 6-3.1-19-5 IS AMENDED TO READ AS
36 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. (a) ~~Except as~~
37 ~~provided in subsection (b);~~ A taxpayer is not entitled to claim the credit
38 provided by this chapter to the extent that the taxpayer substantially
39 reduces or ceases its operations in Indiana in order to relocate them
40 within the district.

41 ~~(b) Notwithstanding subsection (a), a taxpayer's substantial~~
42 ~~reduction or cessation of operations in Indiana in order to relocate~~
43 ~~operations to a district does not make a taxpayer ineligible for a credit~~
44 ~~under this chapter if: (1)~~

45 **Determinations under this section shall be made by the**
46 **department. The department shall adopt a proposed order**
47 **concerning a taxpayer's eligibility for the credit based on**
48 **subsection (b) and the following criteria:**

49 **(1) A site-specific economic activity, including sales, leasing,**

1 service, manufacturing, production, storage of inventory, or
 2 any activity involving permanent full-time or part-time
 3 employees, shall be considered a business operation.

4 (2) With respect to an operation located outside the district
 5 (referred to in this section as a "nondistrict operation"), any
 6 of the following that occurs during the twelve (12) months
 7 before the completion of the physical relocation of all or part
 8 of the activity described in subdivision (1) from the
 9 nondistrict operation to the district as compared with the
 10 twelve (12) months before that twelve (12) months shall be
 11 considered a substantial reduction:

12 (A) A reduction in the average number of full-time or
 13 part-time employees of the lesser of one hundred (100)
 14 employees or twenty-five percent (25%) of all employees.

15 (B) A twenty-five percent (25%) reduction in the average
 16 number of goods manufactured or produced.

17 (C) A twenty-five percent (25%) reduction in the average
 18 value of services provided.

19 (D) A ten percent (10%) reduction in the average value of
 20 stored inventory.

21 (E) A twenty-five percent (25%) reduction in the average
 22 amount of gross income.

23 (b) Notwithstanding subsection (a), a taxpayer that would
 24 otherwise be disqualified under subsection (a) is eligible for the
 25 credit provided by this chapter if the taxpayer meets at least one
 26 (1) of the following conditions:

27 (1) The taxpayer relocates all or part of its nondistrict
 28 operation for any of the following reasons:

29 (A) The lease on property necessary for the nondistrict
 30 operation has been involuntarily lost through no fault of
 31 the taxpayer.

32 (B) The space available at the location of the nondistrict
 33 operation cannot accommodate planned expansion needed
 34 by the taxpayer.

35 (C) The building for the nondistrict operation has been
 36 certified as uninhabitable by a state or local building
 37 authority.

38 (D) The building for the nondistrict operation has been
 39 totally destroyed through no fault of the taxpayer.

40 (E) The renovation and construction costs at the location
 41 of the nondistrict operation are more than one and
 42 one-half (1 1/2) times the costs of purchase, renovation,
 43 and construction of a facility in the district, as certified by
 44 three (3) independent estimates.

45 (F) The taxpayer had existing operations in the district and ~~(2)~~
 46 the **nondistrict** operations relocated to the district are an
 47 expansion of the taxpayer's operations in the district.

1 **A taxpayer is eligible for benefits and incentives under clause**
2 **(C) or (D) only if renovation and construction costs at the**
3 **location of the nondistrict operation are more than one and**
4 **one-half (1 1/2) times the cost of purchase, renovation, and**
5 **construction of a facility in the district. These costs must be**
6 **certified by three (3) independent estimates.**

7 **(2) The taxpayer has not terminated or reduced the pension**
8 **or health insurance obligations payable to employees or**
9 **former employees of the nondistrict operation without the**
10 **consent of the employees.**

11 **(c) The department shall cause to be delivered to the taxpayer**
12 **and to any person who testified before the department in favor of**
13 **disqualification of the taxpayer a copy of the department's**
14 **proposed order. The taxpayer and these persons shall be**
15 **considered parties for purposes of this section.**

16 **(d) A party who wishes to appeal the proposed order of the**
17 **department shall, within ten (10) days after the party's receipt of**
18 **the proposed order, file written objections with the department.**
19 **The department shall immediately forward copies of the objections**
20 **to the director of the budget agency and the director of the**
21 **department of commerce. A hearing panel composed of the**
22 **commissioner of the department or the commissioner's designee,**
23 **the director of the budget agency or the director's designee, and**
24 **the director of the department of commerce or the director's**
25 **designee shall set the objections for oral argument and give notice**
26 **to the parties. A party at its own expense may cause to be filed**
27 **with the hearing panel a transcript of the oral testimony or any**
28 **other part of the record of the proceedings. The oral argument**
29 **shall be on the record filed with the hearing panel. The hearing**
30 **panel may hear additional evidence or remand the action to the**
31 **department with instructions appropriate to the expeditious and**
32 **proper disposition of the action. The hearing panel may adopt the**
33 **proposed order of the department, may amend or modify the**
34 **proposed order, or may make such order or determination as is**
35 **proper on the record. The affirmative votes of at least two (2)**
36 **members of the hearing panel are required for the hearing panel**
37 **to take action on any measure. The taxpayer may appeal the**
38 **decision of the hearing panel to the tax court in the same manner**
39 **that a final determination of the department may be appealed**
40 **under IC 33-3-5.**

41 **(e) If no objections are filed, the department may adopt the**
42 **proposed order without oral argument.**

43 **(f) A determination that a taxpayer is not entitled to the credit**
44 **provided by this chapter as a result of a substantial reduction or**
45 **cessation of operations applies to credits that would otherwise arise in**
46 **the taxable year in which the substantial reduction or cessation occurs**
47 **and in all subsequent years. ~~Determinations under this section shall be~~**

1 ~~made by the department of state revenue.~~

2 SECTION 31. IC 36-7-13-2.4, AS AMENDED BY P.L.178-2002,
3 SECTION 116, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2004]: Sec. 2.4. Except as provided in section 10.7(c) of this
5 chapter, as used in this chapter, "gross retail base period amount"
6 means:

7 (1) the aggregate amount of state gross retail and use taxes
8 remitted under IC 6-2.5 by the businesses operating in the territory
9 comprising a district during the full state fiscal year that precedes
10 the date on which:

11 (A) an advisory commission on industrial development adopted
12 a resolution designating the district, in the case of a district that
13 is not described in section 12(c) of this chapter; or

14 (B) the legislative body of a county or municipality adopts an
15 ordinance designating a district under section 10.5 of this
16 chapter; ~~or~~

17 (2) an amount equal to:

18 (A) the aggregate amount of state gross retail and use taxes
19 remitted:

20 (i) under IC 6-2.5 by the businesses operating in the territory
21 comprising a district; and

22 (ii) during the month in which an advisory commission on
23 industrial development adopted a resolution designating the
24 district; multiplied by

25 (B) twelve (12);

26 in the case of a district that is described in section 12(c) of this
27 chapter; ~~or~~

28 **(3) an amount equal to the amount determined under**
29 **subdivision (1) or (2); plus:**

30 **(A) the aggregate amount of state gross retail and use**
31 **taxes remitted:**

32 **(i) under IC 6-2.5 by the businesses operating in the**
33 **territory added to the district; and**

34 **(ii) during the month in which a petition to modify the**
35 **district's boundaries is approved by the budget agency**
36 **under section 12.5 of this chapter; multiplied by**

37 **(B) twelve (12);**

38 **in the case of a district modified under section 12.5 of this**
39 **chapter.**

40 SECTION 32. IC 36-7-13-3.2, AS AMENDED BY P.L.178-2002,
41 SECTION 117, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
42 JULY 1, 2004]: Sec. 3.2. Except as provided in section 10.7(d) of this
43 chapter, as used in this chapter, "income tax base period amount"
44 means:

45 (1) the aggregate amount of state and local income taxes paid by
46 employees employed in the territory comprising a district with
47 respect to wages and salary earned for work in the district for the
48 state fiscal year that precedes the date on which:

49 (A) an advisory commission on industrial development adopted

1 a resolution designating the district, in the case of a district that
 2 is not described in section 12(c) of this chapter; or
 3 (B) the legislative body of a county or municipality adopts an
 4 ordinance designating a district under section 10.5 of this
 5 chapter; ~~or~~

6 (2) an amount equal to:
 7 (A) the aggregate amount of state and local income taxes paid
 8 by employees employed in the territory comprising a district
 9 with respect to wages and salary earned for work in the district
 10 during the month in which an advisory commission on
 11 industrial development adopted a resolution designating the
 12 district; multiplied by
 13 (B) twelve (12);

14 in the case of a district that is described in section 12(c) of this
 15 chapter; or

16 **(3) an amount equal to the amount determined under**
 17 **subdivision (1) or (2); plus:**

18 **(A) the aggregate amount of state and local income taxes**
 19 **paid by employees employed in the territory added to the**
 20 **district with respect to wages and salary earned for work**
 21 **in the modified district during the month in which a**
 22 **petition to modify the district's boundaries is approved by**
 23 **the budget agency under section 12.5 of this chapter;**
 24 **multiplied by**

25 **(B) twelve (12);**
 26 **in the case of a district modified under section 12.5 of this**
 27 **chapter.**

28 SECTION 33. IC 36-7-13-10.5, AS AMENDED BY P.L.178-2002,
 29 SECTION 118, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2004]: Sec. 10.5. (a) This section applies only to a county that
 31 meets the following conditions:

32 (1) The county's annual rate of unemployment has been above the
 33 average annual statewide rate of unemployment during at least
 34 three (3) of the preceding five (5) years.

35 (2) The median income of the county has:
 36 (A) declined over the preceding ten (10) years; or
 37 (B) has grown at a lower rate than the average annual statewide
 38 growth in median income during at least three (3) of the
 39 preceding five (5) years.

40 (3) The population of the county (as determined by the legislative
 41 body of the county) has declined over the preceding ten (10)
 42 years.

43 (b) Except as provided in section 10.7 of this chapter, in a county
 44 described in subsection (a), the legislative body of the county may
 45 adopt an ordinance designating an unincorporated part or
 46 unincorporated parts of the county as a district, and the legislative body
 47 of a municipality located within the county may adopt an ordinance
 48 designating a part or parts of the municipality as a district, if the
 49 legislative body finds all of the following:

- 1 (1) The area to be designated as a district contains a building or
2 buildings that:
- 3 (A) have a total of at least fifty thousand (50,000) square feet
4 of usable interior floor space; and
5 (B) are vacant or will become vacant due to the relocation of
6 the employer or the cessation of operations on the site by the
7 employer.
- 8 (2) Significantly fewer persons are employed in the area to be
9 designated as a district than were employed in the area during the
10 year that is ten (10) years previous to the current year.
- 11 (3) There are significant obstacles to redevelopment in the area
12 due to any of the following problems:
- 13 (A) Obsolete or inefficient buildings.
14 (B) Aging infrastructure or inefficient utility services.
15 (C) Utility relocation requirements.
16 (D) Transportation or access problems.
17 (E) Topographical obstacles to redevelopment.
18 (F) Environmental contamination or remediation.
- 19 (c) A legislative body adopting an ordinance under subsection (b)
20 shall designate the duration of the district. However, ~~the duration may~~
21 ~~not exceed a district must terminate not later than~~ fifteen (15)
22 years ~~from the time of designation. after the income tax incremental~~
23 ~~amount or gross retail incremental amount is first allocated to the~~
24 ~~district.~~
- 25 (d) Except as provided in section 10.7 of this chapter, upon adoption
26 of an ordinance designating a district, the legislative body shall submit
27 the ordinance to the budget committee for review and recommendation
28 to the budget agency. **If the budget agency fails to take action on an**
29 **ordinance designating a district within one hundred twenty (120)**
30 **days after the date that the ordinance is submitted to the budget**
31 **committee, the designation of the district by the ordinance is**
32 **considered approved.**
- 33 (e) Except as provided in section 10.7 of this chapter, when
34 considering the designation of a district by an ordinance adopted under
35 this section, the budget committee and the budget agency must make
36 the following findings before approving the designation of the district:
- 37 (1) The area to be designated as a district meets the conditions
38 necessary for the designation as a district.
39 (2) The designation of the district will benefit the people of Indiana
40 by protecting or increasing state and local tax bases and tax
41 revenues for at least the duration of the district.
- 42 (f) Except as provided in section 10.7 of this chapter, the income tax
43 incremental amount and the gross retail incremental amount may not be
44 allocated to the district until ~~the budget agency approves~~ the designation
45 of the district by the local ordinance **is approved under this section.**
- 46 SECTION 34. IC 36-7-13-12, AS AMENDED BY P.L.224-2003,
47 SECTION 238, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
48 JULY 1, 2004]: Sec. 12. (a) If a municipal or county executive has
49 submitted an application to an advisory commission on industrial

1 development requesting that an area be designated as a district under
 2 this chapter and the advisory commission has compiled and prepared
 3 the information required under section 11 of this chapter concerning the
 4 area, the advisory commission may adopt a resolution designating the
 5 area as a district if it makes the findings described in subsection (b),
 6 (c), (d), or (e). In a county described in subsection (c), an advisory
 7 commission may designate more than one (1) district under subsection
 8 (c).

9 (b) For an area located in a county having a population of more than
 10 one hundred twenty thousand (120,000) but less than one hundred
 11 thirty thousand (130,000), an advisory commission may adopt a
 12 resolution designating a particular area as a district only after finding all
 13 of the following:

- 14 (1) The area contains a building or buildings:
 - 15 (A) with at least one million (1,000,000) square feet of usable
 16 interior floor space; and
 - 17 (B) that is or are vacant or will become vacant due to the
 18 relocation of an employer.
- 19 (2) At least one thousand (1,000) fewer persons are employed in
 20 the area than were employed in the area during the year that is ten
 21 (10) years previous to the current year.
- 22 (3) There are significant obstacles to redevelopment of the area
 23 due to any of the following problems:
 - 24 (A) Obsolete or inefficient buildings.
 - 25 (B) Aging infrastructure or inefficient utility services.
 - 26 (C) Utility relocation requirements.
 - 27 (D) Transportation or access problems.
 - 28 (E) Topographical obstacles to redevelopment.
 - 29 (F) Environmental contamination.
- 30 (4) The unit has expended, appropriated, pooled, set aside, or
 31 pledged at least one hundred thousand dollars (\$100,000) for
 32 purposes of addressing the redevelopment obstacles described in
 33 subdivision (3).
- 34 (5) The area is located in a county having a population of more
 35 than one hundred twenty thousand (120,000) but less than one
 36 hundred thirty thousand (130,000).

37 (c) For a county having a population of more than one hundred
 38 eighteen thousand (118,000) but less than one hundred twenty thousand
 39 (120,000), an advisory commission may adopt a resolution designating
 40 not more than two (2) areas as districts. An advisory commission may
 41 designate an area as a district only after finding the following:

- 42 (1) The area meets either of the following conditions:
 - 43 (A) The area contains a building with at least seven hundred
 44 ninety thousand (790,000) square feet, and at least eight
 45 hundred (800) fewer people are employed in the area than were
 46 employed in the area during the year that is fifteen (15) years
 47 previous to the current year.
 - 48 (B) The area contains a building with at least ~~four hundred~~
 49 ~~forty thousand (440,000)~~ **three hundred eighty-six thousand**
 50 **(386,000)** square feet, and at least four hundred (400) fewer

1 people are employed in the area than were employed in the area
2 during the year that is fifteen (15) years previous to the current
3 year.

4 (2) The area is located in or is adjacent to an industrial park.

5 (3) There are significant obstacles to redevelopment of the area
6 due to any of the following problems:

7 (A) Obsolete or inefficient buildings.

8 (B) Aging infrastructure or inefficient utility services.

9 (C) Utility relocation requirements.

10 (D) Transportation or access problems.

11 (E) Topographical obstacles to redevelopment.

12 (F) Environmental contamination.

13 (4) The area is located in a county having a population of more
14 than one hundred eighteen thousand (118,000) but less than one
15 hundred twenty thousand (120,000).

16 (d) For an area located in a county having a population of more than
17 two hundred thousand (200,000) but less than three hundred thousand
18 (300,000), an advisory commission may adopt a resolution designating
19 a particular area as a district only after finding all of the following:

20 (1) The area contains a building or buildings:

21 (A) with at least one million five hundred thousand (1,500,000)
22 square feet of usable interior floor space; and

23 (B) that is or are vacant or will become vacant.

24 (2) At least eighteen thousand (18,000) fewer persons are
25 employed in the area at the time of application than were employed
26 in the area before the time of application.

27 (3) There are significant obstacles to redevelopment of the area
28 due to any of the following problems:

29 (A) Obsolete or inefficient buildings.

30 (B) Aging infrastructure or inefficient utility services.

31 (C) Utility relocation requirements.

32 (D) Transportation or access problems.

33 (E) Topographical obstacles to redevelopment.

34 (F) Environmental contamination.

35 (4) The unit has expended, appropriated, pooled, set aside, or
36 pledged at least one hundred thousand dollars (\$100,000) for
37 purposes of addressing the redevelopment obstacles described in
38 subdivision (3).

39 (5) The area is located in a county having a population of more
40 than two hundred thousand (200,000) but less than three hundred
41 thousand (300,000).

42 (e) For an area located in a county having a population of more than
43 three hundred thousand (300,000) but less than four hundred thousand
44 (400,000), an advisory commission may adopt a resolution designating
45 a particular area as a district only after finding all of the following:

46 (1) The area contains a building or buildings:

47 (A) with at least eight hundred thousand (800,000) gross
48 square feet; and

49 (B) having leasable floor space, at least fifty percent (50%) of
50 which is or will become vacant.

1 (2) There are significant obstacles to redevelopment of the area
2 due to any of the following problems:

3 (A) Obsolete or inefficient buildings as evidenced by a decline
4 of at least seventy-five percent (75%) in their assessed
5 valuation during the preceding ten (10) years.

6 (B) Transportation or access problems.

7 (C) Environmental contamination.

8 (3) At least four hundred (400) fewer persons are employed in the
9 area than were employed in the area during the year that is fifteen
10 (15) years previous to the current year.

11 (4) The area has been designated as an economic development
12 target area under IC 6-1.1-12.1-7.

13 (5) The unit has appropriated, pooled, set aside, or pledged at least
14 two hundred fifty thousand dollars (\$250,000) for purposes of
15 addressing the redevelopment obstacles described in subdivision
16 (2).

17 (6) The area is located in a county having a population of more
18 than three hundred thousand (300,000) but less than four hundred
19 thousand (400,000).

20 (f) The advisory commission, or the county or municipal legislative
21 body, in the case of a district designated under section 10.5 of this
22 chapter, shall designate the duration of the district. ~~but the duration may~~
23 ~~not exceed~~ **However, a district must terminate not later than** fifteen
24 (15) years ~~(at the time of designation)~~. **after the income tax**
25 **incremental amount or gross retail incremental amount is first**
26 **allocated to the district.**

27 (g) Upon adoption of a resolution designating a district, the advisory
28 commission shall submit the resolution to the budget committee for
29 review and recommendation to the budget agency. **If the budget**
30 **agency fails to take action on a resolution designating a district**
31 **within one hundred twenty (120) days after the date that the**
32 **resolution is submitted to the budget committee, the designation**
33 **of the district by the resolution is considered approved.**

34 (h) When considering a resolution, the budget committee and the
35 budget agency must make the following findings:

36 (1) The area to be designated as a district meets the conditions
37 necessary for designation as a district.

38 (2) The designation of the district will benefit the people of Indiana
39 by protecting or increasing state and local tax bases and tax
40 revenues for at least the duration of the district.

41 (i) The income tax incremental amount and the gross retail
42 incremental amount may not be allocated to the district until ~~the budget~~
43 ~~agency approves~~ **the resolution is approved under this section.**

44 SECTION 35. IC 36-7-13-12.1, AS ADDED BY P.L.224-2003,
45 SECTION 239, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
46 JULY 1, 2004]: Sec. 12.1. (a) If the executive of a city described in
47 section 10.1(a) of this chapter has submitted an application to an
48 advisory commission on industrial development requesting that an area
49 be designated as a district under this chapter and the advisory

1 commission has compiled and prepared the information required under
 2 section 11 of this chapter concerning the area, the advisory commission
 3 may adopt a resolution designating the area as a district if it finds the
 4 following:

5 (1) That the redevelopment of the area in the district will:

6 (A) promote significant opportunities for the gainful
 7 employment of its citizens;

8 (B) attract a major new business enterprise to the area; or

9 (C) retain or expand a significant business enterprise within the
 10 area.

11 (2) That there are significant obstacles to redevelopment of the
 12 area due to any of the following problems:

13 (A) Obsolete or inefficient buildings.

14 (B) Aging infrastructure or ineffective utility services.

15 (C) Utility relocation requirements.

16 (D) Transportation or access problems.

17 (E) Topographical obstacles to redevelopment.

18 (F) Environmental contamination.

19 (G) Lack of development or cessation of growth.

20 (H) Deterioration of improvements or character of occupancy,
 21 age, obsolescence, or substandard buildings.

22 (I) Other factors that have impaired values or prevent a normal
 23 development of property or use of property.

24 (b) To address the obstacles identified in subsection (a)(2), the city
 25 may make expenditures for:

26 (1) the acquisition of land;

27 (2) interests in land;

28 (3) site improvements;

29 (4) infrastructure improvements;

30 (5) buildings;

31 (6) structures;

32 (7) rehabilitation, renovation, and enlargement of buildings and
 33 structures;

34 (8) machinery;

35 (9) equipment;

36 (10) furnishings;

37 (11) facilities;

38 (12) administration expenses associated with such a project;

39 (13) operating expenses; or

40 (14) substance removal or remedial action to the area.

41 (c) In addition to the findings described in subsection (a), an
 42 advisory commission must also find that the city described in section
 43 10.1(a) of this chapter has expended, appropriated, pooled, set aside, or
 44 pledged at least two hundred fifty thousand dollars (\$250,000) for
 45 purposes of addressing the redevelopment obstacles described in
 46 subsection (a)(2).

47 (d) The advisory commission shall designate the duration of the
 48 district. ~~but the duration may not exceed~~ **However, a district must**
 49 **terminate not later than** fifteen (15) years ~~(at the time of~~
 50 ~~designation): after the income tax incremental amount or gross~~

1 **retail incremental amount is first allocated to the district under**
 2 **this chapter.**

3 (e) Upon adoption of a resolution designating a district, the advisory
 4 commission shall submit the resolution to the budget committee for
 5 review and recommendation to the budget agency. **If the budget**
 6 **agency fails to take action on a resolution designating a district**
 7 **within one hundred twenty (120) days after the date that the**
 8 **resolution is submitted to the budget committee, the designation**
 9 **of the district by the resolution is considered approved.**

10 (f) When considering a resolution, the budget committee and the
 11 budget agency must make the following findings:

12 (1) The area to be designated as a district meets the conditions
 13 necessary for designation as a district.

14 (2) The designation of the district will benefit the people of Indiana
 15 by protecting or increasing state and local tax bases and tax
 16 revenues for at least the duration of the district.

17 (g) The income tax incremental amount and the gross retail
 18 incremental amount may not be allocated to the district until the ~~budget~~
 19 ~~agency approves the resolution is approved under this section.~~

20 SECTION 36. IC 36-7-13-12.5 IS ADDED TO THE INDIANA
 21 CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2004]: **Sec. 12.5. (a) An advisory commission on industrial**
 23 **development that designates a district under section 12 or 12.1 of**
 24 **this chapter or the legislative body of a county or municipality**
 25 **that adopts an ordinance designating a district under section 10.5**
 26 **of this chapter may petition for permission to modify the**
 27 **boundaries of the district. The petition must be submitted to the**
 28 **budget committee for review and recommendation to the budget**
 29 **agency.**

30 (b) When considering a petition submitted under subsection (a),
 31 the budget committee and the budget agency must make the
 32 following findings:

33 (1) The area to be added to the district, if any, meets the
 34 conditions necessary for designation as a district under
 35 section 10.5, 12, or 12.1 of this chapter.

36 (2) The proposed modification of the district will benefit the
 37 people of Indiana by protecting or increasing state and local
 38 tax bases and tax revenues for at least the duration of the
 39 district.

40 (c) Upon approving a petition submitted under subsection (a),
 41 the budget agency shall certify the district's modified boundaries
 42 to the department of state revenue.

43 SECTION 37. IC 36-7-13-13, AS AMENDED BY P.L.224-2003,
 44 SECTION 240, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 45 JULY 1, 2004]: Sec. 13. (a) If an advisory commission on industrial
 46 development designates a district under section 12 or 12.1 of this
 47 chapter or if the legislative body of a county or municipality adopts an
 48 ordinance designating a district under section 10.5 of this chapter, the

1 advisory commission, or the legislative body in the case of a district
 2 designated under section 10.5 of this chapter, shall send a certified copy
 3 of the resolution or ordinance designating the district to the department
 4 of state revenue by certified mail and shall include with the resolution
 5 a complete list of the following:

6 (1) Employers in the district.

7 (2) Street names and the range of street numbers of each street in
 8 the district.

9 **(b)** The advisory commission, or the legislative body in the case of
 10 a district designated under section 10.5 of this chapter, shall update the
 11 list:

12 **(1)** before July 1 of each year; or

13 **(2) within fifteen (15) days after the date that the budget**
 14 **agency approves a petition to modify the boundaries of the**
 15 **district under section 12.5 of this chapter.**

16 ~~(b)~~ **(c)** Not later than sixty (60) days after receiving a copy of the
 17 resolution or ordinance designating a district, the department of state
 18 revenue shall determine the gross retail base period amount and the
 19 income tax base period amount.

20 **(d) Not later than sixty (60) days after receiving a certification**
 21 **of a district's modified boundaries under section 12.5(c) of this**
 22 **chapter, the department shall recalculate the gross retail base**
 23 **period amount and the income tax base period amount for a**
 24 **district modified under section 12.5 of this chapter.**

25 SECTION 38. IC 36-7-13-14 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 14. **(a)** Before the first
 27 business day in October of each year, the department shall calculate the
 28 income tax incremental amount and the gross retail incremental amount
 29 for the preceding state fiscal year for each district designated under this
 30 chapter.

31 **(b) Not later than sixty (60) days after receiving a certification**
 32 **of a district's modified boundaries under section 12.5(c) of this**
 33 **chapter, the department shall recalculate the income tax**
 34 **incremental amount and the gross retail incremental amount for**
 35 **the preceding state fiscal year for a district modified under section**
 36 **12.5 of this chapter.**

37 SECTION 39. [EFFECTIVE JULY 1, 2004] **(a) An advisory**
 38 **commission or a legislative body that designated a community**
 39 **revitalization enhancement district before July 1, 2004, may adopt**
 40 **a resolution before July 1, 2005, to amend the duration of the**
 41 **district under IC 36-7-13-10.5, IC 36-7-13-12, or IC 36-7-13-12.1,**
 42 **all as amended by this act, if no income tax incremental amounts**
 43 **or gross retail incremental amounts have been:**

44 **(1) deposited in the incremental tax financing fund**
 45 **established for the community revitalization enhancement**
 46 **district; or**

47 **(2) allocated to the district.**

48 **(b) If an advisory commission or a legislative body adopts a**

1 resolution under this SECTION to amend the duration of the
 2 district, the advisory commission or legislative body shall
 3 immediately send a certified copy of the resolution to the budget
 4 agency and the department of state revenue by certified mail.

5 (c) This SECTION expires January 1, 2006.

6 SECTION 40. [EFFECTIVE JULY 1, 2004] IC 6-3.1-19-3, as
 7 amended by this act, applies only to taxable years beginning after
 8 December 31, 2004.

9 SECTION 41. IC 6-8.1-3-16, AS AMENDED BY P.L. 192-2002(ss),
 10 SECTION 141, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2004]: Sec. 16. (a) The department shall prepare a list of all
 12 outstanding tax warrants for listed taxes each month. The list shall
 13 identify each taxpayer liable for a warrant by name, address, amount of
 14 tax, and either Social Security number or employer identification
 15 number. Unless the department renews the warrant, the department
 16 shall exclude from the list a warrant issued more than ten (10) years
 17 before the date of the list. The department shall certify a copy of the list
 18 to the bureau of motor vehicles.

19 (b) The department shall prescribe and furnish tax release forms for
 20 use by tax collecting officials. A tax collecting official who collects
 21 taxes in satisfaction of an outstanding warrant shall issue to the
 22 taxpayers named on the warrant a tax release stating that the tax has
 23 been paid. The department may also issue a tax release:

- 24 (1) to a taxpayer who has made arrangements satisfactory to the
 25 department for the payment of the tax; or
- 26 (2) by action of the commissioner under IC 6-8.1-8-2(k).

27 (c) The department may not issue or renew:

- 28 (1) a certificate under IC 6-2.5-8;
- 29 (2) a license under IC 6-6-1.1 or IC 6-6-2.5; or
- 30 (3) a permit under IC 6-6-4.1;

31 to a taxpayer whose name appears on the most recent monthly warrant
 32 list, unless that taxpayer pays the tax, makes arrangements satisfactory
 33 to the department for the payment of the tax, or a release is issued
 34 under IC 6-8.1-8-2(k).

35 (d) The bureau of motor vehicles shall, before issuing the title to a
 36 motor vehicle under IC 9-17, determine whether the purchaser's or
 37 assignee's name is on the most recent monthly warrant list. If the
 38 purchaser's or assignee's name is on the list, the bureau shall enter as
 39 a lien on the title the name of the state as the lienholder unless the
 40 bureau has received notice from the commissioner under
 41 IC 6-8.1-8-2(k). The tax lien on the title:

- 42 (1) is subordinate to a perfected security interest (as defined and
 43 perfected in accordance with IC 26-1-9.1); and
- 44 (2) shall otherwise be treated in the same manner as other title
 45 liens.

46 (e) The commissioner is the custodian of all titles for which the state
 47 is the sole lienholder under this section. Upon receipt of the title by the
 48 department, the commissioner shall notify the owner of the
 49 department's receipt of the title.

1 (f) The department shall reimburse the bureau of motor vehicles for
2 all costs incurred in carrying out this section.

3 (g) Notwithstanding IC 6-8.1-8, a person who is authorized to
4 collect taxes, interest, or penalties on behalf of the department under
5 IC 6-3 or IC 6-3.5 may not, except as provided in subsection (h) or (i),
6 receive a fee for collecting the taxes, interest, or penalties if:

7 (1) the taxpayer pays the taxes, interest, or penalties as
8 consideration for the release of a lien placed under subsection (d)
9 on a motor vehicle title; or

10 (2) the taxpayer has been denied a certificate or license under
11 subsection (c) within sixty (60) days before the date the taxes,
12 interest, or penalties are collected.

13 (h) In the case of a sheriff, subsection (g) does not apply if:

14 (1) the sheriff collects the taxes, interest, or penalties within sixty
15 (60) days after the date the sheriff receives the tax warrant; or

16 (2) the sheriff collects the taxes, interest, or penalties through the
17 sale or redemption, in a court proceeding, of a motor vehicle that
18 has a lien placed on its title under subsection (d).

19 (i) In the case of a person other than a sheriff:

20 (1) subsection (g)(2) does not apply if the person collects the
21 taxes, interests, or penalties within sixty (60) days after the date
22 the commissioner employs the person to make the collection; and

23 (2) subsection (g)(1) does not apply if the person collects the
24 taxes, interest, or penalties through the sale or redemption, in a
25 court proceeding, of a motor vehicle that has a lien placed on its
26 title under subsection (d).

27 **(j) IC 5-14-3-4, IC 6-8.1-7-1, and any other law exempting**
28 **information from disclosure by the department does not apply to**
29 **this subsection. From the list prepared under subsection (a), the**
30 **department shall compile each month a list of the taxpayers**
31 **subject to tax warrants that:**

32 (1) were issued at least twenty-four (24) months before the
33 date of the list; and

34 (2) are for amounts that exceed one thousand dollars
35 (\$1,000).

36 **The list compiled under this subsection must identify each**
37 **taxpayer liable for a warrant by name, address, and amount of tax.**
38 **The department shall publish the list compiled under this**
39 **subsection on accessIndiana (as defined in IC 5-21-1-1.5) and**
40 **make the list available for public inspection and copying under**
41 **IC 5-14-3. The department or an agent, employee, or officer of the**
42 **department is immune from liability for the publication of**
43 **information under this subsection.**

44 **(k) The department may not publish a list under subsection (j)**
45 **that identifies a particular taxpayer unless at least two (2) weeks**
46 **before the publication of the list the department sends notice to**
47 **the taxpayer stating that the taxpayer:**

48 (1) is subject to a tax warrant that:

1 (A) was issued at least twenty-four (24) months before the
2 date of the notice; and

3 (B) is for an amount that exceeds one thousand dollars
4 (\$1,000); and

5 (2) will be identified on a list to be published on
6 accessIndiana unless a tax release is issued to the taxpayer
7 under subsection (b).

8 (I) The department may not publish a list under subsection (j)
9 after June 30, 2006.

10 SECTION 42. IC 34-30-2-16.7 IS ADDED TO THE INDIANA
11 CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
12 JULY 1, 2004]: **Sec. 16.7. IC 6-8.1-3-16(j) (Concerning the
13 department of state revenue for publishing a list of delinquent
14 taxpayers).**

15 SECTION 43. IC 4-4-32 IS ADDED TO THE INDIANA CODE AS
16 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1,
17 2004]:

18 **Chapter 32. Twenty-First Century Research and Technology
19 Fund Grant Office**

20 **Sec. 1. As used in this chapter, "office" refers to the grant
21 office established by section 3 of this chapter.**

22 **Sec. 2. As used in this chapter, "fund" refers to the Indiana
23 twenty-first century research and technology fund established by
24 IC 4-4-5.1-3.**

25 **Sec. 3. The fund board may establish and administer a grant
26 office to assist state agencies, units of local government, public
27 and private colleges and universities, private sector for-profit and
28 nonprofit entities, and other entities in Indiana in researching,
29 developing, and receiving grants and funding from:**

30 (1) the federal government;

31 (2) private foundations; or

32 (3) any other source of funding.

33 **Sec. 4. The office may do the following:**

34 (1) Work with and coordinate with state, university, and
35 private entities that are responsible for the identification and
36 acquisition of research and development grants and funds
37 and other sources of assistance to do the following:

38 (A) Share information.

39 (B) Leverage skills and assets.

40 (C) Jointly market their respective programs to the widest
41 possible population in Indiana.

42 (2) Serve as a repository and clearinghouse for information
43 concerning available research and development grants and
44 funds and other sources of assistance.

45 **Sec. 5. The office may establish and maintain a list of all:**

46 (1) Indiana state and local governmental entities;

47 (2) public and private colleges and universities; and

1 **(3) private sector for-profit and nonprofit entities;**
 2 **that are actively seeking research and development money and**
 3 **may benefit from assistance in acquiring research and**
 4 **development funding from a source described in section 3 of this**
 5 **chapter.**

6 **Sec. 6. (a) The office may assist potential funding recipients**
 7 **described in section 5 of this chapter in preparing applications and**
 8 **all other documentation to aggressively seek funding.**

9 **(b) The office may give priority to assisting the following:**

10 **(1) Highly ranked applicants for grants from the fund.**

11 **(2) Entities with proposal concepts that the fund board**
 12 **determines are consistent with state strategic objectives.**

13 **(3) Opportunities with strong commercial potential for**
 14 **Indiana.**

15 **(4) Opportunities that have substantial private entity interest**
 16 **and participation.**

17 **Sec. 7. The office may accept:**

18 **(1) appropriations from the general assembly; and**

19 **(2) gifts and donations from any other source;**

20 **to further the activities of the office.**

21 SECTION 44. IC 4-4-5.2 IS ADDED TO THE INDIANA CODE AS
 22 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 23 2004]:

24 **Chapter 5.2. Emerging Technology Grant Fund**

25 **Sec. 1. As used in this chapter, "board" refers to the Indiana**
 26 **twenty-first century research and technology fund board**
 27 **established by IC 4-4-5.1-6.**

28 **Sec. 2. As used in this chapter, "fund" refers to the emerging**
 29 **technology grant fund established by section 5 of this chapter.**

30 **Sec. 3. As used in this chapter, "small business" means a**
 31 **business that satisfies all the following:**

32 **(1) The business is independently owned and operated.**

33 **(2) The principal office of the business is located in Indiana.**

34 **(3) The business satisfies either of the following:**

35 **(A) The business has not more than:**

36 **(i) one hundred (100) employees; and**

37 **(ii) average annual gross receipts of ten million dollars**
 38 **(\$10,000,000).**

39 **(B) If the business is a manufacturing business, the**
 40 **business does not have more than one hundred (100)**
 41 **employees.**

42 **Sec. 4. As used in this chapter, "small sized technology based**
 43 **business" means a small business engaged in any of the following:**

44 **(1) Life sciences.**

45 **(2) Information technology.**

46 **(3) Advanced manufacturing.**

47 **(4) Logistics.**

1 **Sec. 5. (a) The emerging technology grant fund is established**
2 **to provide grants to match federal grants for small sized**
3 **technology based businesses to be used to accelerate**
4 **commercialization of emerging technologies.**

5 **(b) The fund consists of appropriations from the general**
6 **assembly and gifts and grants to the fund.**

7 **(c) The treasurer of state shall invest the money in the fund**
8 **not currently needed to meet the obligations of the fund in the**
9 **same manner as other public funds may be invested.**

10 **(d) The money in the fund at the end of a state fiscal year does**
11 **not revert to the state general fund but remains in the fund to be**
12 **used exclusively for purposes of this chapter.**

13 **(e) Money in the fund is continuously appropriated for the**
14 **purposes of this chapter.**

15 **Sec. 6. The purpose of the grant program is to do the following:**

16 **(1) Assist Indiana businesses to compete nationally for**
17 **federal research and development awards.**

18 **(2) Provide matching grants that focus on small sized**
19 **technology based businesses in industry sectors vital to**
20 **Indiana's economic growth.**

21 **Sec. 7. (a) The board shall administer the grant program under**
22 **this chapter.**

23 **(b) The board shall award grants to support projects that**
24 **leverage private sector, federal, and state resources to create new**
25 **globally competitive commercial products or services that will**
26 **enhance economic growth and job creation in Indiana.**

27 **(c) The board may award grants only to businesses that receive**
28 **federal grant awards.**

29 **(d) In awarding grants, the board shall give preference to**
30 **proposals from businesses that include other Indiana based**
31 **organizations. However, the amount of the grant may be**
32 **measured only against the federal money allocated to the small**
33 **sized technology based business partner.**

34 **(e) The board shall consider the following when making grants**
35 **under this chapter:**

36 **(1) Whether the grant will increase the viability of the**
37 **applicant's project.**

38 **(2) Whether the grant will attract additional federal**
39 **research, development, and commercialization money.**

40 **(3) Whether the grant will assist in accelerating the**
41 **introduction of technology based products in the market.**

42 **(4) Whether the grant will produce additional technology**
43 **based jobs in Indiana.**

44 **(5) Other factors the board considers relevant.**

45 **(f) An applicant for a grant under this chapter must be in the**
46 **process of applying for, have applied for, or have received a**
47 **federal grant for the proposed project. If the applicant has already**

1 received a federal grant for the proposed project, the start date of
2 the federal award must be after June 30, 2003.

3 (g) Any federal program may serve as the basis for a grant
4 under this chapter if all the following are satisfied:

5 (1) The applicant's federal proposal is a response to a
6 nationally competitive federal solicitation.

7 (2) The federal program provides money to develop, revise,
8 or commercialize a new technology.

9 (3) The federal program accepts matching funds.

10 (4) The applicant's federal proposal includes the state as a
11 potential funding source.

12 **Sec. 8. Before July 1 of each year, the board shall establish and
13 publish guidelines determining the following:**

14 (1) Priority industries and technological areas for grants
15 under this chapter.

16 (2) Matching levels for the different priorities established
17 under subdivision (1). The matching level may not be more
18 than one dollar (\$1) for each federal dollar received by an
19 applicant.

20 (3) The maximum dollar amount that may be awarded for a
21 proposal. The maximum dollar amount may not exceed one
22 hundred fifty thousand dollars (\$150,000) for each business
23 for each proposal.

24 SECTION 45. IC 36-1-8-5.1, AS AMENDED BY P.L.267-2003,
25 SECTION 15, AND P.L.173-2003, SECTION 19, IS AMENDED AND
26 CORRECTED TO READ AS FOLLOWS [EFFECTIVE UPON
27 PASSAGE]: Sec. 5.1. (a) A political subdivision may establish a rainy
28 day fund ~~to receive transfers of unused and unencumbered funds under:~~
29 ~~(1) section 5 of this chapter; (2) IC 6-3.5-1.1-21.1; (3)~~
30 ~~IC 6-3.5-6-17.3; and (4) IC 6-3.5-7-17.3.~~ by the adoption of:

31 (1) an ordinance, in the case of a county, city, or town; or

32 (2) a resolution, in the case of any other political subdivision.

33 (b) An ordinance or a resolution adopted under this section must
34 specify the following:

35 (1) The purposes of the rainy day fund.

36 (2) The sources of funding for the rainy day fund, **which may**

37 **include the following:**

38 **(A) Unused and unencumbered funds under:**

39 (i) section 5 of this chapter;

40 (ii) IC 6-3.5-1.1-21.1;

41 (iii) IC 6-3.5-6-17.3; or

42 (iv) IC 6-3.5-7-17.3.

43 **(B) Any other funding source:**

44 (i) specified in the ordinance or resolution adopted
45 under this section; and

46 (ii) not otherwise prohibited by law.

47 ~~(b)~~ (c) The rainy day fund is subject to the same appropriation
48 process as other funds that receive tax money. *Before making an*

1 ~~appropriation from the rainy day fund, the fiscal body shall make a~~
 2 ~~finding that the proposed use of the rainy day fund is consistent with~~
 3 ~~the intent of the fund.~~

4 ~~(c)~~ (d) In any fiscal year, a political subdivision may transfer *under*
 5 *section 5 of this chapter* not more than ten percent (10%) of the
 6 political subdivision's total *annual* budget for that fiscal year, *adopted*
 7 *under IC 6-1.1-17*, to the rainy day fund.

8 ~~(d)~~ (e) *A political subdivision may use only the funding sources*
 9 *specified in subsection (b)(2)(A) or in the ordinance or resolution*
 10 *establishing the rainy day fund. unless The political subdivision adopts*
 11 **may adopt** *a subsequent ordinance or resolution authorizing the use of*
 12 *another funding source.*

13 (f) The department of local government finance may not reduce the
 14 actual or maximum permissible levy of a political subdivision as a result
 15 of a balance in the rainy day fund of the political subdivision.

16 SECTION 46. IC 36-4-1-1 IS AMENDED TO READ AS
 17 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Municipalities
 18 are classified according to their status and population as follows:

STATUS AND POPULATION	CLASS
Cities of 250,000 500,000 or more	First class cities
Cities of 35,000 to 249,999 499,999	Second class cities
Cities of less than 35,000	Third class cities
Other municipalities of any population	Towns

25 (b) Except as provided in subsection (c), a city that attains a
 26 population of thirty-five thousand (35,000) remains a second class city
 27 even though its population decreases to less than thirty-five thousand
 28 (35,000) at the next federal decennial census.

29 (c) The legislative body of a city to which subsection (b) applies
 30 may, by ordinance, adopt third class city status.

31 SECTION 47. IC 36-9-41 IS ADDED TO THE INDIANA CODE
 32 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
 33 1, 2004]:

34 **Chapter 41. Financing of Public Work Projects by Political**
 35 **Subdivisions**

36 **Sec. 1. This chapter applies to a public work project that will**
 37 **cost the political subdivision not more than two million dollars**
 38 **(\$2,000,000).**

39 **Sec. 2. As used in this chapter, "public work" means a project**
 40 **for the construction of any public building, highway, street, alley,**
 41 **bridge, sewer, drain, or any other public facility that is paid for out**
 42 **of public funds.**

43 **Sec. 3. Notwithstanding any other statute, a political subdivision**
 44 **may borrow the money necessary to finance a public work project**
 45 **from a financial institution in Indiana by executing a negotiable**
 46 **note under section 4 of this chapter. The political subdivision shall**
 47 **provide notice of its determination to issue the note under**
 48 **IC 5-3-1. Money borrowed under this chapter is chargeable against**
 49 **the political subdivision's constitutional debt limitation.**

1 **Sec. 4. A political subdivision borrowing money under section**
2 **3 of this chapter shall execute and deliver to the financial**
3 **institution the negotiable note of the political subdivision for the**
4 **sum borrowed. The note must bear interest, with both principal**
5 **and interest payable in equal or approximately equal installments**
6 **on January 1 and July 1 each year over a period not exceeding six**
7 **(6) years.**

8 **Sec. 5. (a) The first installment of principal and interest on a**
9 **note executed under this chapter is due on the next January 1 or**
10 **July 1 following the first tax collection for which it is possible for**
11 **the political subdivision to levy a tax under subsection (b).**

12 **(b) The political subdivision shall appropriate an amount for**
13 **and levy a tax each year sufficient to pay the political subdivision's**
14 **obligation under the note according to its terms.**

15 **(c) An obligation of a political subdivision under a note**
16 **executed under this chapter is a valid and binding obligation of the**
17 **political subdivision, notwithstanding any tax limitation, debt**
18 **limitation, bonding limitation, borrowing limitation, or other**
19 **statute to the contrary.**

20 **Sec. 6. If a political subdivision gives notice under section 3 of**
21 **this chapter of its determination that money should be borrowed**
22 **under this chapter, not less than ten (10) taxpayers in the political**
23 **subdivision who disagree with the determination may file a**
24 **petition in the office of the county auditor not more than thirty**
25 **(30) days after notice of the determination is given. The petition**
26 **must state the taxpayers' objections and the reasons why the**
27 **taxpayers believe the borrowing to be unnecessary or unwise.**

28 **Sec. 7. (a) Upon receiving a petition under section 6 of this**
29 **chapter, the county auditor shall immediately certify a copy of the**
30 **petition, together with other data necessary to present the**
31 **questions involved, to the department of local government**
32 **finance. Upon receipt of the certified petition and other data, the**
33 **department of local government finance shall fix a time and place**
34 **for a hearing on the matter.**

35 **(b) The hearing shall be held not less than five (5) and not**
36 **more than thirty (30) days after the department's receipt of the**
37 **certified petition, and shall be held in the county where the**
38 **petition arose.**

39 **(c) The department of local government finance shall give**
40 **notice of the hearing by letter to the political subdivision and to**
41 **the first ten (10) taxpayer petitioners listed on the petition. A copy**
42 **of the letter shall be sent to each of the first ten (10) taxpayer**
43 **petitioners at the taxpayer's usual place of residence at least five**
44 **(5) days before the date of the hearing. In addition, public notice**
45 **shall be published at least five (5) days before the date of the**
46 **hearing under IC 5-3-1.**

47 **(d) After the hearing under subsection (c), the department of**

1 **local government shall issue a final determination concerning the**
 2 **petition.**

3 **Sec. 8. A:**

4 **(1) taxpayer who signed a petition filed under section 6 of**
 5 **this chapter; or**

6 **(2) political subdivision against which a petition is filed under**
 7 **section 6 of this chapter;**

8 **may petition the tax court established by IC 33-3-5-1 for judicial**
 9 **review of the final determination of the department of local**
 10 **government finance on the taxpayers' petition. The petition for**
 11 **judicial review must be filed in the tax court not more than**
 12 **forty-five (45) days after the date of the department's final**
 13 **determination.**

14 SECTION 48. IC 6-1.1-12.1-1, AS AMENDED BY P.L.4-2000,
 15 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JULY 1, 2004]: Sec. 1. For purposes of this chapter:

17 (1) "Economic revitalization area" means an area which is within
 18 the corporate limits of a city, town, or county which has become
 19 undesirable for, or impossible of, normal development and
 20 occupancy because of a lack of development, cessation of
 21 growth, deterioration of improvements or character of occupancy,
 22 age, obsolescence, substandard buildings, or other factors which
 23 have impaired values or prevent a normal development of property
 24 or use of property. The term "economic revitalization area" also
 25 includes:

26 (A) any area where a facility or a group of facilities that are
 27 technologically, economically, or energy obsolete are located
 28 and where the obsolescence may lead to a decline in
 29 employment and tax revenues; and

30 (B) a residentially distressed area, except as otherwise provided
 31 in this chapter.

32 (2) "City" means any city in this state, and "town" means any
 33 town incorporated under IC 36-5-1.

34 (3) "New manufacturing equipment" means any tangible personal
 35 property which:

36 (A) was installed after February 28, 1983, and before January
 37 1, 2006, in an area that is declared an economic revitalization
 38 area after February 28, 1983, in which a deduction for tangible
 39 personal property is allowed;

40 (B) is used in the direct production, manufacture, fabrication,
 41 assembly, extraction, mining, processing, refining, or finishing
 42 of other tangible personal property, including but not limited to
 43 use to dispose of solid waste or hazardous waste by converting
 44 the solid waste or hazardous waste into energy or other useful
 45 products; and

46 (C) was acquired by its owner for use as described in clause
 47 (B) and was never before used by its owner for any purpose
 48 in Indiana.

49 However, notwithstanding any other law, the term includes

- 1 tangible personal property that is used to dispose of solid waste or
2 hazardous waste by converting the solid waste or hazardous waste
3 into energy or other useful products and was installed after March
4 1, 1993, and before March 2, 1996, even if the property was
5 installed before the area where the property is located was
6 designated as an economic revitalization area or the statement of
7 benefits for the property was approved by the designating body.
- 8 (4) "Property" means a building or structure, but does not include
9 land.
- 10 (5) "Redevelopment" means the construction of new structures in
11 economic revitalization areas, either:
- 12 (A) on unimproved real estate; or
13 (B) on real estate upon which a prior existing structure is
14 demolished to allow for a new construction.
- 15 (6) "Rehabilitation" means the remodeling, repair, or betterment of
16 property in any manner or any enlargement or extension of
17 property.
- 18 (7) "Designating body" means the following:
- 19 (A) For a county that does not contain a consolidated city, the
20 fiscal body of the county, city, or town.
21 (B) For a county containing a consolidated city, the
22 metropolitan development commission.
- 23 (8) "Deduction application" means either:
- 24 (A) the application filed in accordance with section 5 of this
25 chapter by a property owner who desires to obtain the
26 deduction provided by section 3 of this chapter; or
27 (B) the application filed in accordance with section 5.5 of this
28 chapter by a person who desires to obtain the deduction
29 provided by section 4.5 of this chapter.
- 30 (9) "Designation application" means an application that is filed with
31 a designating body to assist that body in making a determination
32 about whether a particular area should be designated as an
33 economic revitalization area.
- 34 (10) "Hazardous waste" has the meaning set forth in
35 IC 13-11-2-99(a). The term includes waste determined to be a
36 hazardous waste under IC 13-22-2-3(b).
- 37 (11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a).
38 However, the term does not include dead animals or any animal
39 solid or semisolid wastes.
- 40 (12) "New research and development equipment" means tangible
41 personal property that:
- 42 (A) is installed after June 30, 2000, and before January 1,
43 2006, in an economic revitalization area in which a deduction
44 for tangible personal property is allowed;
45 (B) consists of:
- 46 (i) laboratory equipment;
47 (ii) research and development equipment;
48 (iii) computers and computer software;
49 (iv) telecommunications equipment; or
50 (v) testing equipment;

1 (C) is used in research and development activities devoted
 2 directly and exclusively to experimental or laboratory research
 3 and development for new products, new uses of existing
 4 products, or improving or testing existing products; and

5 (D) is acquired by the property owner for purposes described
 6 in this subdivision and was never before used by the owner for
 7 any purpose in Indiana.

8 The term does not include equipment installed in facilities used for
 9 or in connection with efficiency surveys, management studies,
 10 consumer surveys, economic surveys, advertising or promotion,
 11 or research in connection with literacy, history, or similar
 12 projects.

13 **(13) "New logistical distribution equipment" means tangible**
 14 **personal property that:**

15 **(A) is installed after June 30, 2004, and before January 1,**
 16 **2006, in an economic revitalization area:**

17 **(i) in which a deduction for tangible personal property is**
 18 **allowed; and**

19 **(ii) located in a county referred to in section 2.3 of this**
 20 **chapter, subject to section 2.3(c) of this chapter.**

21 **(B) consists of:**

22 **(i) racking equipment;**

23 **(ii) scanning or coding equipment;**

24 **(iii) separators;**

25 **(iv) conveyors;**

26 **(v) fork lifts or lifting equipment (including "walk**
 27 **behinds");**

28 **(vi) transitional moving equipment;**

29 **(vii) packaging equipment;**

30 **(viii) sorting and picking equipment; or**

31 **(ix) software for technology used in logistical**
 32 **distribution;**

33 **(C) is used for the storage or distribution of goods,**
 34 **services, or information; and**

35 **(D) before being used as described in clause (C), was**
 36 **never used by its owner for any purpose in Indiana.**

37 **(14) "New information technology equipment" means**
 38 **tangible personal property that:**

39 **(A) is installed after June 30, 2004, and before January 1,**
 40 **2006, in an economic revitalization area:**

41 **(i) in which a deduction for tangible personal property is**
 42 **allowed; and**

43 **(ii) located in a county referred to in section 2.3 of this**
 44 **chapter, subject to section 2.3(c) of this chapter.**

45 **(B) consists of equipment, including software, used in the**
 46 **fields of:**

47 **(i) information processing;**

48 **(ii) office automation;**

- 1 **(iii) telecommunication facilities and networks;**
- 2 **(iv) informatics;**
- 3 **(v) network administration;**
- 4 **(vi) software development; and**
- 5 **(vii) fiber optics; and**

6 **(C) before being installed as described in clause (A), was**
 7 **never used by its owner for any purpose in Indiana.**

8 SECTION 49. IC 6-1.1-12.1-2, AS AMENDED BY P.L.4-2000,
 9 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JULY 1, 2004]: Sec. 2. (a) A designating body may find that a particular
 11 area within its jurisdiction is an economic revitalization area. However,
 12 the deduction provided by this chapter for economic revitalization areas
 13 not within a city or town shall not be available to retail businesses.

14 (b) In a county containing a consolidated city or within a city or
 15 town, a designating body may find that a particular area within its
 16 jurisdiction is a residentially distressed area. Designation of an area as
 17 a residentially distressed area has the same effect as designating an area
 18 as an economic revitalization area, except that the amount of the
 19 deduction shall be calculated as specified in section 4.1 of this chapter
 20 and the deduction is allowed for not more than five (5) years. In order
 21 to declare a particular area a residentially distressed area, the designating
 22 body must follow the same procedure that is required to designate an
 23 area as an economic revitalization area and must make all the following
 24 additional findings or all the additional findings described in subsection
 25 (c):

26 (1) The area is comprised of parcels that are either unimproved or
 27 contain only one (1) or two (2) family dwellings or multifamily
 28 dwellings designed for up to four (4) families, including accessory
 29 buildings for those dwellings.

30 (2) Any dwellings in the area are not permanently occupied and
 31 are:

32 (A) the subject of an order issued under IC 36-7-9; or

33 (B) evidencing significant building deficiencies.

34 (3) Parcels of property in the area:

35 (A) have been sold and not redeemed under IC 6-1.1-24 and
 36 IC 6-1.1-25; or

37 (B) are owned by a unit of local government.

38 However, in a city in a county having a population of more than two
 39 hundred thousand (200,000) but less than three hundred thousand
 40 (300,000), the designating body is only required to make one (1) of the
 41 additional findings described in this subsection or one (1) of the
 42 additional findings described in subsection (c).

43 (c) In a county containing a consolidated city or within a city or
 44 town, a designating body that wishes to designate a particular area a
 45 residentially distressed area may make the following additional findings
 46 as an alternative to the additional findings described in subsection (b):

47 (1) A significant number of dwelling units within the area are not
 48 permanently occupied or a significant number of parcels in the
 49 area are vacant land.

- 1 (2) A significant number of dwelling units within the area are:
 2 (A) the subject of an order issued under IC 36-7-9; or
 3 (B) evidencing significant building deficiencies.
 4 (3) The area has experienced a net loss in the number of dwelling
 5 units, as documented by census information, local building and
 6 demolition permits, or certificates of occupancy, or the area is
 7 owned by Indiana or the United States.
 8 (4) The area (plus any areas previously designated under this
 9 subsection) will not exceed ten percent (10%) of the total area
 10 within the designating body's jurisdiction.
- 11 However, in a city in a county having a population of more than two
 12 hundred thousand (200,000) but less than three hundred thousand
 13 (300,000), the designating body is only required to make one (1) of the
 14 additional findings described in this subsection as an alternative to one
 15 (1) of the additional findings described in subsection (b).
- 16 (d) A designating body is required to attach the following conditions
 17 to the grant of a residentially distressed area designation:
 18 (1) The deduction will not be allowed unless the dwelling is
 19 rehabilitated to meet local code standards for habitability.
 20 (2) If a designation application is filed, the designating body may
 21 require that the redevelopment or rehabilitation be completed
 22 within a reasonable period of time.
- 23 (e) To make a designation described in subsection (a) or (b), the
 24 designating body shall use procedures prescribed in section 2.5 of this
 25 chapter.
- 26 (f) The property tax deductions provided by sections 3 and 4.5 of
 27 this chapter are only available within an area which the designating body
 28 finds to be an economic revitalization area.
- 29 (g) The designating body may adopt a resolution establishing general
 30 standards to be used, along with the requirements set forth in the
 31 definition of economic revitalization area, by the designating body in
 32 finding an area to be an economic revitalization area. The standards
 33 must have a reasonable relationship to the development objectives of the
 34 area in which the designating body has jurisdiction. The following three
 35 (3) sets of standards may be established:
 36 (1) One (1) relative to the deduction under section 3 of this
 37 chapter for economic revitalization areas that are not residentially
 38 distressed areas.
 39 (2) One (1) relative to the deduction under section 3 of this
 40 chapter for residentially distressed areas.
 41 (3) One (1) relative to the deduction allowed under section 4.5 of
 42 this chapter.
- 43 (h) A designating body may impose a fee for filing a designation
 44 application for a person requesting the designation of a particular area
 45 as an economic revitalization area. The fee may be sufficient to defray
 46 actual processing and administrative costs. However, the fee charged
 47 for filing a designation application for a parcel that contains one (1) or
 48 more owner-occupied, single-family dwellings may not exceed the cost
 49 of publishing the required notice.
- 50 (i) In declaring an area an economic revitalization area, the

1 designating body may:

- 2 (1) limit the time period to a certain number of calendar years
 3 during which the area shall be so designated;
 4 (2) limit the type of deductions that will be allowed within the
 5 economic revitalization area to either the deduction allowed under
 6 section 3 of this chapter or the deduction allowed under section
 7 4.5 of this chapter;
 8 (3) limit the dollar amount of the deduction that will be allowed
 9 with respect to new manufacturing equipment, ~~and~~ new research
 10 and development equipment, **new logistical distribution**
 11 **equipment, and new information technology equipment** if a
 12 deduction under this chapter had not been filed before July 1,
 13 1987, for that equipment;
 14 (4) limit the dollar amount of the deduction that will be allowed
 15 with respect to redevelopment and rehabilitation occurring in areas
 16 that are designated as economic revitalization areas on or after
 17 September 1, 1988; or
 18 (5) impose reasonable conditions related to the purpose of this
 19 chapter or to the general standards adopted under subsection (g)
 20 for allowing the deduction for the redevelopment or rehabilitation
 21 of the property or the installation of the new manufacturing
 22 equipment, ~~or~~ new research and development equipment, ~~or both:~~
 23 **new logistical distribution equipment, or new information**
 24 **technology equipment.**

25 To exercise one (1) or more of these powers a designating body must
 26 include this fact in the resolution passed under section 2.5 of this
 27 chapter.

28 (j) Notwithstanding any other provision of this chapter, if a
 29 designating body limits the time period during which an area is an
 30 economic revitalization area, that limitation does not:

- 31 (1) prevent a taxpayer from obtaining a deduction for new
 32 manufacturing equipment, ~~or~~ new research and development
 33 equipment, ~~or both;~~ **new logistical distribution equipment, or**
 34 **new information technology equipment** installed before January
 35 1, 2006, but after the expiration of the economic revitalization area
 36 if:

37 (A) the economic revitalization area designation expires after
 38 December 30, 1995; and

39 (B) the new manufacturing equipment, ~~or~~ new research and
 40 development equipment, ~~or both;~~ **new logistical distribution**
 41 **equipment, or new information technology equipment** was
 42 described in a statement of benefits submitted to and approved
 43 by the designating body in accordance with section 4.5 of this
 44 chapter before the expiration of the economic revitalization area
 45 designation; or

46 (2) limit the length of time a taxpayer is entitled to receive a
 47 deduction to a number of years that is less than the number of
 48 years designated under section 4 or 4.5 of this chapter.

49 (k) Notwithstanding any other provision of this chapter, deductions:

1 (1) that are authorized under section 3 of this chapter for property
 2 in an area designated as an urban development area before March
 3 1, 1983, and that are based on an increase in assessed valuation
 4 resulting from redevelopment or rehabilitation that occurs before
 5 March 1, 1983; or

6 (2) that are authorized under section 4.5 of this chapter for new
 7 manufacturing equipment installed in an area designated as an
 8 urban development area before March 1, 1983;

9 apply according to the provisions of this chapter as they existed at the
 10 time that an application for the deduction was first made. No deduction
 11 that is based on the location of property or new manufacturing
 12 equipment in an urban development area is authorized under this chapter
 13 after February 28, 1983, unless the initial increase in assessed value
 14 resulting from the redevelopment or rehabilitation of the property or the
 15 installation of the new manufacturing equipment occurred before March
 16 1, 1983.

17 (l) If property located in an economic revitalization area is also
 18 located in an allocation area (as defined in IC 36-7-14-39 or
 19 IC 36-7-15.1-26), an application for the property tax deduction
 20 provided by this chapter may not be approved unless the commission
 21 that designated the allocation area adopts a resolution approving the
 22 application.

23 SECTION 50. IC 6-1.1-12.1-2.3 IS ADDED AS A NEW SECTION
 24 TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 2.3. (a)**
 25 **This section applies only to:**

26 **(1) a county in which mile markers fourteen (14) through**
 27 **one hundred twenty (120) of Interstate Highway 69 are**
 28 **located as of March 1, 2004; and**

29 **(2) a city or town located in a county referred to in**
 30 **subdivision (1).**

31 **(b) A designating body may adopt a resolution under section 2.5**
 32 **of this chapter to authorize a deduction for new logistical**
 33 **distribution equipment or new information technology equipment.**

34 **(c) If any amendment to this chapter that takes effect July 1,**
 35 **2004, applies a deduction under this chapter for new logistical**
 36 **distribution equipment or new information technology equipment**
 37 **to a broader geographic area than the deduction that would apply**
 38 **under a resolution adopted under this section, the more broadly**
 39 **applied deduction controls with respect to the application of the**
 40 **deduction for new logistical distribution equipment or new**
 41 **information technology equipment.**

42 SECTION 51. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.1-2003,
 43 SECTION 22, AND AS AMENDED BY P.L.245-2003, SECTION 8,
 44 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 45 [EFFECTIVE JULY 1, 2004]: Sec. 4.5. (a) For purposes of this
 46 section, "personal property" means personal property other than
 47 inventory (as defined in IC 6-1.1-3-11(a)).

48 (b) An applicant must provide a statement of benefits to the
 49 designating body. The applicant must provide the completed statement

1 of benefits form to the designating body before the hearing specified in
 2 section 2.5(c) of this chapter or before the installation of the new
 3 manufacturing equipment, ~~or~~ new research and development equipment,
 4 ~~or both~~, **new logistical distribution equipment, or new information**
 5 **technology equipment** for which the person desires to claim a
 6 deduction under this chapter. The department of local government
 7 finance shall prescribe a form for the statement of benefits. The
 8 statement of benefits must include the following information:

9 (1) A description of the new manufacturing equipment, ~~or~~ new
 10 research and development equipment, ~~or both~~, **new logistical**
 11 **distribution equipment, or new information technology**
 12 **equipment** that the person proposes to acquire.

13 (2) With respect to:

14 (A) new manufacturing equipment not used to dispose of solid
 15 waste or hazardous waste by converting the solid waste or
 16 hazardous waste into energy or other useful products; and

17 (B) new research and development equipment, **new logistical**
 18 **distribution equipment, or new information technology**
 19 **equipment;**

20 an estimate of the number of individuals who will be employed or
 21 whose employment will be retained by the person as a result of the
 22 installation of the new manufacturing equipment, ~~or~~ new research
 23 and development equipment, ~~or both~~, **new logistical distribution**
 24 **equipment, or new information technology equipment** and an
 25 estimate of the annual salaries of these individuals.

26 (3) An estimate of the cost of the new manufacturing equipment,
 27 ~~or~~ new research and development equipment, ~~or both~~, **new**
 28 **logistical distribution equipment, or new information**
 29 **technology equipment.**

30 (4) With respect to new manufacturing equipment used to dispose
 31 of solid waste or hazardous waste by converting the solid waste
 32 or hazardous waste into energy or other useful products, an
 33 estimate of the amount of solid waste or hazardous waste that will
 34 be converted into energy or other useful products by the new
 35 manufacturing equipment.

36 The statement of benefits may be incorporated in a designation
 37 application. Notwithstanding any other law, a statement of benefits is
 38 a public record that may be inspected and copied under IC 5-14-3-3.

39 (c) The designating body must review the statement of benefits
 40 required under subsection (b). The designating body shall determine
 41 whether an area should be designated an economic revitalization area or
 42 whether the deduction shall be allowed, based on (and after it has made)
 43 the following findings:

44 (1) Whether the estimate of the cost of the new manufacturing
 45 equipment, ~~or~~ new research and development equipment, ~~or both~~,
 46 **new logistical distribution equipment, or new information**
 47 **technology equipment** is reasonable for equipment of that type.

48 (2) With respect to:

49 (A) new manufacturing equipment not used to dispose of solid

1 waste or hazardous waste by converting the solid waste or
 2 hazardous waste into energy or other useful products; and
 3 (B) new research and development equipment, **new logistical**
 4 **distribution equipment, or new information technology**
 5 **equipment;**

6 whether the estimate of the number of individuals who will be
 7 employed or whose employment will be retained can be reasonably
 8 expected to result from the installation of the new manufacturing
 9 equipment, ~~or~~ new research and development equipment, ~~or both:~~
 10 **new logistical distribution equipment, or new information**
 11 **technology equipment.**

12 (3) Whether the estimate of the annual salaries of those individuals
 13 who will be employed or whose employment will be retained can
 14 be reasonably expected to result from the proposed installation of
 15 new manufacturing equipment, ~~or~~ new research and development
 16 equipment, ~~or both:~~ **new logistical distribution equipment, or**
 17 **new information technology equipment.**

18 (4) With respect to new manufacturing equipment used to dispose
 19 of solid waste or hazardous waste by converting the solid waste
 20 or hazardous waste into energy or other useful products, whether
 21 the estimate of the amount of solid waste or hazardous waste that
 22 will be converted into energy or other useful products can be
 23 reasonably expected to result from the installation of the new
 24 manufacturing equipment.

25 (5) Whether any other benefits about which information was
 26 requested are benefits that can be reasonably expected to result
 27 from the proposed installation of new manufacturing equipment,
 28 ~~or~~ new research and development equipment, ~~or both:~~ **new**
 29 **logistical distribution equipment, or new information**
 30 **technology equipment.**

31 (6) Whether the totality of benefits is sufficient to justify the
 32 deduction.

33 The designating body may not designate an area an economic
 34 revitalization area or approve the deduction unless it makes the findings
 35 required by this subsection in the affirmative.

36 (d) Except as provided in subsection (h), an owner of new
 37 manufacturing equipment, ~~or~~ new research and development equipment,
 38 ~~or both:~~ **new logistical distribution equipment, or new information**
 39 **technology equipment** whose statement of benefits is approved after
 40 June 30, 2000, is entitled to a deduction from the assessed value of that
 41 equipment for the number of years determined by the designating body
 42 under subsection (g). Except as provided in subsection (f) and in
 43 section 2(i)(3) of this chapter, the amount of the deduction that an
 44 owner is entitled to for a particular year equals the product of:

45 (1) the assessed value of the new manufacturing equipment, ~~or~~
 46 new research and development equipment, ~~or both:~~ **new logistical**
 47 **distribution equipment, or new information technology**
 48 **equipment** in the year of deduction under the appropriate table set
 49 forth in subsection (e); multiplied by

1 (2) the percentage prescribed in the *appropriate* table set forth in
 2 subsection (e).

3 (e) The percentage to be used in calculating the deduction under
 4 subsection (d) is as follows:

5 (1) For deductions allowed over a one (1) year period:

6 YEAR OF DEDUCTION	PERCENTAGE
7 1st	100%
8 2nd and thereafter	0%

9 (2) For deductions allowed over a two (2) year period:

10 YEAR OF DEDUCTION	PERCENTAGE
11 1st	100%
12 2nd	50%
13 3rd and thereafter	0%

14 (3) For deductions allowed over a three (3) year period:

15 YEAR OF DEDUCTION	PERCENTAGE
16 1st	100%
17 2nd	66%
18 3rd	33%
19 4th and thereafter	0%

20 (4) For deductions allowed over a four (4) year period:

21 YEAR OF DEDUCTION	PERCENTAGE
22 1st	100%
23 2nd	75%
24 3rd	50%
25 4th	25%
26 5th and thereafter	0%

27 (5) For deductions allowed over a five (5) year period:

28 YEAR OF DEDUCTION	PERCENTAGE
29 1st	100%
30 2nd	80%
31 3rd	60%
32 4th	40%
33 5th	20%
34 6th and thereafter	0%

35 (6) For deductions allowed over a six (6) year period:

36 YEAR OF DEDUCTION	PERCENTAGE
37 1st	100%
38 2nd	85%
39 3rd	66%
40 4th	50%
41 5th	34%
42 6th	25%
43 7th and thereafter	0%

44 (7) For deductions allowed over a seven (7) year period:

45 YEAR OF DEDUCTION	PERCENTAGE
46 1st	100%
47 2nd	85%
48 3rd	71%
49 4th	57%
50 5th	43%

1	6th	29%
2	7th	14%
3	8th and thereafter	0%
4	(8) For deductions allowed over an eight (8) year period:	
5	YEAR OF DEDUCTION	PERCENTAGE
6	1st	100%
7	2nd	88%
8	3rd	75%
9	4th	63%
10	5th	50%
11	6th	38%
12	7th	25%
13	8th	13%
14	9th and thereafter	0%
15	(9) For deductions allowed over a nine (9) year period:	
16	YEAR OF DEDUCTION	PERCENTAGE
17	1st	100%
18	2nd	88%
19	3rd	77%
20	4th	66%
21	5th	55%
22	6th	44%
23	7th	33%
24	8th	22%
25	9th	11%
26	10th and thereafter	0%
27	(10) For deductions allowed over a ten (10) year period:	
28	YEAR OF DEDUCTION	PERCENTAGE
29	1st	100%
30	2nd	90%
31	3rd	80%
32	4th	70%
33	5th	60%
34	6th	50%
35	7th	40%
36	8th	30%
37	9th	20%
38	10th	10%
39	11th and thereafter	0%
40	(f) With respect to new manufacturing equipment and new research	
41	and development equipment installed before March 2, 2001, the	
42	deduction under this section is the amount that causes the net assessed	
43	value of the property after the application of the deduction under this	
44	section to equal the net assessed value after the application of the	
45	deduction under this section that results from computing:	
46	(1) the deduction under this section as in effect on March 1, 2001;	
47	and	
48	(2) the assessed value of the property under 50 IAC 4.2, as in	
49	effect on March 1, 2001, or, in the case of property subject to	
50	IC 6-1.1-8, 50 IAC 5.1, as in effect on March 1, 2001.	

1 (g) For an economic revitalization area designated before July 1,
 2 2000, the designating body shall determine whether a property owner
 3 whose statement of benefits is approved after April 30, 1991, is entitled
 4 to a deduction for five (5) or ten (10) years. For an economic
 5 revitalization area designated after June 30, 2000, the designating body
 6 shall determine the number of years the deduction is allowed. However,
 7 the deduction may not be allowed for more than ten (10) years. This
 8 determination shall be made:

9 (1) as part of the resolution adopted under section 2.5 of this
 10 chapter; or

11 (2) by resolution adopted within sixty (60) days after receiving a
 12 copy of a property owner's certified deduction application from
 13 the county auditor. A certified copy of the resolution shall be sent
 14 to the county auditor.

15 A determination about the number of years the deduction is allowed that
 16 is made under subdivision (1) is final and may not be changed by
 17 following the procedure under subdivision (2).

18 (h) The owner of new manufacturing equipment that is directly used
 19 to dispose of hazardous waste is not entitled to the deduction provided
 20 by this section for a particular assessment year if during that
 21 assessment year the owner:

22 (1) is convicted of a violation under IC 13-7-13-3 (repealed),
 23 IC 13-7-13-4 (repealed), or IC 13-30-6; or

24 (2) is subject to an order or a consent decree with respect to
 25 property located in Indiana based on a violation of a federal or
 26 state rule, regulation, or statute governing the treatment, storage,
 27 or disposal of hazardous wastes that had a major or moderate
 28 potential for harm.

29 SECTION 52. IC 6-1.1-12.1-5.4, AS AMENDED BY P.L.245-2003,
 30 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2004]: Sec. 5.4. (a) A person that desires to obtain the
 32 deduction provided by section 4.5 of this chapter must file a certified
 33 deduction application on forms prescribed by the department of local
 34 government finance with the auditor of the county in which the new
 35 manufacturing equipment, ~~or~~ new research and development equipment,
 36 ~~or both,~~ **new logistical distribution equipment, or new information**
 37 **technology equipment** is located. A person that timely files a personal
 38 property return under IC 6-1.1-3-7(a) for the year in which the new
 39 manufacturing equipment, ~~or~~ new research and development equipment,
 40 ~~or both,~~ **new logistical distribution equipment, or new information**
 41 **technology equipment** is installed must file the application between
 42 March 1 and May 15 of that year. A person that obtains a filing
 43 extension under IC 6-1.1-3-7(b) for the year in which the new
 44 manufacturing equipment, ~~or~~ new research and development equipment,
 45 ~~or both,~~ **new logistical distribution equipment, or new information**
 46 **technology equipment** is installed must file the application between
 47 March 1 and the extended due date for that year.

48 (b) The deduction application required by this section must contain
 49 the following information:

- 1 (1) The name of the owner of the new manufacturing equipment,
 2 ~~or~~ new research and development equipment, ~~or both: new~~
 3 **logistical distribution equipment, or new information**
 4 **technology equipment.**
- 5 (2) A description of the new manufacturing equipment, ~~or~~ new
 6 research and development equipment, ~~or both: new logistical~~
 7 **distribution equipment, or new information technology**
 8 **equipment.**
- 9 (3) Proof of the date the new manufacturing equipment, ~~or~~ new
 10 research and development equipment, ~~or both: new logistical~~
 11 **distribution equipment, or new information technology**
 12 **equipment** was installed.
- 13 (4) The amount of the deduction claimed for the first year of the
 14 deduction.
- 15 (c) This subsection applies to a deduction application with respect
 16 to new manufacturing equipment, ~~or~~ new research and development
 17 equipment, ~~or both: new logistical distribution equipment, or new~~
 18 **information technology equipment** for which a statement of benefits
 19 was initially approved after April 30, 1991. If a determination about the
 20 number of years the deduction is allowed has not been made in the
 21 resolution adopted under section 2.5 of this chapter, the county auditor
 22 shall send a copy of the deduction application to the designating body,
 23 and the designating body shall adopt a resolution under section 4.5(g)(2)
 24 of this chapter.
- 25 (d) A deduction application must be filed under this section in the
 26 year in which the new manufacturing equipment, ~~or~~ new research and
 27 development equipment, ~~or both: new logistical distribution~~
 28 **equipment, or new information technology equipment** is installed
 29 and in each of the immediately succeeding years the deduction is
 30 allowed.
- 31 (e) Subject to subsection (i), the county auditor shall:
 32 (1) review the deduction application; and
 33 (2) approve, deny, or alter the amount of the deduction.
- 34 Upon approval of the deduction application or alteration of the amount
 35 of the deduction, the county auditor shall make the deduction. The
 36 county auditor shall notify the county property tax assessment board of
 37 appeals of all deductions approved under this section.
- 38 (f) If the ownership of new manufacturing equipment, ~~or~~ new
 39 research and development equipment, ~~or both: new logistical~~
 40 **distribution equipment, or new information technology equipment**
 41 changes, the deduction provided under section 4.5 of this chapter
 42 continues to apply to that equipment if the new owner:
 43 (1) continues to use the equipment in compliance with any
 44 standards established under section 2(g) of this chapter; and
 45 (2) files the deduction applications required by this section.
- 46 (g) The amount of the deduction is the percentage under section 4.5
 47 of this chapter that would have applied if the ownership of the property
 48 had not changed multiplied by the assessed value of the equipment for
 49 the year the deduction is claimed by the new owner.

1 (h) A person may appeal the determination of the county auditor
 2 under subsection (e) by filing a complaint in the office of the clerk of
 3 the circuit or superior court not more than forty-five (45) days after the
 4 county auditor gives the person notice of the determination.

5 (i) Before the county auditor acts under subsection (e), the county
 6 auditor may request that the township assessor in which the property
 7 is located review the deduction application.

8 SECTION 53. IC 6-1.1-12.1-5.6, AS AMENDED BY P.L.4-2000,
 9 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JULY 1, 2004]: Sec. 5.6. (a) This subsection applies to a property
 11 owner whose statement of benefits was approved under section 4.5 of
 12 this chapter before July 1, 1991. In addition to the requirements of
 13 section 5.5(b) of this chapter, a deduction application filed under
 14 section 5.5 of this chapter must contain information showing the extent
 15 to which there has been compliance with the statement of benefits
 16 approved under section 4.5 of this chapter. Failure to comply with a
 17 statement of benefits approved before July 1, 1991, may not be a basis
 18 for rejecting a deduction application.

19 (b) This subsection applies to a property owner whose statement of
 20 benefits was approved under section 4.5 of this chapter after June 30,
 21 1991. In addition to the requirements of section 5.5(b) of this chapter,
 22 a property owner who files a deduction application under section 5.5 of
 23 this chapter must provide the county auditor and the designating body
 24 with information showing the extent to which there has been
 25 compliance with the statement of benefits approved under section 4.5
 26 of this chapter.

27 (c) Notwithstanding IC 5-14-3 and IC 6-1.1-35-9, the following
 28 information is a public record if filed under this section:

29 (1) The name and address of the taxpayer.

30 (2) The location and description of the new manufacturing
 31 equipment, ~~or~~ new research and development equipment, ~~or both;~~
 32 **new logistical distribution equipment, or new information**
 33 **technology equipment** for which the deduction was granted.

34 (3) Any information concerning the number of employees at the
 35 facility where the new manufacturing equipment, ~~or~~ new research
 36 and development equipment, ~~or both;~~ **new logistical distribution**
 37 **equipment, or new information technology equipment** is
 38 located, including estimated totals that were provided as part of
 39 the statement of benefits.

40 (4) Any information concerning the total of the salaries paid to
 41 those employees, including estimated totals that were provided as
 42 part of the statement of benefits.

43 (5) Any information concerning the amount of solid waste or
 44 hazardous waste converted into energy or other useful products
 45 by the new manufacturing equipment.

46 (6) Any information concerning the assessed value of the new
 47 manufacturing equipment, ~~or~~ new research and development
 48 equipment, ~~or both;~~ **new logistical distribution equipment, or**
 49 **new information technology equipment** including estimates that

1 were provided as part of the statement of benefits.

2 (d) The following information is confidential if filed under this
3 section:

4 (1) Any information concerning the specific salaries paid to
5 individual employees by the owner of the new manufacturing
6 equipment, ~~or~~ new research and development equipment, ~~or both;~~
7 **new logistical distribution equipment, or new information**
8 **technology equipment.**

9 (2) Any information concerning the cost of the new
10 manufacturing equipment, ~~or~~ new research and development
11 equipment, ~~or both;~~ **new logistical distribution equipment, or**
12 **new information technology equipment.**

13 SECTION 54. IC 6-1.1-12.1-5.8, AS AMENDED BY P.L.256-2003,
14 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15 JULY 1, 2004]: Sec. 5.8. In lieu of providing the statement of benefits
16 required by section 3 or 4.5 of this chapter and the additional
17 information required by section 5.1 or 5.6 of this chapter, the
18 designating body may, by resolution, waive the statement of benefits if
19 the designating body finds that the purposes of this chapter are served
20 by allowing the deduction and the property owner has, during the
21 thirty-six (36) months preceding the first assessment date to which the
22 waiver would apply, installed new manufacturing equipment, ~~or~~ new
23 research and development equipment, ~~or both;~~ **new logistical**
24 **distribution equipment, or new information technology equipment**
25 or developed or rehabilitated property at a cost of at least ten million
26 dollars (\$10,000,000) as determined by the assessor of the township in
27 which the property is located.

28 SECTION 55. IC 6-1.1-12.1-8, AS AMENDED BY P.L.90-2002,
29 SECTION 125, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
30 JULY 1, 2004]: Sec. 8. (a) Not later than December 31 of each year,
31 the county auditor shall publish the following in a newspaper of general
32 interest and readership and not one of limited subject matter:

33 (1) A list of the approved deduction applications that were filed
34 under this chapter during that year. The list must contain the
35 following:

36 (A) The name and address of each person approved for or
37 receiving a deduction that was filed for during the year.

38 (B) The amount of each deduction that was filed for during the
39 year.

40 (C) The number of years for which each deduction that was
41 filed for during the year will be available.

42 (D) The total amount for all deductions that were filed for and
43 granted during the year.

44 (2) The total amount of all deductions for real property that were
45 in effect under section 3 of this chapter during the year.

46 (3) The total amount of all deductions for new manufacturing
47 equipment, ~~or~~ new research and development equipment, ~~or both;~~
48 **new logistical distribution equipment, or new information**
49 **technology equipment** that were in effect under section 4.5 of

1 this chapter during the year.

2 (b) The county auditor shall file the information described in
3 subsection (a)(2) and (a)(3) with the department of local government
4 finance not later than December 31 of each year.

5 SECTION 56. IC 6-1.1-12.1-11.3, AS AMENDED BY
6 P.L.245-2003, SECTION 11, IS AMENDED TO READ AS FOLLOWS
7 [EFFECTIVE JULY 1, 2004]: Sec. 11.3. (a) This section applies only
8 to the following requirements:

9 (1) Failure to provide the completed statement of benefits form to
10 the designating body before the hearing required by section 2.5(c)
11 of this chapter.

12 (2) Failure to submit the completed statement of benefits form to
13 the designating body before the initiation of the redevelopment or
14 rehabilitation or the installation of new manufacturing equipment,
15 ~~or~~ new research and development equipment, ~~or both,~~ **new**
16 **logistical distribution equipment, or new information**
17 **technology equipment** for which the person desires to claim a
18 deduction under this chapter.

19 (3) Failure to designate an area as an economic revitalization area
20 before the initiation of the:

21 (A) redevelopment;

22 (B) installation of new manufacturing equipment, ~~or~~ new
23 research and development equipment, ~~or both,~~ **new logistical**
24 **distribution equipment, or new information technology**
25 **equipment;** or

26 (C) rehabilitation;

27 for which the person desires to claim a deduction under this
28 chapter.

29 (4) Failure to make the required findings of fact before designating
30 an area as an economic revitalization area or authorizing a
31 deduction for new manufacturing equipment, ~~or~~ new research and
32 development equipment, ~~or both,~~ **new logistical distribution**
33 **equipment, or new information technology equipment** under
34 section 2, 3, or 4.5 of this chapter.

35 (5) Failure to file a:

36 (A) timely; or

37 (B) complete;

38 deduction application under section 5 or 5.4 of this chapter.

39 (b) This section does not grant a designating body the authority to
40 exempt a person from filing a statement of benefits or exempt a
41 designating body from making findings of fact.

42 (c) A designating body may by resolution waive noncompliance
43 described under subsection (a) under the terms and conditions specified
44 in the resolution. Before adopting a waiver under this subsection, the
45 designating body shall conduct a public hearing on the waiver.

46 SECTION 57. IC 6-1.1-12.1-14 IS ADDED TO THE INDIANA
47 CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
48 JULY 1, 2004]: **Sec. 14. (a) This section does not apply to:**

49 **(1) a deduction under section 3 of this chapter for property**

1 located in a residentially distressed area; or
 2 (2) any other deduction under section 3 or 4.5 of this chapter
 3 for which a statement of benefits was approved before July
 4 1, 2004.

5 (b) A property owner that receives a deduction under section 3
 6 or 4.5 of this chapter is subject to this section only if the
 7 designating body, with the consent of the property owner,
 8 incorporates this section, including the percentage to be applied by
 9 the county auditor for purposes of STEP TWO of subsection (c),
 10 into its initial approval of the property owner's statement of
 11 benefits and deduction at the time of that approval.

12 (c) During each year in which a property owner's property tax
 13 liability is reduced by a deduction granted under this chapter, the
 14 property owner shall pay to the county treasurer a fee in an
 15 amount determined by the county auditor. The county auditor
 16 shall determine the amount of the fee to be paid by the property
 17 owner according to the following formula:

18 **STEP ONE:** Determine the additional amount of property
 19 taxes that would have been paid by the property owner during
 20 the year if the deduction had not been in effect.

21 **STEP TWO:** Multiply the amount determined under STEP
 22 ONE by the percentage determined by the designating body
 23 under subsection (b), which may not exceed fifteen percent
 24 (15%). The percentage determined by the designating body
 25 remains in effect throughout the term of the deduction and
 26 may not be changed.

27 **STEP THREE:** Determine the lesser of the STEP TWO
 28 product or one hundred thousand dollars (\$100,000).

29 (d) Fees collected under this section must be distributed to one
 30 (1) or more public or nonprofit entities established to promote
 31 economic development within the corporate limits of the city,
 32 town, or county served by the designating body. The designating
 33 body shall notify the county auditor of the entities that are to
 34 receive distributions under this section and the relative
 35 proportions of those distributions. The county auditor shall
 36 distribute fees collected under this section in accordance with the
 37 designating body's instructions.

38 (e) If the designating body determines that a property owner
 39 has not paid a fee imposed under this section, the designating
 40 body may adopt a resolution terminating the property owner's
 41 deduction under section 3 or 4.5 of this chapter. If the designating
 42 body adopts such a resolution, the deduction does not apply to the
 43 next installment of property taxes owed by the property owner or
 44 to any subsequent installment of property taxes.

45 SECTION 58. IC 6-1.1-4-40 IS ADDED TO THE INDIANA CODE
 46 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 47 MARCH 1, 2004 (RETROACTIVE)]: **Sec. 40.** The value of federal

1 **income tax credits awarded under Section 42 of the Internal**
2 **Revenue Code may not be considered in determining the assessed**
3 **value of low income housing tax credit property.**

4 SECTION 59. THE FOLLOWING ARE REPEALED [EFFECTIVE
5 APRIL 1, 2004]: IC 6-2.5-4-4.5; IC 6-2.5-6-15.

6 SECTION 60. IC 6-2.5-5-15 IS REPEALED [EFFECTIVE JULY 1,
7 2004].

8 SECTION 61. IC 9-18-9-4 IS REPEALED [EFFECTIVE JULY 1,
9 2004].

10 SECTION 62. [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]
11 **(a) IC 6-2.5-3-5, as amended by this act, applies only to vehicles,**
12 **watercraft, and aircraft that are initially titled, registered, or**
13 **licensed in Indiana after June 30, 2004.**

14 **(b) IC 6-2.5-4-11, as amended by this act, applies only to**
15 **transactions occurring after March 1, 2004. A retail transaction to**
16 **which IC 6-2.5-4-11, as amended by this act, applies shall be**
17 **considered as having occurred after March 1, 2004, if charges are**
18 **collected for the retail transactions upon original statements and**
19 **billings dated after March 31, 2004.**

20 **(c) IC 6-2.5-8-10, as amended by this act, and the repeal of**
21 **IC 6-2.5-5-15 by this act apply only to retail transactions occurring**
22 **after June 30, 2004. A retail transaction shall be considered as**
23 **having occurred after June 30, 2004, to the extent that delivery of**
24 **the property or services constituting selling at retail is made after**
25 **that date to the purchaser or to the place of delivery designated by**
26 **the purchaser. However, a transaction shall be considered as**
27 **having occurred before July 1, 2004, to the extent that the**
28 **agreement of the parties to the transaction was entered into**
29 **before July 1, 2004, and payment for the property or services**
30 **furnished in the transaction is made before July 1, 2004,**
31 **notwithstanding the delivery of the property or services after June**
32 **30, 2004.**

33 **(d) IC 6-2.5-6-9, as amended by this act, applies only to**
34 **deductions assigned after June 30, 2004.**

35 **(e) IC 6-3-1-3.5, IC 6-3-2-2.5, and IC 6-3-2-2.6, all as amended**
36 **by this act, apply only to taxable years beginning after December**
37 **31, 2003.**

38 **(f) The following provisions apply to deductions for net**
39 **operating losses that are claimed after December 31, 2003:**

40 **(1) Deductions for net operating losses that are incurred in**
41 **taxable years beginning after December 31, 2003, and are**
42 **carried back or carried forward and deducted in taxable years**
43 **ending before January 1, 2004, must be calculated under**
44 **IC 6-3-2-2.5 and IC 6-3-2-2.6, both as amended by this act.**

45 **(2) Deductions for net operating losses that were incurred in**
46 **taxable years ending before January 1, 2004, and that are**
47 **carried forward and deducted in taxable years ending after**

1 **December 31, 2003, must be calculated under IC 6-3-2-2.5**
 2 **and IC 6-3-2-2.6, both as amended by this act.**

3 **(3) Deductions for net operating losses that were incurred in**
 4 **taxable years ending before January 1, 2004, and are carried**
 5 **back or carried forward and deducted in taxable years ending**
 6 **before January 1, 2004, must be calculated under the**
 7 **versions of IC 6-3-2-2.5 and IC 6-3-2-2.6 that were in effect**
 8 **in the year the net operating loss was incurred.**

9 **(4) Any net operating loss carried forward and deducted in a**
 10 **taxable year beginning after December 31, 2003, shall be**
 11 **reduced by the amount of the net operating loss previously**
 12 **deducted in an earlier taxable year.**

13 **(g) IC 6-4.1-1-3, as amended by this act, applies only to an**
 14 **adopting parent who dies after June 30, 2004.**

15 **SECTION 63. [EFFECTIVE UPON PASSAGE] (a) An individual**
 16 **who:**

17 **(1) was employed by Muscatatuck State Developmental**
 18 **Center on November 1, 2002;**

19 **(2) retired under the state's retirement incentive program**
 20 **that was effective beginning November 1, 2002, and ending**
 21 **June 14, 2003;**

22 **(3) would meet the years of service requirements specified in**
 23 **IC 5-10-8-8(b)(3) and the years of participation requirement**
 24 **specified in IC 5-10-8-8(b)(4) if:**

25 **(A) one (1) year of additional service credit is added to the**
 26 **individual's total years of service for every five (5) years**
 27 **of creditable state service; and**

28 **(B) pro rated months of additional service credit are added**
 29 **to the individual's total years of service for any additional**
 30 **years of creditable state service;**

31 **(4) otherwise meets the requirements of IC 5-10-8-8(b); and**

32 **(5) applies for participation in the group health insurance**
 33 **program under IC 5-10-8-8 before December 31, 2005;**

34 **is eligible for participation in the group health insurance program**
 35 **available to retired employees under IC 5-10-8-8.**

36 **(b) This SECTION expires December 31, 2006.**

37 **SECTION 64. [EFFECTIVE JULY 1, 2004] (a) As used in this**
 38 **SECTION, "committee" refers to the interim study committee on**
 39 **corporate taxation established under subsection (b).**

40 **(b) There is established the interim study committee on**
 41 **corporate taxation. The committee shall study the use of passive**
 42 **investment corporations by companies doing business in Indiana.**

43 **(c) The committee shall operate under the policies governing**
 44 **study committees adopted by the legislative council.**

45 **(d) The affirmative votes of a majority of the voting members**
 46 **appointed to the committee are required for the committee to**
 47 **take action on any measure, including final reports.**

- 1 (e) This SECTION expires November 1, 2004.
2 SECTION 65. An emergency is declared for this act.
(Reference is to EHB 1365 as reprinted February 24, 2004.)

Conference Committee Report
on
Engrossed House Bill 1365

Signed by:

Representative Cochran
Chairperson

Senator Borst

Representative Espich

Senator Simpson

House Conferees

Senate Conferees