

Adopted	Rejected
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# COMMITTEE REPORT

<b>YES:</b>	<b>28</b>
<b>NO:</b>	<b>0</b>

**MR. SPEAKER:**

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

- 1 Page 2, after line 23, begin a new paragraph and insert:
- 2 "SECTION 3. IC 6-3-1-3.5, AS AMENDED BY P.L.1-2004,
- 3 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 4 JANUARY 1, 2004 (RETROACTIVE)]; Sec. 3.5. When used in this
- 5 article, the term "adjusted gross income" shall mean the following:
- 6 (a) In the case of all individuals, "adjusted gross income" (as defined
- 7 in Section 62 of the Internal Revenue Code), modified as follows:
- 8 (1) Subtract income that is exempt from taxation under this article
- 9 by the Constitution and statutes of the United States.
- 10 (2) Add an amount equal to any deduction or deductions allowed
- 11 or allowable pursuant to Section 62 of the Internal Revenue Code
- 12 for taxes based on or measured by income and levied at the state
- 13 level by any state of the United States.

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

- 1 (8) Subtract any amounts included in federal adjusted gross  
2 income under Section 111 of the Internal Revenue Code as a  
3 recovery of items previously deducted as an itemized deduction  
4 from adjusted gross income.
- 5 (9) Subtract any amounts included in federal adjusted gross  
6 income under the Internal Revenue Code which amounts were  
7 received by the individual as supplemental railroad retirement  
8 annuities under 45 U.S.C. 231 and which are not deductible under  
9 subdivision (1).
- 10 (10) Add an amount equal to the deduction allowed under Section  
11 221 of the Internal Revenue Code for married couples filing joint  
12 returns if the taxable year began before January 1, 1987.
- 13 (11) Add an amount equal to the interest excluded from federal  
14 gross income by the individual for the taxable year under Section  
15 128 of the Internal Revenue Code if the taxable year began before  
16 January 1, 1985.
- 17 (12) Subtract an amount equal to the amount of federal Social  
18 Security and Railroad Retirement benefits included in a taxpayer's  
19 federal gross income by Section 86 of the Internal Revenue Code.
- 20 (13) In the case of a nonresident taxpayer or a resident taxpayer  
21 residing in Indiana for a period of less than the taxpayer's entire  
22 taxable year, the total amount of the deductions allowed pursuant  
23 to subdivisions (3), (4), (5), and (6) shall be reduced to an amount  
24 which bears the same ratio to the total as the taxpayer's income  
25 taxable in Indiana bears to the taxpayer's total income.
- 26 (14) In the case of an individual who is a recipient of assistance  
27 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or  
28 IC 12-15-7, subtract an amount equal to that portion of the  
29 individual's adjusted gross income with respect to which the  
30 individual is not allowed under federal law to retain an amount to  
31 pay state and local income taxes.
- 32 (15) In the case of an eligible individual, subtract the amount of a  
33 Holocaust victim's settlement payment included in the individual's  
34 federal adjusted gross income.
- 35 (16) For taxable years beginning after December 31, 1999,  
36 subtract an amount equal to the portion of any premiums paid  
37 during the taxable year by the taxpayer for a qualified long term

1 care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the  
2 taxpayer's spouse, or both.

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

4 (A) for a taxable year:

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

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

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

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

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

23 **(20) Add or subtract the amount necessary to make the**  
24 **adjusted gross income of any taxpayer that placed Section**  
25 **179 property (as defined in Section 179 of the Internal**  
26 **Revenue Code) in service in the current taxable year or in an**  
27 **earlier taxable year equal to the amount of adjusted gross**  
28 **income that would have been computed had an election for**  
29 **federal income tax purposes not been made for the year in**  
30 **which the property was placed in service to take deductions**  
31 **under Section 179 of the Internal Revenue Code in an**  
32 **aggregate amount exceeding twenty-five thousand dollars**  
33 **(\$25,000).**

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

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

- 1 (2) Add an amount equal to any deduction or deductions allowed  
 2 or allowable pursuant to Section 170 of the Internal Revenue  
 3 Code.
- 4 (3) Add an amount equal to any deduction or deductions allowed  
 5 or allowable pursuant to Section 63 of the Internal Revenue Code  
 6 for taxes based on or measured by income and levied at the state  
 7 level by any state of the United States.
- 8 (4) Subtract an amount equal to the amount included in the  
 9 corporation's taxable income under Section 78 of the Internal  
 10 Revenue Code.
- 11 (5) Add or subtract the amount necessary to make the adjusted  
 12 gross income of any taxpayer that owns property for which bonus  
 13 depreciation was allowed in the current taxable year or in an earlier  
 14 taxable year equal to the amount of adjusted gross income that  
 15 would have been computed had an election not been made under  
 16 Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to  
 17 apply bonus depreciation to the property in the year that it was  
 18 placed in service.
- 19 **(6) Add or subtract the amount necessary to make the**  
 20 **adjusted gross income of any taxpayer that placed Section**  
 21 **179 property (as defined in Section 179 of the Internal**  
 22 **Revenue Code) in service in the current taxable year or in an**  
 23 **earlier taxable year equal to the amount of adjusted gross**  
 24 **income that would have been computed had an election for**  
 25 **federal income tax purposes not been made for the year in**  
 26 **which the property was placed in service to take deductions**  
 27 **under Section 179 of the Internal Revenue Code in an**  
 28 **aggregate amount exceeding twenty-five thousand dollars**  
 29 **(\$25,000).**
- 30 (c) In the case of life insurance companies (as defined in Section  
 31 816(a) of the Internal Revenue Code) that are organized under Indiana  
 32 law, the same as "life insurance company taxable income" (as defined  
 33 in Section 801 of the Internal Revenue Code), adjusted as follows:
- 34 (1) Subtract income that is exempt from taxation under this article  
 35 by the Constitution and statutes of the United States.
- 36 (2) Add an amount equal to any deduction allowed or allowable  
 37 under Section 170 of the Internal Revenue Code.

- 1 (3) Add an amount equal to a deduction allowed or allowable  
 2 under Section 805 or Section 831(c) of the Internal Revenue Code  
 3 for taxes based on or measured by income and levied at the state  
 4 level by any state.
- 5 (4) Subtract an amount equal to the amount included in the  
 6 company's taxable income under Section 78 of the Internal  
 7 Revenue Code.
- 8 (5) Add or subtract the amount necessary to make the adjusted  
 9 gross income of any taxpayer that owns property for which bonus  
 10 depreciation was allowed in the current taxable year or in an earlier  
 11 taxable year equal to the amount of adjusted gross income that  
 12 would have been computed had an election not been made under  
 13 Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to  
 14 apply bonus depreciation to the property in the year that it was  
 15 placed in service.
- 16 **(6) Add or subtract the amount necessary to make the**  
 17 **adjusted gross income of any taxpayer that placed Section**  
 18 **179 property (as defined in Section 179 of the Internal**  
 19 **Revenue Code) in service in the current taxable year or in an**  
 20 **earlier taxable year equal to the amount of adjusted gross**  
 21 **income that would have been computed had an election for**  
 22 **federal income tax purposes not been made for the year in**  
 23 **which the property was placed in service to take deductions**  
 24 **under Section 179 of the Internal Revenue Code in an**  
 25 **aggregate amount exceeding twenty-five thousand dollars**  
 26 **(\$25,000).**
- 27 (d) In the case of insurance companies subject to tax under Section  
 28 831 of the Internal Revenue Code and organized under Indiana law, the  
 29 same as "taxable income" (as defined in Section 832 of the Internal  
 30 Revenue Code), adjusted as follows:
- 31 (1) Subtract income that is exempt from taxation under this article  
 32 by the Constitution and statutes of the United States.
- 33 (2) Add an amount equal to any deduction allowed or allowable  
 34 under Section 170 of the Internal Revenue Code.
- 35 (3) Add an amount equal to a deduction allowed or allowable  
 36 under Section 805 or Section 831(c) of the Internal Revenue Code  
 37 for taxes based on or measured by income and levied at the state

- 1 level by any state.
- 2 (4) Subtract an amount equal to the amount included in the  
3 company's taxable income under Section 78 of the Internal  
4 Revenue Code.
- 5 (5) Add or subtract the amount necessary to make the adjusted  
6 gross income of any taxpayer that owns property for which bonus  
7 depreciation was allowed in the current taxable year or in an earlier  
8 taxable year equal to the amount of adjusted gross income that  
9 would have been computed had an election not been made under  
10 Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to  
11 apply bonus depreciation to the property in the year that it was  
12 placed in service.
- 13 **(6) Add or subtract the amount necessary to make the**  
14 **adjusted gross income of any taxpayer that placed Section**  
15 **179 property (as defined in Section 179 of the Internal**  
16 **Revenue Code) in service in the current taxable year or in an**  
17 **earlier taxable year equal to the amount of adjusted gross**  
18 **income that would have been computed had an election for**  
19 **federal income tax purposes not been made for the year in**  
20 **which the property was placed in service to take deductions**  
21 **under Section 179 of the Internal Revenue Code in an**  
22 **aggregate amount exceeding twenty-five thousand dollars**  
23 **(\$25,000).**
- 24 (e) In the case of trusts and estates, "taxable income" (as defined for  
25 trusts and estates in Section 641(b) of the Internal Revenue Code)  
26 adjusted as follows:
- 27 (1) Subtract income that is exempt from taxation under this article  
28 by the Constitution and statutes of the United States.
- 29 (2) Subtract an amount equal to the amount of a September 11  
30 terrorist attack settlement payment included in the federal adjusted  
31 gross income of the estate of a victim of the September 11  
32 terrorist attack or a trust to the extent the trust benefits a victim  
33 of the September 11 terrorist attack.
- 34 (3) Add or subtract the amount necessary to make the adjusted  
35 gross income of any taxpayer that owns property for which bonus  
36 depreciation was allowed in the current taxable year or in an earlier  
37 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)~~ **168(k)** of the Internal Revenue Code to  
 3 apply bonus depreciation to the property in the year that it was  
 4 placed in service.

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

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

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

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

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

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

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

34 SECTION 4. IC 6-3-1-11, AS AMENDED BY P.L.105-2003,  
 35 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 36 JANUARY 1, 2004 (RETROACTIVE)]; Sec. 11. (a) The term "Internal  
 37 Revenue Code" means the Internal Revenue Code of 1986 of the United



1 States as amended and in effect on January 1, ~~2003~~ **2004**.

2 (b) Whenever the Internal Revenue Code is mentioned in this article,  
3 the particular provisions that are referred to, together with all the other  
4 provisions of the Internal Revenue Code in effect on January 1, ~~2003~~;  
5 **2004**, that pertain to the provisions specifically mentioned, shall be  
6 regarded as incorporated in this article by reference and have the same  
7 force and effect as though fully set forth in this article. To the extent  
8 the provisions apply to this article, regulations adopted under Section  
9 7805(a) of the Internal Revenue Code and in effect on January 1, ~~2003~~;  
10 **2004**, shall be regarded as rules adopted by the department under this  
11 article, unless the department adopts specific rules that supersede the  
12 regulation.

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

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

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

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

1 qualified property allowed under Section 168(k) of the Internal Revenue  
2 Code, **including the special depreciation allowance for 50-percent**  
3 **bonus depreciation property.**

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

10 (1) Add the following amounts:

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

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

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

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

26 (E) An amount equal to the deduction allowed under Section  
27 172 or 1212 of the Internal Revenue Code for net operating  
28 losses or net capital losses.

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

35 (G) Add the amount necessary to make the adjusted gross  
36 income of any taxpayer that owns property for which bonus  
37 depreciation was allowed in the current taxable year or in an

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

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

17 (2) Subtract the following amounts:

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

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

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

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

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

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

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

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

19           (1) the aggregate of the gross payments collected by the company  
20           during the taxable year from old and new business upon  
21           investment contracts issued by the company and held by residents  
22           of Indiana; divided by

23           (2) the total amount of gross payments collected during the  
24           taxable year by the company from the business upon investment  
25           contracts issued by the company and held by persons residing  
26           within Indiana and elsewhere.

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

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

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

34           (A) a so-called bond;

35           (B) a share;

36           (C) a coupon;

37           (D) a certificate of membership;

1 (E) an agreement;  
 2 (F) a pretended agreement; or  
 3 (G) other evidences of obligation;  
 4 entitling the holder to anything of value at some future date, if the  
 5 gross payments received by the company during the taxable year  
 6 on outstanding investment contracts, plus interest and dividends  
 7 earned on those contracts (by prorating the interest and dividends  
 8 earned on investment contracts by the same proportion that  
 9 certificate reserves (as defined by the Investment Company Act  
 10 of 1940) is to the company's total assets) is at least fifty percent  
 11 (50%) of the company's gross payments upon investment  
 12 contracts plus gross income from all other sources except  
 13 dividends from subsidiaries for the taxable year. The term  
 14 "investment contract" means an instrument listed in clauses (A)  
 15 through (G).

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

26 SECTION 8. [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]  
 27 **IC 6-3-1-3.5, IC 6-3-1-11, and IC 6-5.5-1-2, all as amended by this**  
 28 **act, apply only to taxable years beginning after December 31,**  
 29 **2003.**

30 SECTION 9. [EFFECTIVE UPON PASSAGE] (a) **A religious**  
 31 **institution may file an application under IC 6-1.1-11 before May**  
 32 **11, 2004, for exemption of one (1) or more parcels of real property**  
 33 **for property taxes first due and payable in 2002 if:**

34 (1) **the religious institution did not file an application under**  
 35 **IC 6-1.1-11 for exemption of the real property with respect**  
 36 **to property taxes first due and payable in 2002;**

1           **(2) the religious institution acquired the real property in**  
 2           **1999; and**

3           **(3) the real property was exempt from property taxes for**  
 4           **property taxes first due and payable in 2001.**

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

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

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

11           **(B) the department of local government finance; and**

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

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

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

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

28           **(e) This SECTION expires January 1, 2005.**

29           **SECTION 10. [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)]**

30           **(a) This SECTION applies notwithstanding the following:**

31           **IC 6-1.1-3-7.5**

32           **IC 6-1.1-10-10**

33           **IC 6-1.1-10-13**

34           **IC 6-1.1-10-31.1**

35           **IC 6-1.1-11**

- 1           **IC 6-1.1-12.1-5.4**
- 2           **50 IAC 4.2-11**
- 3           **50 IAC 4.2-12-1**
- 4           **50 IAC 10-3**
- 5           **50 IAC 16.**

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

8           **(1) an original personal property tax return under IC 6-1.1-3**  
9 **for the March 1, 2001, assessment date using a consolidated**  
10 **return, Form 103-C; and**

11           **(2) before March 1, 2003, a Form 133 petition for correction**  
12 **of an error with respect to the assessed value of the**  
13 **taxpayer's personal property on the March 1, 2001,**  
14 **assessment date.**

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

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

21           **(1) An exemption for an industrial waste control facility**  
22 **under IC 6-1.1-10-9.**

23           **(2) An exemption for an industrial air purification system**  
24 **under IC 6-1.1-10-12.**

25           **(3) An exemption for tangible personal property under**  
26 **IC 6-1.1-10-29, as in effect on March 1, 2001.**

27           **(4) An exemption for tangible personal property under**  
28 **IC 6-1.1-10-29.3.**

29           **(5) An exemption for tangible personal property under**  
30 **IC 6-1.1-10-30.**

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

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

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

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

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

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

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

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

34           **(j) Notwithstanding IC 6-1.1-26, the county auditor shall apply**  
35 **a credit allowed under this SECTION against the taxpayer's**



1       **property tax liability for property taxes first due and payable in**  
2       **2004 and in each year thereafter until the credit is exhausted.**  
3       **However, the county auditor may refund the remaining credit**  
4       **amount at any time before the credit is exhausted.**

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

7       **(l) This SECTION expires January 1, 2007.**

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

9       Renumber all SECTIONS consecutively.

(Reference is to HB 1055 as introduced.)

**and when so amended that said bill do pass.**

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Representative Crawford