

PREVAILED	Roll Call No. _____
FAILED	Ayes _____
WITHDRAWN	Noes _____
RULED OUT OF ORDER	

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1379 be amended to read as follows:

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.144-2007,
- 4 SECTION 3, AS AMENDED BY P.L.211-2007, SECTION 19, AND
- 5 AS AMENDED BY P.L.223-2007, SECTION 1, IS CORRECTED
- 6 AND AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 7 JANUARY 1, 2008 (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
- 10 defined in Section 62 of the Internal Revenue Code), modified as
- 11 follows:
- 12 (1) Subtract income that is exempt from taxation under this article
- 13 by the Constitution and statutes of the United States.
- 14 (2) Add an amount equal to any deduction or deductions allowed
- 15 or allowable pursuant to Section 62 of the Internal Revenue Code
- 16 for taxes based on or measured by income and levied at the state
- 17 level by any state of the United States.
- 18 (3) Subtract one thousand dollars (\$1,000), or in the case of a
- 19 joint return filed by a husband and wife, subtract for each spouse
- 20 one thousand dollars (\$1,000).
- 21 (4) Subtract one thousand dollars (\$1,000) for:
- 22 (A) each of the exemptions provided by Section 151(c) of the
- 23 Internal Revenue Code;
- 24 (B) each additional amount allowable under Section 63(f) of

- 1 the Internal Revenue Code; and
2 (C) the spouse of the taxpayer if a separate return is made by
3 the taxpayer and if the spouse, for the calendar year in which
4 the taxable year of the taxpayer begins, has no gross income
5 and is not the dependent of another taxpayer.
- 6 (5) Subtract:
- 7 (A) for taxable years beginning after December 31, 2004, one
8 thousand five hundred dollars (\$1,500) for each of the
9 exemptions allowed under Section 151(c)(1)(B) of the Internal
10 Revenue Code (as effective January 1, 2004); and
11 (B) five hundred dollars (\$500) for each additional amount
12 allowable under Section 63(f)(1) of the Internal Revenue Code
13 if the adjusted gross income of the taxpayer, or the taxpayer
14 and the taxpayer's spouse in the case of a joint return, is less
15 than forty thousand dollars (\$40,000).
- 16 This amount is in addition to the amount subtracted under
17 subdivision (4).
- 18 (6) Subtract an amount equal to the lesser of:
- 19 (A) that part of the individual's adjusted gross income (as
20 defined in Section 62 of the Internal Revenue Code) for that
21 taxable year that is subject to a tax that is imposed by a
22 political subdivision of another state and that is imposed on or
23 measured by income; or
24 (B) two thousand dollars (\$2,000).
- 25 (7) Add an amount equal to the total capital gain portion of a
26 lump sum distribution (as defined in Section 402(e)(4)(D) of the
27 Internal Revenue Code) if the lump sum distribution is received
28 by the individual during the taxable year and if the capital gain
29 portion of the distribution is taxed in the manner provided in
30 Section 402 of the Internal Revenue Code.
- 31 (8) Subtract any amounts included in federal adjusted gross
32 income under Section 111 of the Internal Revenue Code as a
33 recovery of items previously deducted as an itemized deduction
34 from adjusted gross income.
- 35 (9) Subtract any amounts included in federal adjusted gross
36 income under the Internal Revenue Code which amounts were
37 received by the individual as supplemental railroad retirement
38 annuities under 45 U.S.C. 231 and which are not deductible under
39 subdivision (1).
- 40 (10) Add an amount equal to the deduction allowed under Section
41 221 of the Internal Revenue Code for married couples filing joint
42 returns if the taxable year began before January 1, 1987.
- 43 (11) Add an amount equal to the interest excluded from federal
44 gross income by the individual for the taxable year under Section
45 128 of the Internal Revenue Code if the taxable year began before
46 January 1, 1985.

- 1 (12) Subtract an amount equal to the amount of federal Social
2 Security and Railroad Retirement benefits included in a taxpayer's
3 federal gross income by Section 86 of the Internal Revenue Code.
4 (13) In the case of a nonresident taxpayer or a resident taxpayer
5 residing in Indiana for a period of less than the taxpayer's entire
6 taxable year, the total amount of the deductions allowed pursuant
7 to subdivisions (3), (4), (5), and (6) shall be reduced to an amount
8 which bears the same ratio to the total as the taxpayer's income
9 taxable in Indiana bears to the taxpayer's total income.
10 (14) In the case of an individual who is a recipient of assistance
11 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
12 subtract an amount equal to that portion of the individual's
13 adjusted gross income with respect to which the individual is not
14 allowed under federal law to retain an amount to pay state and
15 local income taxes.
16 (15) In the case of an eligible individual, subtract the amount of
17 a Holocaust victim's settlement payment included in the
18 individual's federal adjusted gross income.
19 (16) For taxable years beginning after December 31, 1999,
20 subtract an amount equal to the portion of any premiums paid
21 during the taxable year by the taxpayer for a qualified long term
22 care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the
23 taxpayer's spouse, or both.
24 (17) Subtract an amount equal to the lesser of:
25 (A) for a taxable year:
26 (i) including any part of 2004, the amount determined under
27 subsection (f); and
28 (ii) beginning after December 31, 2004, two thousand five
29 hundred dollars (\$2,500); or
30 (B) the amount of property taxes that are paid during the
31 taxable year in Indiana by the individual on the individual's
32 principal place of residence.
33 (18) Subtract an amount equal to the amount of a September 11
34 terrorist attack settlement payment included in the individual's
35 federal adjusted gross income.
36 (19) Add or subtract the amount necessary to make the adjusted
37 gross income of any taxpayer that owns property for which bonus
38 depreciation was allowed in the current taxable year or in an
39 earlier taxable year equal to the amount of adjusted gross income
40 that would have been computed had an election not been made
41 under Section 168(k) of the Internal Revenue Code to apply bonus
42 depreciation to the property in the year that it was placed in
43 service.
44 (20) Add an amount equal to any deduction allowed under
45 Section 172 of the Internal Revenue Code.
46 (21) Add or subtract the amount necessary to make the adjusted

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

10 (22) Add an amount equal to the amount that a taxpayer claimed
 11 as a deduction for domestic production activities for the taxable
 12 year under Section 199 of the Internal Revenue Code for federal
 13 income tax purposes.

14 (23) *Subtract an amount equal to the amount of the taxpayer's*
 15 *qualified military income that was not excluded from the*
 16 *taxpayer's gross income for federal income tax purposes under*
 17 *Section 112 of the Internal Revenue Code.*

18 ~~(23)~~ (24) *Subtract income that is:*

19 (A) *exempt from taxation under IC 6-3-2-21.7; and*

20 (B) *included in the individual's federal adjusted gross income*
 21 *under the Internal Revenue Code.*

22 **(25) If the taxpayer is:**

23 **(A) a viator (as defined in IC 27-18-1-27), subtract any**
 24 **amount included in the taxpayer's federal adjusted gross**
 25 **income under the Internal Revenue Code as a result of**
 26 **accelerated benefits received or benefits paid under a**
 27 **viaticated policy (as defined in IC 27-18-1-26); and**

28 **(B) a beneficiary or other assignee of a viaticated policy (as**
 29 **defined in IC 27-18-1-26), add the result of:**

30 **(i) any amount (whether in a single sum or otherwise)**
 31 **that is not included in the taxpayer's federal adjusted**
 32 **gross income under the Internal Revenue Code as a**
 33 **result of benefits paid to any person under a viaticated**
 34 **policy (as defined in IC 27-18-1-26); minus**

35 **(ii) the greater of the actual value of the consideration**
 36 **and the premiums and other amounts (as defined in**
 37 **Section 101 of the Internal Revenue Code) paid by the**
 38 **taxpayer for the viaticated policy (as defined in**
 39 **IC 27-18-1-26) or other tax basis of the viaticated policy**
 40 **(as defined in IC 27-18-1-26) in the hands of the**
 41 **taxpayer.**

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

45 (1) Subtract income that is exempt from taxation under this article
 46 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
 14 earlier taxable year equal to the amount of adjusted gross income
 15 that would have been computed had an election not been made
 16 under Section 168(k) of the Internal Revenue Code to apply bonus
 17 depreciation to the property in the year that it was placed in
 18 service.
- 19 (6) Add an amount equal to any deduction allowed under Section
 20 172 of the Internal Revenue Code.
- 21 (7) Add or subtract the amount necessary to make the adjusted
 22 gross income of any taxpayer that placed Section 179 property (as
 23 defined in Section 179 of the Internal Revenue Code) in service
 24 in the current taxable year or in an earlier taxable year equal to
 25 the amount of adjusted gross income that would have been
 26 computed had an election for federal income tax purposes not
 27 been made for the year in which the property was placed in
 28 service to take deductions under Section 179 of the Internal
 29 Revenue Code in a total amount exceeding twenty-five thousand
 30 dollars (\$25,000).
- 31 (8) Add an amount equal to the amount that a taxpayer claimed as
 32 a deduction for domestic production activities for the taxable year
 33 under Section 199 of the Internal Revenue Code for federal
 34 income tax purposes.
- 35 (9) Add to the extent required by IC 6-3-2-20 the amount of
 36 intangible expenses (as defined in IC 6-3-2-20) and any directly
 37 related intangible interest expenses (as defined in IC 6-3-2-20) for
 38 the taxable year that reduced the corporation's taxable income (as
 39 defined in Section 63 of the Internal Revenue Code) for federal
 40 income tax purposes.
- 41 *(10) Add an amount equal to any deduction for dividends paid (as*
 42 *defined in Section 561 of the Internal Revenue Code) to*
 43 *shareholders of a captive real estate investment trust (as defined*
 44 *in section 34.5 of this chapter).*
- 45 ~~(10)~~ **(11)** Subtract income that is:
- 46 (A) exempt from taxation under IC 6-3-2-21.7; and

1 (B) included in the corporation's taxable income under the
2 Internal Revenue Code.

3 **(12) Add the result of:**

4 **(A) any amount (whether in a single sum or otherwise) that**
5 **is not included in the taxpayer's federal adjusted gross**
6 **income under the Internal Revenue Code as a result of**
7 **benefits received under a viaticated policy (as defined in**
8 **IC 27-18-1-26); minus**

9 **(B) the greater of the actual value of the consideration and**
10 **the premiums and other amounts (as defined in Section 101**
11 **of the Internal Revenue Code) paid by the taxpayer for the**
12 **viaticated policy (as defined in IC 27-18-1-26) or other tax**
13 **basis of the viaticated policy (as defined in IC 27-18-1-26)**
14 **in the hands of the taxpayer.**

15 (c) In the case of life insurance companies (as defined in Section
16 816(a) of the Internal Revenue Code) that are organized under Indiana
17 law, the same as "life insurance company taxable income" (as defined
18 in Section 801 of the Internal Revenue Code), adjusted as follows:

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

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

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

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

30 (5) Add or subtract the amount necessary to make the adjusted
31 gross 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 income
34 that would have been computed had an election not been made
35 under Section 168(k) of the Internal Revenue Code to apply bonus
36 depreciation to the property in the year that it was placed in
37 service.

38 (6) Add an amount equal to any deduction allowed under Section
39 172 or Section 810 of the Internal Revenue Code.

40 (7) Add or subtract the amount necessary to make the adjusted
41 gross income of any taxpayer that placed Section 179 property (as
42 defined in Section 179 of the Internal Revenue Code) in service
43 in the current taxable year or in an earlier taxable year equal to
44 the amount of adjusted gross income that would have been
45 computed had an election for federal income tax purposes not
46 been made for the year in which the property was placed in

- 1 service to take deductions under Section 179 of the Internal
 2 Revenue Code in a total amount exceeding twenty-five thousand
 3 dollars (\$25,000).
- 4 (8) Add an amount equal to the amount that a taxpayer claimed as
 5 a deduction for domestic production activities for the taxable year
 6 under Section 199 of the Internal Revenue Code for federal
 7 income tax purposes.
- 8 (9) *Subtract income that is:*
- 9 (A) *exempt from taxation under IC 6-3-2-21.7; and*
 10 (B) *included in the insurance company's taxable income under*
 11 *the Internal Revenue Code.*
- 12 **(10) Add the result of:**
- 13 **(A) any amount (whether in a single sum or otherwise) that**
 14 **is not included in the taxpayer's federal adjusted gross**
 15 **income under the Internal Revenue Code as a result of**
 16 **benefits received under a viaticated policy (as defined in**
 17 **IC 27-18-1-26); minus**
- 18 **(B) the greater of the actual value of the consideration and**
 19 **the premiums and other amounts (as defined in Section 101**
 20 **of the Internal Revenue Code) paid by the taxpayer for the**
 21 **viaticated policy (as defined in IC 27-18-1-26) or other tax**
 22 **basis of the viaticated policy (as defined in IC 27-18-1-26)**
 23 **in the hands of the taxpayer.**
- 24 (d) In the case of insurance companies subject to tax under Section
 25 831 of the Internal Revenue Code and organized under Indiana law, the
 26 same as "taxable income" (as defined in Section 832 of the Internal
 27 Revenue Code), adjusted as follows:
- 28 (1) Subtract income that is exempt from taxation under this article
 29 by the Constitution and statutes of the United States.
- 30 (2) Add an amount equal to any deduction allowed or allowable
 31 under Section 170 of the Internal Revenue Code.
- 32 (3) Add an amount equal to a deduction allowed or allowable
 33 under Section 805 or Section 831(c) of the Internal Revenue Code
 34 for taxes based on or measured by income and levied at the state
 35 level by any state.
- 36 (4) Subtract an amount equal to the amount included in the
 37 company's taxable income under Section 78 of the Internal
 38 Revenue Code.
- 39 (5) Add or subtract the amount necessary to make the adjusted
 40 gross income of any taxpayer that owns property for which bonus
 41 depreciation was allowed in the current taxable year or in an
 42 earlier taxable year equal to the amount of adjusted gross income
 43 that would have been computed had an election not been made
 44 under Section 168(k) of the Internal Revenue Code to apply bonus
 45 depreciation to the property in the year that it was placed in
 46 service.

- 1 (6) Add an amount equal to any deduction allowed under Section
2 172 of the Internal Revenue Code.
- 3 (7) Add or subtract the amount necessary to make the adjusted
4 gross income of any taxpayer that placed Section 179 property (as
5 defined in Section 179 of the Internal Revenue Code) in service
6 in the current taxable year or in an earlier taxable year equal to
7 the amount of adjusted gross income that would have been
8 computed had an election for federal income tax purposes not
9 been made for the year in which the property was placed in
10 service to take deductions under Section 179 of the Internal
11 Revenue Code in a total amount exceeding twenty-five thousand
12 dollars (\$25,000).
- 13 (8) Add an amount equal to the amount that a taxpayer claimed as
14 a deduction for domestic production activities for the taxable year
15 under Section 199 of the Internal Revenue Code for federal
16 income tax purposes.
- 17 (9) *Subtract income that is:*
- 18 (A) *exempt from taxation under IC 6-3-2-21.7; and*
- 19 (B) *included in the insurance company's taxable income under*
20 *the Internal Revenue Code.*
- 21 **(10) Add the result of:**
- 22 **(A) any amount (whether in a single sum or otherwise) that**
23 **is not included in the taxpayer's federal adjusted gross**
24 **income under the Internal Revenue Code as a result of**
25 **benefits received under a viaticated policy (as defined in**
26 **IC 27-18-1-26); minus**
- 27 **(B) the greater of the actual value of the consideration and**
28 **the premiums and other amounts (as defined in Section 101**
29 **of the Internal Revenue Code) paid by the taxpayer for the**
30 **viaticated policy (as defined in IC 27-18-1-26) or other tax**
31 **basis of the viaticated policy (as defined in IC 27-18-1-26)**
32 **in the hands of the taxpayer.**
- 33 (e) In the case of trusts and estates, "taxable income" (as defined for
34 trusts and estates in Section 641(b) of the Internal Revenue Code)
35 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.
- 38 (2) Subtract an amount equal to the amount of a September 11
39 terrorist attack settlement payment included in the federal
40 adjusted gross income of the estate of a victim of the September
41 11 terrorist attack or a trust to the extent the trust benefits a victim
42 of the September 11 terrorist attack.
- 43 (3) Add or subtract the amount necessary to make the adjusted
44 gross income of any taxpayer that owns property for which bonus
45 depreciation was allowed in the current taxable year or in an
46 earlier taxable year equal to the amount of adjusted gross income

- 1 that would have been computed had an election not been made
 2 under Section 168(k) of the Internal Revenue Code to apply bonus
 3 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 Section
 6 172 of the Internal Revenue Code.
- 7 (5) Add or subtract the amount necessary to make the adjusted
 8 gross income of any taxpayer that placed Section 179 property (as
 9 defined in Section 179 of the Internal Revenue Code) in service
 10 in the current taxable year or in an earlier taxable year equal to
 11 the amount of adjusted gross income that would have been
 12 computed had an election for federal income tax purposes not
 13 been made for the year in which the property was placed in
 14 service to take deductions under Section 179 of the Internal
 15 Revenue Code in a total amount exceeding twenty-five thousand
 16 dollars (\$25,000).
- 17 (6) Add an amount equal to the amount that a taxpayer claimed as
 18 a deduction for domestic production activities for the taxable year
 19 under Section 199 of the Internal Revenue Code for federal
 20 income tax purposes.
- 21 (7) *Subtract income that is:*
- 22 (A) *exempt from taxation under IC 6-3-2-21.7; and*
- 23 (B) *included in the taxpayer's taxable income under the*
 24 *Internal Revenue Code.*
- 25 **(8) If the taxpayer is:**
- 26 **(A) the estate of a deceased viator (as defined in**
 27 **IC 27-18-1-27), subtract any amount included in the**
 28 **taxpayer's federal adjusted gross income under the**
 29 **Internal Revenue Code as a result of accelerated benefits**
 30 **received or benefits paid to any person under a viaticated**
 31 **policy (as defined in IC 27-18-1-26); or**
- 32 **(B) a beneficiary or other assignee of a viaticated policy (as**
 33 **defined in IC 27-18-1-26), add the result of:**
- 34 **(i) any amount (whether in a single sum or otherwise)**
 35 **that is not included in the taxpayer's federal adjusted**
 36 **gross income under the Internal Revenue Code as a**
 37 **result of benefits received under a viaticated policy (as**
 38 **defined in IC 27-18-1-26); minus**
- 39 **(ii) the greater of the actual value of the consideration**
 40 **and the premiums and other amounts (as defined in**
 41 **Section 101 of the Internal Revenue Code) paid by the**
 42 **taxpayer for the viaticated policy (as defined in**
 43 **IC 27-18-1-26) or other tax basis of the viaticated policy**
 44 **(as defined in IC 27-18-1-26) in the hands of the**
 45 **taxpayer.**
- 46 (f) This subsection applies only to the extent that an individual paid
 47 property taxes in 2004 that were imposed for the March 1, 2002,

1 assessment date or the January 15, 2003, assessment date. The
 2 maximum amount of the deduction under subsection (a)(17) is equal
 3 to the amount determined under STEP FIVE of the following formula:
 4 STEP ONE: Determine the amount of property taxes that the
 5 taxpayer paid after December 31, 2003, in the taxable year for
 6 property taxes imposed for the March 1, 2002, assessment date
 7 and the January 15, 2003, assessment date.
 8 STEP TWO: Determine the amount of property taxes that the
 9 taxpayer paid in the taxable year for the March 1, 2003,
 10 assessment date and the January 15, 2004, assessment date.
 11 STEP THREE: Determine the result of the STEP ONE amount
 12 divided by the STEP TWO amount.
 13 STEP FOUR: Multiply the STEP THREE amount by two
 14 thousand five hundred dollars (\$2,500).
 15 STEP FIVE: Determine the sum of the STEP FOUR amount and
 16 two thousand five hundred dollars (\$2,500)."
 17 Page 58, line 18, after "2008]" insert "**(a) IC 6-3-1-3.5, as amended**
 18 **by this act, applies to taxable years beginning after December 31,**
 19 **2008. Notwithstanding the effective date of IC 27-18, as added by**
 20 **this act, the terms viaticated policy (as defined in IC 27-18-1-26, as**
 21 **added by this act) and viator (as defined in IC 27-18-1-27, as added**
 22 **by this act) apply to taxable years beginning after December 31,**
 23 **2008, as if IC 27-18, as added by this act, were effective on January**
 24 **1, 2008.**
 25 **(b)".**
 26 Page 58, after line 20, begin a new paragraph and insert:
 27 "SECTION 8. **An emergency is declared for this act.**"
 28 Renumber all SECTIONS consecutively.
 (Reference is to HB 1379 as printed January 25, 2008.)

Representative Fry