
HOUSE BILL No. 1024

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2-3.7.

Synopsis: Taxation of civil service annuities. Provides a 100% income tax deduction, beginning in 2014, for federal civil service annuity income received by an individual or the individual's surviving spouse. Phases in the deduction from 2010 through 2013.

Effective: January 1, 2010 (retroactive).

Robertson

January 5, 2010, read first time and referred to Committee on Ways and Means.

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Second Regular Session 116th General Assembly (2010)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2009 Regular and Special Sessions of the General Assembly.

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HOUSE BILL No. 1024



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-2-3.7 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]:
3 Sec. 3.7. (a) Each taxable year, an individual **or the individual's**
4 **surviving spouse who receives income from a federal civil service**
5 **annuity** is entitled to an adjusted gross income tax deduction. ~~equal to~~
6 ~~the remainder of:~~

7 (1) the first two thousand dollars (\$2,000) which is received by
8 the individual during the taxable year from a federal civil service
9 annuity; and which is included in adjusted gross income under
10 Section 62 of the Internal Revenue Code; minus

11 (2) the total amount of social security benefits and railroad
12 retirement benefits received by the individual during the taxable
13 year.

14 However, the individual is only entitled to the deduction provided by
15 this section if the individual is at least sixty-two (62) years of age
16 before the end of the taxable year.

17 (b) For a taxable year beginning after 2013, the amount of the



1 deduction is one hundred percent (100%) of the federal civil
2 service annuity received during the taxable year and included in
3 adjusted gross income under Section 62 of the Internal Revenue
4 Code.

5 (c) For a taxable year beginning in 2010 through 2013, the
6 amount of the deduction is equal to the result determined under
7 STEP FOUR of the following formula:

8 STEP ONE: Determine the amount of the federal civil service
9 annuity received by the individual or the individual's
10 surviving spouse during the taxable year and included in
11 adjusted gross income under Section 62 of the Internal
12 Revenue Code.

13 STEP TWO: Multiply:

14 (A) the STEP ONE result by:

15 (B) for the taxable year beginning in:

16 (i) 2010, twenty percent (20%).

17 (ii) 2011, forty percent (40%).

18 (iii) 2012, sixty percent (60%).

19 (iv) 2013, eighty percent (80%).

20 STEP THREE: Determine the lesser of the following:

21 (A) The STEP ONE result.

22 (B) Twelve thousand dollars (\$12,000).

23 STEP FOUR: Determine the greater of the following:

24 (A) The STEP TWO result.

25 (B) The STEP THREE result.

26 SECTION 2. [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]
27 IC 6-3-2-3.7, as amended by this act, applies only to taxable years
28 beginning after December 31, 2009.

29 SECTION 3. An emergency is declared for this act.

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