

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7457

BILL NUMBER: HB 1470

NOTE PREPARED: Jan 10, 2011

BILL AMENDED:

SUBJECT: Taxes.

FIRST AUTHOR: Rep. Turner

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ___ **GENERAL**
 ___ **DEDICATED**
 ___ **FEDERAL**

IMPACT: Pending

Summary of Legislation: Provides for the return of a part of the state's year-end general revenue surplus to Indiana residents in the form of a refundable adjusted gross income tax credit. Establishes the income tax reduction reserve and procedures to implement the credit program. Indicates that the standard deduction and the circuit breaker credit applies to improvements to structures and improvements on the same land that a building is located. Permits an enhanced tax abatement for vacant buildings in a designated downtown area. Permits the fiscal body for a county, city, or town to grant a deduction of 100% of the assessed value of personal property or a credit equal to 100% of the property tax liability that is imposed on personal property. Permits the department of state revenue to negotiate a collection allowance for the collection of sales taxes by an out-of-state seller. Increases the personal deduction allowed against individual adjusted gross income tax. Taxes interest on bonds issued by another state or a political subdivision in another state. Prohibits a carryback of an Indiana net operating loss to a prior taxable year. Decreases the adjusted gross income tax rate applicable to corporations. Requires the recapture of a credit given for a contribution to a college choice 529 education savings plan if withdrawals or distributions exceeding 10% of the amount deposited or earned in interest in the immediately preceding three years is withdrawn or distributed. Phases out the inheritance tax beginning July 1, 2013, by giving an increasing credit against the inheritance tax due. Provides that the inheritance tax does not apply to the transfer of property interests by a decedent whose death occurs after June 30, 2023. Phases out payments of the inheritance tax replacement amount to counties over a period between 2013 and 2023. Provides that the estate tax and generation skipping transfer tax do not apply after June 30, 2023. Makes technical corrections. Extends the time in which a person must file an amended Indiana adjusted gross income tax return to reflect modifications made in a federal income tax return. Prohibits the department of state revenue from taking an action to collect a delinquent tax until the later of the time to file a tax appeal has expired or a final decision is made in a tax appeal. Provides that the tobacco products tax on moist snuff is based on the weight of the moist snuff and calculated at the rate of \$0.50 per ounce.

Requires a study of ways to reduce fraud and abuse of the Indiana earned income tax credit. Makes an appropriation.

Effective Date: Upon passage; January 1, 2011 (retroactive); March 1, 2011 (retroactive); July 1, 2011.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Jim Landers, 317-232-9869; Diana Agidi, 317-232-9867; Bob Sigalow, 317-232-9859.