



January 25, 2012

HOUSE BILL No. 1199

DIGEST OF HB 1199 (Updated January 23, 2012 1:22 pm - DI 92)

Citations Affected: IC 6-4.1.

Synopsis: Inheritance tax. Provides for a phase-out of the inheritance tax.

Effective: July 1, 2012.

Turner, Thompson, Torr, Welch

January 9, 2012, read first time and referred to Committee on Ways and Means.
January 25, 2012, amended, reported — Do Pass.

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HB 1199—LS 6931/DI 51+



January 25, 2012

Second Regular Session 117th General Assembly (2012)

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 2011 Regular Session of the General Assembly.

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HOUSE BILL No. 1199

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 6-4.1-1-0.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest**
4 **transferred by a decedent whose death occurs after June 30, 2023.**
5 SECTION 2. IC 6-4.1-2-0.5 IS ADDED TO THE INDIANA CODE
6 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
7 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest**
8 **transferred by a decedent whose death occurs after June 30, 2023.**
9 SECTION 3. IC 6-4.1-2-1 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1. (a) An inheritance
11 tax is imposed at the time of a decedent's death on certain property
12 interest transfers made by ~~him~~: **the decedent**. The transfer of a property
13 interest is subject to the tax if:
14 (1) the property transferred is described in:
15 (i) **(A)** section 2 of this chapter, if the property is transferred
16 by a resident decedent; or
17 (ii) **(B)** section 3 of this chapter, if the property is transferred

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- 1 by a nonresident decedent;
- 2 (2) the transfer is described in section 4 of this chapter; and
- 3 (3) neither the transfer nor the property is exempt from the
- 4 inheritance tax under IC 6-4.1-3.

5 (b) For purposes of this article, a transfer described in section 4 of
 6 this chapter is considered a transfer made by the deceased transferor
 7 regardless of when the transferee acquires the property interest.

8 SECTION 4. IC 6-4.1-3-0.5 IS ADDED TO THE INDIANA CODE
 9 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 10 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest**
 11 **transferred by a decedent whose death occurs after June 30, 2023.**

12 SECTION 5. IC 6-4.1-4-0.2 IS ADDED TO THE INDIANA CODE
 13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 14 1, 2012]: **Sec. 0.2. This chapter does not apply to a property interest**
 15 **transferred by a decedent whose death occurs after June 30, 2023.**

16 SECTION 6. IC 6-4.1-5-0.5 IS ADDED TO THE INDIANA CODE
 17 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 18 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest**
 19 **transferred by a decedent whose death occurs after June 30, 2023.**

20 SECTION 7. IC 6-4.1-5-1.1 IS ADDED TO THE INDIANA CODE
 21 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 22 1, 2012]: **Sec. 1.1. (a) This section applies to a property interest**
 23 **transferred by a decedent whose death occurs after June 30, 2013.**

24 (b) For purposes of determining the amount of inheritance tax
 25 imposed under this article, a credit is allowed against the tax
 26 imposed under section 1 of this chapter on a decedent's transfer of
 27 property interests. The amount of the credit equals the inheritance
 28 tax imposed under section 1 of this chapter multiplied by the
 29 percentage prescribed in the following table:

30 DATE OF	30 PERCENTAGE
31 INDIVIDUAL'S DEATH	31 OF CREDIT
32 After June 30, 2013, and	
33 before July 1, 2014.....	9%
34 After June 30, 2014, and	
35 before July 1, 2015.....	18%
36 After June 30, 2015, and	
37 before July 1, 2016.....	27%
38 After June 30, 2016, and	
39 before July 1, 2017.....	36%
40 After June 30, 2017, and	
41 before July 1, 2018.....	45%
42 After June 30, 2018, and	



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1 before July 1, 2019..... 55%

2 After June 30, 2019, and

3 before July 1, 2020..... 64%

4 After June 30, 2020, and

5 before July 1, 2021..... 73%

6 After June 30, 2021, and

7 before July 1, 2022..... 82%

8 After June 30, 2022, and

9 before July 1, 2023..... 91%

10 (c) A person who is liable for inheritance tax imposed under this
 11 article may claim the credit allowed under this section at the time
 12 the person pays the tax. When the payment is made, the person
 13 collecting the tax shall reduce the inheritance tax due by the
 14 amount of the credit specified in subsection (b).

15 SECTION 8. IC 6-4.1-6-0.5 IS ADDED TO THE INDIANA CODE
 16 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 17 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest
 18 transferred by a decedent whose death occurs after June 30, 2023.**

19 SECTION 9. IC 6-4.1-7-0.5 IS ADDED TO THE INDIANA CODE
 20 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 21 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest
 22 transferred by a decedent whose death occurs after June 30, 2023.**

23 SECTION 10. IC 6-4.1-8-0.5 IS ADDED TO THE INDIANA
 24 CODE AS A NEW SECTION TO READ AS FOLLOWS
 25 [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. This chapter does not apply
 26 to a property interest transferred by a decedent whose death
 27 occurs after June 30, 2023.**

28 SECTION 11. IC 6-4.1-9-0.5 IS ADDED TO THE INDIANA
 29 CODE AS A NEW SECTION TO READ AS FOLLOWS
 30 [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. This chapter does not apply
 31 to a property interest transferred by a decedent whose death
 32 occurs after June 30, 2023.**

33 SECTION 12. IC 6-4.1-11-0.5 IS ADDED TO THE INDIANA
 34 CODE AS A NEW SECTION TO READ AS FOLLOWS
 35 [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. This chapter does not apply
 36 to the estate of an individual who dies after June 30, 2023.**

37 SECTION 13. IC 6-4.1-11-6 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 6. (a) The department
 39 of state revenue shall collect the Indiana estate tax and the interest
 40 charges imposed under this chapter. The department shall remit the
 41 money which it collects under this chapter to the state treasurer, and the
 42 state treasurer shall deposit the money in the state general fund.

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1 (b) ~~Before August 15 of each year~~ **Except as provided in**
 2 **subsection (e)**, the treasurer of state shall **annually** distribute to each
 3 county the amount determined under subsection (c) **or (d)** for the
 4 county. **The distribution for a particular state fiscal year must be**
 5 **made before August 15 of the following state fiscal year.** There is
 6 appropriated from the state general fund the amount necessary to make
 7 the distributions under this ~~section~~: **subsection.**

8 (c) **For a state fiscal year ending before July 1, 2013,** the
 9 department of state revenue shall determine the inheritance tax
 10 replacement amount for each county using the following formula:

11 STEP ONE: Determine the amount of inheritance tax revenue
 12 retained by each county in each state fiscal year beginning with
 13 the state fiscal year that began July 1, 1990, and ending with the
 14 state fiscal year that ends June 30, 1997.

15 STEP TWO: Determine the average annual amount of inheritance
 16 tax revenue retained by each county using five (5) of the seven (7)
 17 state fiscal years described in STEP ONE after excluding the two
 18 (2) years in which each county retained its highest and lowest
 19 totals of inheritance tax revenue.

20 STEP THREE: Determine the remainder of the STEP TWO
 21 amount minus the amount of inheritance taxes retained by the
 22 county during the immediately preceding state fiscal year.

23 (d) **For a state fiscal year beginning after June 30, 2013, and**
 24 **ending before July 1, 2023, the department of state revenue shall**
 25 **determine the inheritance tax replacement amount for each county**
 26 **using the following formula:**

27 **STEP ONE: Determine the inheritance tax replacement**
 28 **amount distributed to the county for the state fiscal year**
 29 **beginning after June 30, 2012, and ending before July 1, 2013.**

30 **STEP TWO: Multiply the amount determined under STEP**
 31 **ONE by the appropriate percentage as follows:**

32 (A) **Ninety-one percent (91%) for a state fiscal year**
 33 **beginning after June 30, 2013, and ending before July 1,**
 34 **2014.**

35 (B) **Eighty-two percent (82%) for a state fiscal year**
 36 **beginning after June 30, 2014, and ending before July 1,**
 37 **2015.**

38 (C) **Seventy-three percent (73%) for a state fiscal year**
 39 **beginning after June 30, 2015, and ending before July 1,**
 40 **2016.**

41 (D) **Sixty-four percent (64%) for a state fiscal year**
 42 **beginning after June 30, 2016, and ending before July 1,**

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- 2017.**
- (E) Fifty-five percent (55%) for a state fiscal year beginning after June 30, 2017, and ending before July 1, 2018.**
- (F) Forty-five percent (45%) for a state fiscal year beginning after June 30, 2018, and ending before July 1, 2019.**
- (G) Thirty-six percent (36%) for a state fiscal year beginning after June 30, 2019, and ending before July 1, 2020.**
- (H) Twenty-seven percent (27%) for a state fiscal year beginning after June 30, 2020, and ending before July 1, 2021.**
- (I) Eighteen percent (18%) for a state fiscal year beginning after June 30, 2021, and ending before July 1, 2022.**
- (J) Nine percent (9%) for a state fiscal year beginning after June 30, 2022, and ending before July 1, 2023.**

(e) A county is not entitled to a distribution under subsection (b) for a state fiscal year beginning after June 30, 2023.

SECTION 14. IC 6-4.1-11.5-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. This chapter does not apply to a property interest transferred by a decedent whose death occurs after June 30, 2023.**

SECTION 15. IC 6-4.1-12-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. (a) For an individual who dies after June 30, 2023, there is no inheritance tax imposed on the decedent's transfer of property interests.**

(b) Sections 1 through 12 of this chapter do not apply to a property interest transferred by a decedent whose death occurs after June 30, 2023.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1199, 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:

Page 2, line 23, delete "2023" and insert "**2013**".

and when so amended that said bill do pass.

(Reference is to HB 1199 as introduced.)

ESPICH, Chair

Committee Vote: yeas 16, nays 3.

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