

**SYNOPSIS OF 2012  
LEGISLATION  
AFFECTING THE  
INDIANA DEPARTMENT  
OF REVENUE**

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## 2012 ENROLLED ACTS

### HOUSE BILLS

**HB 1002** – IC 6-3.1-13.5-14 [EFFECTIVE JULY 1, 2012] – Provides that the capital investment tax credit cannot be awarded after December 31, 2016, and allows a carryover of unused credits until December 31, 2019.

**HB 1009** – NUMEROUS SECTIONS THROUGHOUT THE INDIANA CODE [EFFECTIVE UPON PASSAGE] – Resolves technical conflicts between differing 2011 amendments to Indiana Code sections, including incorrect statutory references, nonstandard tabulation, grammatical problems, and misspellings.

**HB 1072** – IC 6-2.3-4-7 [EFFECTIVE JANUARY 1, 2013] – Provides that gross receipts are exempt from the utility receipts tax if the gross receipts are received by a taxpayer from an electricity supplier as payment of severance damages or other compensation resulting from a change in assigned service area boundaries.

IC 6-2.5-4-5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that a utility is not required to charge sales tax for utilities that are separately metered or predominately used by a person engaged in recycling after December 31, 2011, or engaged in processing, repairing, floriculture, or arboriculture after December 31, 2012.

IC 6-2.5-5-5.1 [EFFECTIVE JULY 1, 2012] – Provides that a taxpayer is allowed to file a claim for refund for sales tax paid on exempt utilities if the claim is filed within 36 months of the service being provided. Current law requires the claim to be filed within 18 months of the service being provided.

IC 6-2.5-5-9 [EFFECTIVE JULY 1, 2012] – Provides that the sale of wrapping material and empty containers is exempt from the sales tax if the materials are purchased by an industrial processor to be used as nonreturnable packages in the shipment or delivery of goods that are owned by another person.

IC 6-2.5-5-30 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that equipment purchased by recyclers is exempt from the sales tax if the equipment is required by local, state, or federal regulations and is used to provide increased environmental quality.

IC 6-2.5-5-45.8 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that machinery, tools, and equipment are exempt from the sales tax if the person acquiring the property acquires it for direct use in direct processing of recycling materials and the person is occupationally engaged in recycling. Materials consumed in the processing of recycling materials or to become a part of the product produced by the processing of recycling materials are exempt from the sales tax.

IC 6-2.5-6-1 [EFFECTIVE JANUARY 1, 2013] – Repeals the provision that allowed a taxpayer to file a combined sales and withholding tax return. Requires all retail merchants to report and remit sales and use taxes through the Department's online tax filing program.

IC 6-3-1-3.5 [EFFECTIVE DECEMBER 31, 2010 (RETROACTIVE)] – Makes a technical change to an Internal Revenue Code cite that is contained in the Indiana definition of adjusted gross income.

IC 6-3-1-11 [EFFECTIVE DECEMBER 31, 2010 (RETROACTIVE)] – Makes a technical change to an Internal Revenue Code cite that is contained in the definition of the Internal Revenue Code.

IC 6-3-4-1 [EFFECTIVE JANUARY 1, 2013] – Provides that trusts and estates are not required to file a fiduciary tax return if the gross receipts of the entity are less than \$600. This corresponds to federal requirements for trusts and estates contained in Section 6012(a) of the Internal Revenue Code.

IC 6-3-4-8 [EFFECTIVE JANUARY 1, 2013] – Provides that withholding taxes may be filed annually if the total tax due for the year is less than \$1,000. Eliminates the current requirements for quarterly and semi-annual filing. If the taxes withheld exceed \$1,000 per year, monthly filing and remittance are required.

IC 6-3-4-8.1 [EFFECTIVE JANUARY 1, 2013] – Requires all withholding agents to report and remit withholding taxes using the Department's online tax filing system. Deletes the provision that allowed a taxpayer to file a combined withholding and sales tax return.

IC 6-3-4-12 [EFFECTIVE JULY 1, 2012] – Requires a partnership that makes periodic withholding payments for nonresident partners to report the amount withheld by March 15 after the end of the tax year. Prior law required reporting within 30 days of the end of the year. Provides that if payment is made only annually for a nonresident partner, it is due by April 15 instead of 30 days after the year end.

IC 6-3-4-13 [EFFECTIVE JULY 1, 2012] – Changes the due date for annual one-time withholding for shareholders in an S corporation from March 15 to April 15.

IC 6-3-4-16.5 [EFFECTIVE JULY 1, 2012] – Provides that if a person is required to file more than 25 W-2G, 1099-R, or WH-18 statements in a year, the person is required to file the statements in an electronic format as determined by the Department.

IC 6-3.1-24-9 [EFFECTIVE JULY 1, 2012] – Extends the venture capital investment tax credit until December 31, 2016. The credit was to expire on December 31, 2014.

IC 6-3.1-26-26 [EFFECTIVE JULY 1, 2012] – Extends the Hoosier business investment tax credit until December 31, 2016. The credit was to expire on December 31, 2013.

IC 6-3.1-31.9-23 [EFFECTIVE JULY 1, 2012] – Extends the alternative fuel vehicle manufacturing tax credit until December 31, 2016. The credit was to expire on December 31, 2012.

IC 6-3.1-33-9 [EFFECTIVE JULY 1, 2012] – Extends the new employer tax credit until December 31, 2016. The credit was to expire on December 31, 2013.

IC 6-3.5-1.1-2 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a CAGIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-1.1-10 [EFFECTIVE APRIL 1, 2012] – Provides that the CAGIT certified distribution will be done monthly instead of semi-annually.

IC 6-3.5-6-1.5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that Miami County may select different uses of COIT funds.

IC 6-3.5-6-8 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a COIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-7-5 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a CEDIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-7-16 [EFFECTIVE APRIL 1, 2012] – Provides that the CEDIT certified distribution will be done monthly instead of semi-annually.

IC 6-3.5-7-27.6 [EFFECTIVE UPON PASSAGE] – Authorizes Starke County to impose an additional CEDIT rate of 0.65% for the construction and equipping of a jail.

IC 6-8.1-9-1 [EFFECTIVE JULY 1, 2012] – Removes the prohibition of a taxpayer taking a case to tax court if the Department takes longer than three years to settle a claim for refund. Deletes

the provision that requires a sales tax claim for refund for utilities paid to be filed within 18 months after the date of payment.

**NONCODE [EFFECTIVE UPON PASSAGE]** – Requires the Commission on State Tax and Financing Policy to review all state income tax credits during the 2012 and 2013 interim. The commission shall review the scope and purpose of the credit, credit limits, who qualifies, the types of activities on which the credit is based, the amount of credits granted over time, suggested changes in the law, and whether the credit should be retained.

**HB 1128** – IC 6-2.5-7-5 [EFFECTIVE JULY 1, 2012] – Repeals the sales tax deduction for retail merchants selling E85 fuel.

**HB 1141** – IC 6-2.5-4-5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Deletes the provision that allowed utilities to provide utility service to Low Income Home Energy Assistance Program (LIHEAP) participants without collecting the sales tax on the monthly bill.

**IC 6-2.5-5-16.5 [EFFECTIVE UPON PASSAGE]** – Repeals IC 6-2.5-5-16.5 that provided a sales tax exemption for home energy expenses provided through the LIHEAP.

**HB 1196** – IC 6-2.5-8-7 [EFFECTIVE UPON PASSAGE] – Provides that if the Department finds that a retail merchant has been convicted of selling or offering to sell a synthetic drug in the normal course of business in a place of business for which the retail merchant has been issued a retail merchant's certificate, the Department shall suspend the retail merchant's certificate for the place of business for one year and may not issue another retail merchant's certificate for one year to any person who applied for or made a retail transaction under the suspended retail merchant's certificate or who owned or co-owned, directly or indirectly, or was an officer, a director, a manager, or a partner of the retail merchant that was issued the suspended retail merchant's certificate.

**HB 1207** – IC 6-8.1-2-2; IC 6-8.1-3-2.2; IC 6-8.1-4-3 [EFFECTIVE JULY 1, 2012] – Technical clean-up language to conform to the state civil service act passed in 2011.

**HB 1258** – IC 6-4.1-2-8 [EFFECTIVE JULY 1, 2012] – Specifies that an individual holding a beneficial interest in an entity is considered the transferee when a transferor makes a transfer to the entity subject to the inheritance tax. Provides that the individual is liable for the same percentage of the inheritance tax as the individual's percentage of ownership interest in the entity.

**HB 1279** – IC 5-13-6-1 [EFFECTIVE JULY 1, 2012] – Provides that the Department's district offices are not required to deposit funds on the business day following receipt if the funds on hand do not exceed \$500. Current law requires a next-day deposit if the funds exceed \$100.



**HB 1325** – IC 6-2.5-3-2 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – Defines completion work as the addition of tangible personal property to or reconfiguration of the interior of an aircraft, if the work requires the issuance of an airworthiness certificate from the Federal Aviation Administration.

IC 6-2.5-5-37 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Expands the sales tax exemption for auto racing teams to include qualifying purchases, excluding tires and accessories, made by a company that is engaged in offering a competitive racing experience in a two-seater Indianapolis 500-style race car.

IC 6-2.5-5-42 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – Provides that an aircraft is exempt from the sales tax if the purchaser is a nonresident and the purchaser transports the aircraft to a destination outside Indiana within 30 days after completion of the work or a repurchase evaluation is completed.

IC 6-2.5-5-45 [EFFECTIVE JULY 1, 2012] – Exempts tangible personal property from the sales tax if the property is required to be used by a cigarette distributor to affix excise tax stamps to packages of cigarettes. The tangible personal property includes excise tax meter machines and related accessories such as repackers, cutters, and supplies.

IC 6-2.5-5-46 [EFFECTIVE JULY 1, 2012] – Provides a sales tax exemption for materials, parts, equipment, and engines used, consumed, or installed in the repair, maintenance, refurbishment, remodeling, or remanufacturing of an aircraft or an avionics system of an aircraft if the aircraft is registered in a country outside the United States and has a minimum landing weight of at least 5,000 pounds or is equipped with a turboprop or turbojet power plant. The exemption only applies if the retail merchant possesses a valid repair station certificate issued by the Federal Aviation Administration.

NONCODE [EFFECTIVE JULY 1, 2012] – Requires the Commission on State Tax and Financing Policy to study issues related to whether the exemption for repair of foreign aircraft should apply to all aircraft and avionic devices.

**HB 1376** – IC 4-10-22-1 [EFFECTIVE JANUARY 1, 2013] – Provides that beginning in 2013, the Office of Management and Budget shall calculate, after the end of each odd-numbered state fiscal year, the total amount of state reserves available to determine if there should be an automatic tax refund.

IC 4-10-22-2 [EFFECTIVE JANUARY 1, 2013] – Makes the threshold for use of excess reserves 12.5% (rather than 10% under current law) of general revenue appropriations for the state fiscal year in each odd-numbered year.

IC 4-10-22-3 [EFFECTIVE UPON PASSAGE] – Provides that if the excess reserves are less than \$50,000,000, the amount shall carry over to each subsequent year until the reserves exceed \$50,000,000. If the excess reserves exceed \$50,000,000 for FY 2011-2012, 50% of the reserves shall be transferred to the state police, conservation officers, judges, and prosecuting attorneys pension plans. For subsequent years, 50% of the excess shall be transferred to the pension stabilization fund and 50% shall be used to provide an automatic taxpayer refund.

IC 4-10-22-4 [EFFECTIVE UPON PASSAGE] – Provides that to qualify for the refund, the taxpayer must have filed an income tax return for the taxable year ending in the calendar year immediately preceding the calendar year in which a determination is made that the state has excess reserves, and the taxpayer must have adjusted gross income tax liability for the taxable year. The amount of the refund for each taxpayer is the total amount of excess reserves divided by the total number of taxpayers that qualify for a refund. The refund is a refundable credit. If an individual and the individual's spouse are both qualifying taxpayers for a taxable year and file a joint return for the taxable year, the individual and the individual's spouse are considered two taxpayers for purposes of determining the amount of the refund.

## SENATE BILLS

**SB 144** – IC 6-2.5-5-45 [EFFECTIVE JULY 1, 2012] – Exempts tangible personal property from the sales tax if the property is required to be used by a cigarette distributor to affix excise tax stamps to packages of cigarettes. The tangible personal property includes excise tax meter machines and related accessories such as repackers, cutters, and supplies.

IC 6-7-2-6 [EFFECTIVE JULY 1, 2012] – Changes the wholesale price on which the tax for other tobacco products is calculated (excludes cigarettes and moist snuff) to make the wholesale price the net price shown on the manufacturer's invoice, excluding any discount or other reduction that is not shown on the invoice.

**SB 175** – NONCODE [EFFECTIVE JULY 1, 2012] – Urges an interim study committee to review the connection of the statewide voter registration list and files maintained by the Department.

**SB 237** – IC 6-3.1-30.5-0.5 [EFFECTIVE JULY 1, 2012] – Adds a severability clause to the school scholarship program tax credit.

**SB 293** – IC 6-4.1-1-3 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Makes a spouse, widow, or widower of a child of the transferor a Class A transferee. Makes a spouse, widow, or widower of a stepchild of the transferor a Class A transferee.

IC 6-4.1-3-10 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Increases the Class A transferee exemption from \$100,000 to \$250,000.

IC 6-4.1-5-1 [EFFECTIVE JANUARY 1, 2013] – Provides a credit against the amount of inheritance tax due for deaths that occur after December 31, 2012. The credit is 10% in 2013 and increases by 10% per year through 2021 when the tax is totally phased out.

IC 6-4.1-11-6 [EFFECTIVE JULY 1, 2012] – Provides a phase-out of the local guarantee at a rate of 9% per year beginning July 1, 2012, and ending June 30, 2022.

**SB 345** – IC 36-8-16.6-5 [EFFECTIVE JULY, 1, 2012] – Provides that fees from the enhanced prepaid wireless charge will be deposited in the statewide 911 fund instead of the wireless emergency telephone system fund.

IC 36-8-16.6-11 [EFFECTIVE UPON PASSAGE] – Requires the statewide 911 board to increase the enhanced prepaid wireless charge on each retail transaction from \$.25 to \$.50 effective July 1, 2012.

IC 36-8-16.6-22 [EFFECTIVE UPON PASSAGE] – Repeals the sunset provision that applied to the enhanced prepaid wireless fee.

# LEGISLATION BY TAX TYPE

## UTILITY RECEIPTS TAX (IC 6-2.3)

IC 6-2.3-4-7 [EFFECTIVE JANUARY 1, 2013] – Provides that gross receipts are exempt from the utility receipts tax if the gross receipts are received by a taxpayer from an electricity supplier as payment of severance damages or other compensation resulting from a change in assigned service area boundaries.

## SALES AND USE TAX (IC 6-2.5)

IC 6-2.5-3-2 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – Defines completion work as the addition of tangible personal property to or reconfiguration of the interior of an aircraft, if the work requires the issuance of an airworthiness certificate from the Federal Aviation Administration.

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IC 6-2.5-4-5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that a utility is not required to charge sales tax for utilities that are separately metered or predominately used by a person engaged in recycling after December 31, 2011, or engaged in processing, repairing, floriculture, or arboriculture after December 31, 2012.

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IC 6-2.5-5-9 [EFFECTIVE JULY 1, 2012] – Provides that the sale of wrapping material and empty containers is exempt from the sales tax if the materials are purchased by an industrial processor to be used as nonreturnable packages in the shipment or delivery of goods that are owned by another person.

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IC 6-2.5-5-37 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Expands the sales tax exemption for auto racing teams to include qualifying purchases, excluding tires and accessories, made by a company that is engaged in offering a competitive racing experience in a two-seater Indianapolis 500-style race car.

IC 6-2.5-5-42 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – Provides that an aircraft is exempt from the sales tax if the purchaser is a nonresident and the purchaser transports the aircraft to a destination outside Indiana within 30 days after completion of the work or a repurchase evaluation is completed.

IC 6-2.5-5-45 [EFFECTIVE JULY 1, 2012] – Exempts tangible personal property from the sales tax if the property is required to be used by a cigarette distributor to affix excise tax stamps to packages of cigarettes. The tangible personal property includes excise tax meter machines and related accessories such as repackers, cutters, and supplies.

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IC 6-2.5-5-46 [EFFECTIVE JULY 1, 2012] – Provides a sales tax exemption for materials, parts, equipment, and engines used, consumed, or installed in the repair, maintenance, refurbishment, remodeling, or remanufacturing of an aircraft or an avionics system of an aircraft if the aircraft is registered in a country outside the United States and has a minimum landing weight of at least 5,000 pounds or is equipped with a turboprop or turbojet power plant. The exemption applies only if the retail merchant possesses a valid repair station certificate issued by the Federal Aviation Administration.

IC 6-2.5-6-1 [EFFECTIVE JANUARY 1, 2013] – Repeals the provision that allowed a taxpayer to file a combined sales and withholding tax return. Requires all retail merchants to report and remit sales and use taxes through the Department's online tax filing program.

IC 6-2.5-7-5 [EFFECTIVE JULY 1, 2012] – Repeals the sales tax deduction for retail merchants selling E85 fuel.

IC 6-2.5-8-7 [EFFECTIVE UPON PASSAGE] – Provides that if the Department finds that a retail merchant has been convicted of selling or offering to sell a synthetic drug in the normal course of business in a place of business for which the retail merchant has been issued a retail merchant’s certificate, the Department shall suspend the retail merchant’s certificate for the place of business for one year and may not issue another retail merchant’s certificate for one year to any person who applied for or made a retail transaction under the suspended retail merchant’s certificate or who owned or co-owned, directly or indirectly, or was an officer, a director, a manager, or a partner of the retail merchant that was issued the suspended retail merchant’s certificate.

### **ADJUSTED GROSS INCOME TAX (IC 6-3)**

IC 6-3-1-3.5 [EFFECTIVE DECEMBER 31, 2010 (RETROACTIVE)] – Makes a technical change to an Internal Revenue Code cite that is contained in the Indiana definition of adjusted gross income.

IC 6-3-1-11 [EFFECTIVE DECEMBER 31, 2010 (RETROACTIVE)] – Makes a technical change to an Internal Revenue Code cite that is contained in the definition of the Internal Revenue Code.

IC 6-3-4-1 [EFFECTIVE JANUARY 1, 2013] – Provides that trusts and estates are not required to file a fiduciary tax return if the gross receipts of the entity are less than \$600. This corresponds to federal requirements for trusts and estates contained in Section 6012(a) of the Internal Revenue Code.

IC 6-3-4-8 [EFFECTIVE JANUARY 1, 2013] – Provides that withholding taxes may be filed annually if the total tax due for the year is less than \$1,000. Eliminates the current requirements for quarterly and semi-annual filing. If the taxes withheld exceed \$1,000 per year, monthly filing and remittance are required.

IC 6-3-4-8.1 [EFFECTIVE JANUARY 1, 2013] – Requires all withholding agents to report and remit withholding taxes using the Department’s online tax filing system. Deletes the provision that allowed a taxpayer to file a combined withholding and sales tax return.

IC 6-3-4-12 [EFFECTIVE JULY 1, 2012] – Requires a partnership that makes periodic withholding payments for nonresident partners to report the amount withheld by March 15 after the end of the tax year. Prior law required reporting within 30 days of the end of the year. Provides that if payment is made only annually for a nonresident partner, it is due by April 15 instead of 30 days after the year end.

IC 6-3-4-13 [EFFECTIVE JULY 1, 2012] – Changes the due date for annual one-time withholding for shareholders in an S corporation from March 15 to April 15.

IC 6-3-4-16.5 [EFFECTIVE JULY 1, 2012] – Provides that if a person is required to file more than 25 W-2G, 1099-R, or WH-18 statements in a year, the person is required to file the statements in an electronic format as determined by the Department.

### **INCOME TAX CREDITS (IC 6-3.1)**

IC 6-3.1-13.5-14 [EFFECTIVE JULY 1, 2012] – Provides that the capital investment tax credit cannot be awarded after December 31, 2016, and allows a carryover on unused credits until December 31, 2019.

IC 6-3.1-24-9 [EFFECTIVE JULY 1, 2012] – Extends the venture capital investment tax credit until December 31, 2016. The credit was to expire on December 31, 2014.

IC 6-3.1-26-26 [EFFECTIVE JULY 1, 2012] – Extends the Hoosier business investment tax credit until December 31, 2016. The credit was to expire on December 31, 2013.

IC 6-3.1-30.5-0.5 [EFFECTIVE JULY 1, 2012] – Adds a severability clause to the school scholarship program tax credit.

IC 6-3.1-31.9-23 [EFFECTIVE JULY 1, 2012] – Extends the alternative fuel vehicle manufacturing tax credit until December 31, 2016. The credit was to expire on December 31, 2012.

IC 6-3.1-33-9 [EFFECTIVE JULY 1, 2012] – Extends the new employer tax credit until December 31, 2016. The credit was to expire on December 31, 2013.

### **COUNTY ADJUSTED GROSS INCOME TAX (IC 6-3.5-1-1) CAGIT**

IC 6-3.5-1.1-2 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a CAGIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-1.1-10 [EFFECTIVE APRIL 1, 2012] – Provides that the CAGIT certified distribution will be done monthly instead of semi-annually.



## **COUNTY OPTION INCOME TAX (IC 6-3.5-6) COIT**

IC 6-3.5-6-1.5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that Miami County may select different uses of COIT funds.

IC 6-3.5-6-8 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a COIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

## **COUNTY ECONOMIC DEVELOPMENT INCOME TAX**

### **(IC 6-3.5-7) CEDIT**

IC 6-3.5-7-5 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a CEDIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-7-16 [EFFECTIVE APRIL 1, 2012] – Provides that the CEDIT certified distribution will be done monthly instead of semi-annually.

IC 6-3.5-7-27.6 [EFFECTIVE UPON PASSAGE] – Authorizes Starke County to impose an additional CEDIT rate of 0.65% for the construction and equipping of a jail.

## **INHERITANCE TAX (IC 6-4.1)**

IC 6-4.1-1-3 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Makes a spouse, widow, or widower of a child of the transferor a Class A transferee. Makes a spouse, widow, or widower of a stepchild of the transferor a Class A transferee.

IC 6-4.1-2-8 [EFFECTIVE JULY 1, 2012] – Specifies that an individual holding a beneficial interest in an entity is considered the transferee when a transferor makes a transfer to the entity subject to the inheritance tax. Provides that the individual is liable for the same percentage of the inheritance tax as the individual's percentage of ownership interest in the entity.

IC 6-4.1-3-10 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Increases the Class A transferee exemption from \$100,000 to \$250,000.

IC 6-4.1-5-1 [EFFECTIVE JANUARY 1, 2013] – Provides a credit against the amount of inheritance tax due for deaths that occur after December 31, 2012. The credit is 10% in 2013 and increases by 10% per year through 2021 when the tax is totally phased out.

IC 6-4.1-11-6 [EFFECTIVE JULY 1, 2012] – Provides a phase-out of the local guarantee at a rate of 9% per year beginning July 1, 2012, and ending June 30, 2022.

### **CIGARETTE & OTHER TOBACCO TAXES (IC 6-7)**

IC 6-7-2-6 [EFFECTIVE JULY 1, 2012] – Changes the wholesale price on which the tax for other tobacco products is calculated (excludes cigarettes and moist snuff) to make the wholesale price the net price shown on the manufacturer's invoice, excluding any discount or other reduction that is not shown on the invoice.

### **TAX ADMINISTRATION (IC 6-8.1)**

IC 6-8.1-2-2; IC 6-8.1-3-2.2; IC 6-8.1-4-3 [EFFECTIVE JULY 1, 2012] – Technical clean-up language to conform to the state civil service act passed in 2011.

IC 6-8.1-9-1 [EFFECTIVE JULY 1, 2012] – Removes the prohibition of a taxpayer taking a case to tax court if the Department takes longer than three years to settle a claim for refund. Deletes the provision that requires a sales tax claim for refund for utilities paid to be filed within 18 months after the date of payment.

### **MISCELLANEOUS AND NONCODE PROVISIONS**

IC 4-10-22-1 [EFFECTIVE JANUARY 1, 2013] – Provides that beginning in 2013, the Office of Management and Budget shall calculate, after the end of each odd-numbered state fiscal year, the total amount of state reserves available to determine if there should be an automatic tax refund.

IC 4-10-22-2 [EFFECTIVE JANUARY 1, 2013] – Makes the threshold for use of excess reserves 12.5% (rather than 10%, under current law) of general revenue appropriations for the state fiscal year in each odd-numbered year.

IC 4-10-22-3 [EFFECTIVE UPON PASSAGE] – Provides that if the excess reserves are less than \$50,000,000, the amount shall carry over to each subsequent year until the reserves exceed \$50,000,000. If the excess reserves exceed \$50,000,000 for FY 2011-2012, 50% of the reserves shall be transferred to the state police, conservation officers, judges, and prosecuting attorneys pension plans. For subsequent years, 50% of the excess shall be transferred to the pension stabilization fund and 50% shall be used to provide an automatic taxpayer refund.

IC 4-10-22-4 [EFFECTIVE UPON PASSAGE] – Provides that to qualify for the refund, the taxpayer must have filed an income tax return for the taxable year ending in the calendar year immediately preceding the calendar year in which a determination is made that the state has excess reserves, and the taxpayer must have adjusted gross income tax liability for the taxable year. The amount of the refund for each taxpayer is the total amount of excess reserves divided by the total number of taxpayers that qualify for a refund. The refund is a refundable credit. If an individual and the individual's spouse are both qualifying taxpayers for a taxable year and file a joint return for the taxable year, the individual and the individual's spouse are considered two taxpayers for purposes of determining the amount of the refund.

IC 5-13-6-1 [EFFECTIVE JULY 1, 2012] – Provides that the Department's district offices are not required to deposit funds on the business day following receipt if the funds on hand do not exceed \$500. Current law requires a next day deposit if the funds exceed \$100.

IC 36-8-16.6-5 [EFFECTIVE JULY, 1, 2012] – Provides that fees from the enhanced prepaid wireless charge will be deposited in the statewide 911 fund instead of the wireless emergency telephone system fund.

IC 36-8-16.6-11 [EFFECTIVE UPON PASSAGE] – Requires the statewide 911 board to increase the enhanced prepaid wireless charge on each retail transaction from \$.25 to \$.50 effective July 1, 2012.

IC 36-8-16.6-22 [EFFECTIVE UPON PASSAGE] – Repeals the sunset provision that applied to the enhanced prepaid wireless fee.

NONCODE [EFFECTIVE UPON PASSAGE] – Requires the Commission on State Tax and Financing Policy to review all state income tax credits during the 2012 and 2013 interim. The commission shall review the scope and purpose of the credit, credit limits, who qualifies, the types of activities on which the credit is based, the amount of credits granted over time, suggested changes in the law, and whether the credit should be retained.

NONCODE [EFFECTIVE JULY 1, 2012] – Requires the Commission on State Tax and Financing Policy to study issues related to whether the exemption for repair of foreign aircraft should apply to all aircraft and avionic devices.

NONCODE [EFFECTIVE JULY 1, 2012] – Urges an interim study committee to review the connection of the statewide voter registration list and files maintained by the Department.