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SENATE BILL No. 3

Proposed Changes to February 24, 2023 printing by AM000307

DIGEST OF PROPOSED AMENDMENT

Impact to state revenues. Requires the department of state revenue to present a report to the budget committee detailing the impact to state revenue if the overall impact of P.L.1-2023 (taxation of pass through entities) is anticipated to exceed \$100,000,000.

A BILL FOR AN ACT concerning taxation and to make an appropriation.

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

- 1 SECTION 1. [EFFECTIVE UPON PASSAGE] (a) **As used in this**
- 2 **SECTION, "task force" refers to the state and local tax review task**
- 3 **force established by subsection (b).**
- 4 **(b) The state and local tax review task force is established.**
- 5 **(c) The task force consists of the following members:**
- 6 **(1) The chairperson of the senate tax and fiscal policy**
- 7 **committee.**
- 8 **(2) The ranking minority member of the senate tax and fiscal**
- 9 **policy committee.**
- 10 **(3) The chairperson of the senate appropriations committee.**
- 11 **(4) The ranking minority member of the senate**
- 12 **appropriations committee.**
- 13 **(5) The chairperson of the house ways and means committee.**
- 14 **(6) One (1) member of the house ways and means committee**
- 15 **who is a member of the majority party of the house,**
- 16 **appointed by the speaker of the house of representatives.**
- 17 **(7) The ranking minority member of the house ways and**
- 18 **means committee.**
- 19 **(8) One (1) member of the house ways and means committee**

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1 who is a member of the minority party of the house,
2 appointed by the minority leader of the house of
3 representatives.

4 (9) The director of the office of management and budget.

5 (10) The director of the budget agency.

6 (11) The public finance director of the Indiana finance
7 authority.

8 (12) One (1) member who is an economist employed at a state
9 educational institution (as defined in IC 21-7-13-32),
10 appointed by the president pro tempore of the senate.

11 (d) If a vacancy occurs, the appointing authority that
12 appointed the member whose position is vacant shall appoint an
13 individual to fill the vacancy.

14 (e) The chairperson of the legislative council shall select the
15 chairperson of the task force before July 1, 2023. The individual
16 selected to serve as the chairperson of the task force under this
17 subsection shall serve as the task force's chairperson for the
18 duration of the task force.

19 (f) The following apply to the mileage, per diem, and travel
20 expenses for members of the task force:

21 (1) Each member of the task force who is a state employee is
22 entitled to reimbursement for traveling expenses as provided
23 under IC 4-13-1-4 and other expenses actually incurred in
24 connection with the member's duties as provided in the state
25 policies and procedures established by the Indiana
26 department of administration and approved by the budget
27 agency.

28 (2) Each member of the task force who is a member of the
29 general assembly or who is not a state employee is entitled to
30 receive the same per diem, mileage, and travel allowances
31 paid to individuals who serve as legislative and lay members,
32 respectively, of interim study committees established by the
33 legislative council.

34 (g) The task force shall review the following:

35 (1) Paying down the unfunded liability of the pre-1996
36 account within the Indiana state teachers' retirement fund.

37 (2) State appropriation backed debt obligations and methods
38 to reduce those debt obligations.

39 (3) Methods that can be used to eliminate the individual state
40 income tax, including potential replacement revenue sources.

41 (4) Application of the sales tax, corporate tax, and property
42 tax, including the elimination of property taxes on all

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- 1 homestead properties.
- 2 (5) Government efficiency at the state and local level.
- 3 (6) The state's financial position and reserve fund balances.
- 4 (h) The legislative services agency shall provide staff support
- 5 to the task force.
- 6 (i) The meetings of the task force must be held in public as
- 7 provided under IC 5-14-1.5. However, the task force is permitted
- 8 to meet in executive session as determined necessary by the
- 9 chairperson of the task force.
- 10 (j) The task force shall meet at least four (4) times in calendar
- 11 year 2023, and at least four (4) times in calendar year 2024 at the
- 12 call of the chairperson.
- 13 (k) The task force may, by vote, create subcommittees and
- 14 must specify membership of the subcommittee at the time of
- 15 creation. The members of a subcommittee are not required to be
- 16 members of the task force. The meetings of a subcommittee must
- 17 be held in public as provided under IC 5-14-1.5. A subcommittee
- 18 may take public testimony and may make recommendations to the
- 19 task force on topics assigned to the subcommittee.
- 20 (l) On or before December 1, 2024, the task force shall prepare
- 21 and submit a report to the legislative council, in an electronic
- 22 format under IC 5-14-6, that sets forth the topics reviewed by the
- 23 task force and the task force's findings and recommendations.
- 24 (m) This SECTION expires June 30, 2025.
- 25 SECTION 2. [EFFECTIVE JULY 1, 2023] (a) There is
- 26 appropriated to the legislative council created by IC 2-5-1.1-1 from
- 27 the state general fund two hundred thousand dollars (\$200,000) for
- 28 the biennium beginning July 1, 2023, and ending June 30, 2025, for
- 29 the use of the state and local tax review task force, as added by this
- 30 act. The amount appropriated by this SECTION is allocated as
- 31 follows:
- 32 (1) One hundred thousand dollars (\$100,000) for the state
- 33 fiscal year beginning July 1, 2023, and ending June 30, 2024.
- 34 (2) One hundred thousand dollars (\$100,000) for the state
- 35 fiscal year beginning July 1, 2024, and ending June 30, 2025.
- 36 Amounts appropriated by this SECTION must be used to pay the
- 37 state and local tax review task force's expenses.
- 38 (b) This SECTION expires July 1, 2025.
- 39 [SECTION 3. [EFFECTIVE JULY 1, 2023] (a) If the overall
- 40 impact to state revenue that is attributable to changes made to the
- 41 Indiana Code in P.L.1-2023 is anticipated to exceed one hundred
- 42 million dollars (\$100,000,000), regardless of whether the overall

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1 impact is a positive impact or a negative impact, not later than
2 December 1, 2023, the department of state revenue shall prepare
3 a report detailing the overall impact to state revenue and provide
4 the report to the budget committee.

5 (b) This SECTION expires July 1, 2024.

6 1 SECTION ~~↔~~[4]. An emergency is declared for this act.

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