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### SENATE BILL No. 3

Proposed Changes to February 24, 2023 printing by AM000308

#### DIGEST OF PROPOSED AMENDMENT

Adjusted gross income. Provides that the Indiana adjusted gross income add back of forgiven federal student loan debt that is excluded under the Internal Revenue Code applies only to the 2021 taxable year and does not apply to forgiven federal student loan debt forgiven in subsequent taxable years.

A BILL FOR AN ACT [\[to amend the Indiana Code\]](#) concerning taxation and to make an appropriation.

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

- 1 SECTION 1. [\[IC 6-3-1-3.5, AS AMENDED BY P.L.1-2023,](#)
- 2 [SECTION 1, IS AMENDED TO READ AS FOLLOWS \[EFFECTIVE](#)
- 3 [JANUARY 1, 2023 \(RETROACTIVE\)\]:](#) Sec. 3.5. When used in this
- 4 [article, the term "adjusted gross income" shall mean the following:](#)
- 5 [\(a\) In the case of all individuals, "adjusted gross income" \(as](#)
- 6 [defined in Section 62 of the Internal Revenue Code\), modified as](#)
- 7 [follows:](#)
- 8 [\(1\) Subtract income that is exempt from taxation under this](#)
- 9 [article by the Constitution and statutes of the United States.](#)
- 10 [\(2\) Except as provided in subsection \(c\), add an amount equal to](#)
- 11 [any deduction or deductions allowed or allowable pursuant to](#)
- 12 [Section 62 of the Internal Revenue Code for taxes based on or](#)
- 13 [measured by income and levied at the state level by any state of](#)
- 14 [the United States.](#)
- 15 [\(3\) Subtract one thousand dollars \(\\$1,000\), or in the case of a](#)
- 16 [joint return filed by a husband and wife, subtract for each spouse](#)
- 17 [one thousand dollars \(\\$1,000\).](#)
- 18 [\(4\) Subtract one thousand dollars \(\\$1,000\) for:](#)

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1 (A) each of the exemptions provided by Section 151(c) of  
 2 the Internal Revenue Code (as effective January 1, 2017);  
 3 (B) each additional amount allowable under Section 63(f)  
 4 of the Internal Revenue Code; and  
 5 (C) the spouse of the taxpayer if a separate return is made  
 6 by the taxpayer and if the spouse, for the calendar year in  
 7 which the taxable year of the taxpayer begins, has no gross  
 8 income and is not the dependent of another taxpayer.

9 **(5) Subtract each of the following:**

10 (A) One thousand five hundred dollars (\$1,500) for each of  
 11 the exemptions allowed under Section 151(c)(1)(B) of the  
 12 Internal Revenue Code (as effective January 1, 2004).

13 (B) One thousand five hundred dollars (\$1,500) for each  
 14 exemption allowed under Section 151(c) of the Internal  
 15 Revenue Code (as effective January 1, 2017) for an  
 16 individual:

17 (i) who is less than nineteen (19) years of age or is a  
 18 full-time student who is less than twenty-four (24)  
 19 years of age;

20 (ii) for whom the taxpayer is the legal guardian; and

21 (iii) for whom the taxpayer does not claim an  
 22 exemption under clause (A).

23 (C) Five hundred dollars (\$500) for each additional amount  
 24 allowable under Section 63(f)(1) of the Internal Revenue  
 25 Code if the federal adjusted gross income of the taxpayer,  
 26 or the taxpayer and the taxpayer's spouse in the case of a  
 27 joint return, is less than forty thousand dollars (\$40,000). In  
 28 the case of a married individual filing a separate return, the  
 29 qualifying income amount in this clause is equal to twenty  
 30 thousand dollars (\$20,000).

31 (D) Three thousand dollars (\$3,000) for each exemption  
 32 allowed under Section 151(c) of the Internal Revenue Code  
 33 (as effective January 1, 2017) for an individual who is:

34 (i) an adopted child of the taxpayer; and

35 (ii) less than nineteen (19) years of age or is a full-time  
 36 student who is less than twenty-four (24) years of age.

37 This amount is in addition to any amount subtracted under  
 38 clause (A) or (B).

39 This amount is in addition to the amount subtracted under  
 40 subdivision (4).

41 **(6) Subtract any amounts included in federal adjusted gross**  
 42 **income under Section 111 of the Internal Revenue Code as a**

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- 1 recovery of items previously deducted as an itemized deduction  
 2 from adjusted gross income.  
 3 (7) Subtract any amounts included in federal adjusted gross  
 4 income under the Internal Revenue Code which amounts were  
 5 received by the individual as supplemental railroad retirement  
 6 annuities under 45 U.S.C. 231 and which are not deductible  
 7 under subdivision (1).  
 8 (8) Subtract an amount equal to the amount of federal Social  
 9 Security and Railroad Retirement benefits included in a  
 10 taxpayer's federal gross income by Section 86 of the Internal  
 11 Revenue Code.  
 12 (9) In the case of a nonresident taxpayer or a resident taxpayer  
 13 residing in Indiana for a period of less than the taxpayer's entire  
 14 taxable year, the total amount of the deductions allowed pursuant  
 15 to subdivisions (3), (4), and (5) shall be reduced to an amount  
 16 which bears the same ratio to the total as the taxpayer's income  
 17 taxable in Indiana bears to the taxpayer's total income.  
 18 (10) In the case of an individual who is a recipient of assistance  
 19 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,  
 20 subtract an amount equal to that portion of the individual's  
 21 adjusted gross income with respect to which the individual is not  
 22 allowed under federal law to retain an amount to pay state and  
 23 local income taxes.  
 24 (11) In the case of an eligible individual, subtract the amount of  
 25 a Holocaust victim's settlement payment included in the  
 26 individual's federal adjusted gross income.  
 27 (12) Subtract an amount equal to the portion of any premiums  
 28 paid during the taxable year by the taxpayer for a qualified long  
 29 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer  
 30 or the taxpayer's spouse if the taxpayer and the taxpayer's spouse  
 31 file a joint income tax return or the taxpayer is otherwise entitled  
 32 to a deduction under this subdivision for the taxpayer's spouse,  
 33 or both.  
 34 (13) Subtract an amount equal to the lesser of:  
 35 (A) two thousand five hundred dollars (\$2,500), or one  
 36 thousand two hundred fifty dollars (\$1,250) in the case of a  
 37 married individual filing a separate return; or  
 38 (B) the amount of property taxes that are paid during the  
 39 taxable year in Indiana by the individual on the individual's  
 40 principal place of residence.  
 41 (14) Subtract an amount equal to the amount of a September 11  
 42 terrorist attack settlement payment included in the individual's

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1 federal adjusted gross income.

2 (15) Add or subtract the amount necessary to make the adjusted  
 3 gross income of any taxpayer that owns property for which bonus  
 4 depreciation was allowed in the current taxable year or in an  
 5 earlier taxable year equal to the amount of adjusted gross income  
 6 that would have been computed had an election not been made  
 7 under Section 168(k) of the Internal Revenue Code to apply  
 8 bonus depreciation to the property in the year that it was placed  
 9 in service.

10 (16) Add an amount equal to any deduction allowed under  
 11 Section 172 of the Internal Revenue Code (concerning net  
 12 operating losses).

13 (17) Add or subtract the amount necessary to make the adjusted  
 14 gross income of any taxpayer that placed Section 179 property  
 15 (as defined in Section 179 of the Internal Revenue Code) in  
 16 service in the current taxable year or in an earlier taxable year  
 17 equal to the amount of adjusted gross income that would have  
 18 been computed had an election for federal income tax purposes  
 19 not been made for the year in which the property was placed in  
 20 service to take deductions under Section 179 of the Internal  
 21 Revenue Code in a total amount exceeding the sum of:

22 (A) twenty-five thousand dollars (\$25,000) to the extent  
 23 deductions under Section 179 of the Internal Revenue Code  
 24 were not elected as provided in clause (B); and

25 (B) for taxable years beginning after December 31, 2017,  
 26 the deductions elected under Section 179 of the Internal  
 27 Revenue Code on property acquired in an exchange if:

28 (i) the exchange would have been eligible for  
 29 nonrecognition of gain or loss under Section 1031 of  
 30 the Internal Revenue Code in effect on January 1,  
 31 2017;

32 (ii) the exchange is not eligible for nonrecognition of  
 33 gain or loss under Section 1031 of the Internal  
 34 Revenue Code; and

35 (iii) the taxpayer made an election to take deductions  
 36 under Section 179 of the Internal Revenue Code with  
 37 regard to the acquired property in the year that the  
 38 property was placed into service.

39 The amount of deductions allowable for an item of property  
 40 under this clause may not exceed the amount of adjusted  
 41 gross income realized on the property that would have been  
 42 deferred under the Internal Revenue Code in effect on

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January 1, 2017.  
(18) Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.  
(19) Subtract income that is:  
(A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and  
(B) included in the individual's federal adjusted gross income under the Internal Revenue Code.  
(20) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract the amount necessary from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.  
(21) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.  
(22) Subtract an amount as described in Section 1341(a)(2) of the Internal Revenue Code to the extent, if any, that the amount was previously included in the taxpayer's adjusted gross income for a prior taxable year.  
(23) For taxable years beginning after December 25, 2016, add an amount equal to the deduction for deferred foreign income that was claimed by the taxpayer for the taxable year under Section 965(c) of the Internal Revenue Code.  
(24) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal

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1 Revenue Code in the current taxable year. For purposes of this  
 2 subdivision, an interest expense is considered paid or accrued  
 3 only in the first taxable year the deduction would have been  
 4 allowable under Section 163 of the Internal Revenue Code if the  
 5 limitation under Section 163(j)(1) of the Internal Revenue Code  
 6 did not exist.

7 (25) Subtract the amount that would have been excluded from  
 8 gross income but for the enactment of Section 118(b)(2) of the  
 9 Internal Revenue Code for taxable years ending after December  
 10 22, 2017.

11 (26) For taxable years beginning after December 31, 2019, and  
 12 before January 1, 2021, add an amount of the deduction claimed  
 13 under Section 62(a)(22) of the Internal Revenue Code.

14 (27) For taxable years beginning after December 31, 2019, for  
 15 payments made by an employer under an education assistance  
 16 program after March 27, 2020:

17 (A) add the amount of payments by an employer that are  
 18 excluded from the taxpayer's federal gross income under  
 19 Section 127(c)(1)(B) of the Internal Revenue Code; and

20 (B) deduct the interest allowable under Section 221 of the  
 21 Internal Revenue Code, if the disallowance under Section  
 22 221(e)(1) of the Internal Revenue Code did not apply to the  
 23 payments described in clause (A). For purposes of applying  
 24 Section 221(b) of the Internal Revenue Code to the amount  
 25 allowable under this clause, the amount under clause (A)  
 26 shall not be added to adjusted gross income.

27 (28) Add an amount equal to the remainder of:

28 (A) the amount allowable as a deduction under Section  
 29 274(n) of the Internal Revenue Code; minus

30 (B) the amount otherwise allowable as a deduction under  
 31 Section 274(n) of the Internal Revenue Code, if Section  
 32 274(n)(2)(D) of the Internal Revenue Code was not in effect  
 33 for amounts paid or incurred after December 31, 2020.

34 (29) For taxable years beginning after December 31, 2017, and  
 35 before January 1, 2021, add an amount equal to the excess  
 36 business loss of the taxpayer as defined in Section 461(l)(3) of  
 37 the Internal Revenue Code. In addition:

38 (A) If a taxpayer has an excess business loss under this  
 39 subdivision and also has modifications under subdivisions  
 40 (15) and (17) for property placed in service during the  
 41 taxable year, the taxpayer shall treat a portion of the taxable  
 42 year modifications for that property as occurring in the

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1 taxable year the property is placed in service and a portion  
 2 of the modifications as occurring in the immediately  
 3 following taxable year.

4 (B) The portion of the modifications under subdivisions  
 5 (15) and (17) for property placed in service during the  
 6 taxable year treated as occurring in the taxable year in  
 7 which the property is placed in service equals:

8 (i) the modification for the property otherwise  
 9 determined under this section; minus

10 (ii) the excess business loss disallowed under this  
 11 subdivision;

12 but not less than zero (0).

13 (C) The portion of the modifications under subdivisions  
 14 (15) and (17) for property placed in service during the  
 15 taxable year treated as occurring in the taxable year  
 16 immediately following the taxable year in which the  
 17 property is placed in service equals the modification for the  
 18 property otherwise determined under this section minus the  
 19 amount in clause (B).

20 (D) Any reallocation of modifications between taxable years  
 21 under clauses (B) and (C) shall be first allocated to the  
 22 modification under subdivision (15), then to the  
 23 modification under subdivision (17).

24 **(30) For taxable years beginning after December 31, 2020,**  
 25 **and before January 1, 2022, add an amount equal to the**  
 26 **amount excluded from federal gross income under Section**  
 27 **108(f)(5) of the Internal Revenue Code. For purposes of this**  
 28 **subdivision:**

29 (A) if an amount excluded under Section 108(f)(5) of the  
 30 Internal Revenue Code would be excludible under Section  
 31 108(a)(1)(B) of the Internal Revenue Code, the exclusion  
 32 under Section 108(a)(1)(B) of the Internal Revenue Code  
 33 shall take precedence; and

34 (B) if an amount would have been excludible under Section  
 35 108(f)(5) of the Internal Revenue Code as in effect on  
 36 January 1, 2020, the amount is not required to be added  
 37 back under this subdivision.

38 **(31) For taxable years ending after March 12, 2020, subtract an**  
 39 **amount equal to the deduction disallowed pursuant to:**

40 (A) Section 2301(e) of the CARES Act (Public Law  
 41 116-136), as modified by Sections 206 and 207 of the  
 42 Taxpayer Certainty and Disaster Relief Tax Act (Division

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1 EE of Public Law 116-260); and

2 (B) Section 3134(e) of the Internal Revenue Code.

3 (32) Subtract the amount of an annual grant amount distributed  
 4 to a taxpayer's Indiana education scholarship account under  
 5 IC 20-51.4-4-2 that is used for a qualified expense (as defined in  
 6 IC 20-51.4-2-9) or to an Indiana enrichment scholarship account  
 7 under IC 20-52 that is used for qualified expenses (as defined in  
 8 IC 20-52-2-6), to the extent the distribution used for the qualified  
 9 expense is included in the taxpayer's federal adjusted gross  
 10 income under the Internal Revenue Code.

11 (33) For taxable years beginning after December 31, 2019, and  
 12 before January 1, 2021, add an amount equal to the amount of  
 13 unemployment compensation excluded from federal gross  
 14 income under Section 85(c) of the Internal Revenue Code.

15 (34) For taxable years beginning after December 31, 2022,  
 16 subtract an amount equal to the deduction disallowed under  
 17 Section 280C(h) of the Internal Revenue Code.

18 (35) Subtract any other amounts the taxpayer is entitled to  
 19 deduct under IC 6-3-2.

20 (b) In the case of corporations, the same as "taxable income" (as  
 21 defined in Section 63 of the Internal Revenue Code) adjusted as  
 22 follows:

23 (1) Subtract income that is exempt from taxation under this  
 24 article by the Constitution and statutes of the United States.

25 (2) Add an amount equal to any deduction or deductions allowed  
 26 or allowable pursuant to Section 170 of the Internal Revenue  
 27 Code (concerning charitable contributions).

28 (3) Except as provided in subsection (c), add an amount equal to  
 29 any deduction or deductions allowed or allowable pursuant to  
 30 Section 63 of the Internal Revenue Code for taxes based on or  
 31 measured by income and levied at the state level by any state of  
 32 the United States.

33 (4) Subtract an amount equal to the amount included in the  
 34 corporation's taxable income under Section 78 of the Internal  
 35 Revenue Code (concerning foreign tax credits).

36 (5) Add or subtract the amount necessary to make the adjusted  
 37 gross income of any taxpayer that owns property for which bonus  
 38 depreciation was allowed in the current taxable year or in an  
 39 earlier taxable year equal to the amount of adjusted gross income  
 40 that would have been computed had an election not been made  
 41 under Section 168(k) of the Internal Revenue Code to apply  
 42 bonus depreciation to the property in the year that it was placed

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- 1 in service.  
 2 (6) Add an amount equal to any deduction allowed under Section  
 3 172 of the Internal Revenue Code (concerning net operating  
 4 losses).  
 5 (7) Add or subtract the amount necessary to make the adjusted  
 6 gross income of any taxpayer that placed Section 179 property  
 7 (as defined in Section 179 of the Internal Revenue Code) in  
 8 service in the current taxable year or in an earlier taxable year  
 9 equal to the amount of adjusted gross income that would have  
 10 been computed had an election for federal income tax purposes  
 11 not been made for the year in which the property was placed in  
 12 service to take deductions under Section 179 of the Internal  
 13 Revenue Code in a total amount exceeding the sum of:  
 14 (A) twenty-five thousand dollars (\$25,000) to the extent  
 15 deductions under Section 179 of the Internal Revenue Code  
 16 were not elected as provided in clause (B); and  
 17 (B) for taxable years beginning after December 31, 2017,  
 18 the deductions elected under Section 179 of the Internal  
 19 Revenue Code on property acquired in an exchange if:  
 20 (i) the exchange would have been eligible for  
 21 nonrecognition of gain or loss under Section 1031 of  
 22 the Internal Revenue Code in effect on January 1,  
 23 2017;  
 24 (ii) the exchange is not eligible for nonrecognition of  
 25 gain or loss under Section 1031 of the Internal  
 26 Revenue Code; and  
 27 (iii) the taxpayer made an election to take deductions  
 28 under Section 179 of the Internal Revenue Code with  
 29 regard to the acquired property in the year that the  
 30 property was placed into service.  
 31 The amount of deductions allowable for an item of property  
 32 under this clause may not exceed the amount of adjusted  
 33 gross income realized on the property that would have been  
 34 deferred under the Internal Revenue Code in effect on  
 35 January 1, 2017.  
 36 (8) Add to the extent required by IC 6-3-2-20:  
 37 (A) the amount of intangible expenses (as defined in  
 38 IC 6-3-2-20) for the taxable year that reduced the  
 39 corporation's taxable income (as defined in Section 63 of  
 40 the Internal Revenue Code) for federal income tax  
 41 purposes; and  
 42 (B) any directly related interest expenses (as defined in

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1 IC 6-3-2-20) that reduced the corporation's adjusted gross  
 2 income (determined without regard to this subdivision). For  
 3 purposes of this clause, any directly related interest expense  
 4 that constitutes business interest within the meaning of  
 5 Section 163(j) of the Internal Revenue Code shall be  
 6 considered to have reduced the taxpayer's federal taxable  
 7 income only in the first taxable year in which the deduction  
 8 otherwise would have been allowable under Section 163 of  
 9 the Internal Revenue Code if the limitation under Section  
 10 163(j)(1) of the Internal Revenue Code did not exist.

11 (9) Add an amount equal to any deduction for dividends paid (as  
 12 defined in Section 561 of the Internal Revenue Code) to  
 13 shareholders of a captive real estate investment trust (as defined  
 14 in section 34.5 of this chapter).

15 (10) Subtract income that is:

16 (A) exempt from taxation under IC 6-3-2-21.7 (certain  
 17 income derived from patents); and

18 (B) included in the corporation's taxable income under the  
 19 Internal Revenue Code.

20 (11) Add an amount equal to any income not included in gross  
 21 income as a result of the deferral of income arising from  
 22 business indebtedness discharged in connection with the  
 23 reacquisition after December 31, 2008, and before January 1,  
 24 2011, of an applicable debt instrument, as provided in Section  
 25 108(i) of the Internal Revenue Code. Subtract from the adjusted  
 26 gross income of any taxpayer that added an amount to adjusted  
 27 gross income in a previous year the amount necessary to offset  
 28 the amount included in federal gross income as a result of the  
 29 deferral of income arising from business indebtedness  
 30 discharged in connection with the reacquisition after December  
 31 31, 2008, and before January 1, 2011, of an applicable debt  
 32 instrument, as provided in Section 108(i) of the Internal Revenue  
 33 Code.

34 (12) Add the amount excluded from federal gross income under  
 35 Section 103 of the Internal Revenue Code for interest received  
 36 on an obligation of a state other than Indiana, or a political  
 37 subdivision of such a state, that is acquired by the taxpayer after  
 38 December 31, 2011.

39 (13) For taxable years beginning after December 25, 2016:

40 (A) for a corporation other than a real estate investment  
 41 trust, add:

42 (i) an amount equal to the amount reported by the

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1                    taxpayer on IRC 965 Transition Tax Statement, line 1;  
2                    or  
3                    (ii) if the taxpayer deducted an amount under Section  
4                    965(c) of the Internal Revenue Code in determining the  
5                    taxpayer's taxable income for purposes of the federal  
6                    income tax, the amount deducted under Section 965(c)  
7                    of the Internal Revenue Code; and  
8                    (B) for a real estate investment trust, add an amount equal  
9                    to the deduction for deferred foreign income that was  
10                    claimed by the taxpayer for the taxable year under Section  
11                    965(c) of the Internal Revenue Code, but only to the extent  
12                    that the taxpayer included income pursuant to Section 965  
13                    of the Internal Revenue Code in its taxable income for  
14                    federal income tax purposes or is required to add back  
15                    dividends paid under subdivision (9).  
16                    (14) Add an amount equal to the deduction that was claimed by  
17                    the taxpayer for the taxable year under Section 250(a)(1)(B) of  
18                    the Internal Revenue Code (attributable to global intangible  
19                    low-taxed income). The taxpayer shall separately specify the  
20                    amount of the reduction under Section 250(a)(1)(B)(i) of the  
21                    Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the  
22                    Internal Revenue Code.  
23                    (15) Subtract any interest expense paid or accrued in the current  
24                    taxable year but not deducted as a result of the limitation  
25                    imposed under Section 163(j)(1) of the Internal Revenue Code.  
26                    Add any interest expense paid or accrued in a previous taxable  
27                    year but allowed as a deduction under Section 163 of the Internal  
28                    Revenue Code in the current taxable year. For purposes of this  
29                    subdivision, an interest expense is considered paid or accrued  
30                    only in the first taxable year the deduction would have been  
31                    allowable under Section 163 of the Internal Revenue Code if the  
32                    limitation under Section 163(j)(1) of the Internal Revenue Code  
33                    did not exist.  
34                    (16) Subtract the amount that would have been excluded from  
35                    gross income but for the enactment of Section 118(b)(2) of the  
36                    Internal Revenue Code for taxable years ending after December  
37                    22, 2017.  
38                    (17) Add an amount equal to the remainder of:  
39                    (A) the amount allowable as a deduction under Section  
40                    274(n) of the Internal Revenue Code; minus  
41                    (B) the amount otherwise allowable as a deduction under  
42                    Section 274(n) of the Internal Revenue Code, if Section

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1                   274(n)(2)(D) of the Internal Revenue Code was not in effect  
 2                   for amounts paid or incurred after December 31, 2020.  
 3                   (18) For taxable years ending after March 12, 2020, subtract an  
 4                   amount equal to the deduction disallowed pursuant to:  
 5                   (A) Section 2301(e) of the CARES Act (Public Law  
 6                   116-136), as modified by Sections 206 and 207 of the  
 7                   Taxpayer Certainty and Disaster Relief Tax Act (Division  
 8                   EE of Public Law 116-260); and  
 9                   (B) Section 3134(e) of the Internal Revenue Code.  
 10                  (19) For taxable years beginning after December 31, 2022,  
 11                  subtract an amount equal to the deduction disallowed under  
 12                  Section 280C(h) of the Internal Revenue Code.  
 13                  (20) Add or subtract any other amounts the taxpayer is:  
 14                  (A) required to add or subtract; or  
 15                  (B) entitled to deduct;  
 16                  under IC 6-3-2.  
 17                  (c) The following apply to taxable years beginning after December  
 18                  31, 2018, for purposes of the add back of any deduction allowed on the  
 19                  taxpayer's federal income tax return for wagering taxes, as provided in  
 20                  subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if  
 21                  the taxpayer is a corporation:  
 22                  (1) For taxable years beginning after December 31, 2018, and  
 23                  before January 1, 2020, a taxpayer is required to add back under  
 24                  this section eighty-seven and five-tenths percent (87.5%) of any  
 25                  deduction allowed on the taxpayer's federal income tax return for  
 26                  wagering taxes.  
 27                  (2) For taxable years beginning after December 31, 2019, and  
 28                  before January 1, 2021, a taxpayer is required to add back under  
 29                  this section seventy-five percent (75%) of any deduction allowed  
 30                  on the taxpayer's federal income tax return for wagering taxes.  
 31                  (3) For taxable years beginning after December 31, 2020, and  
 32                  before January 1, 2022, a taxpayer is required to add back under  
 33                  this section sixty-two and five-tenths percent (62.5%) of any  
 34                  deduction allowed on the taxpayer's federal income tax return for  
 35                  wagering taxes.  
 36                  (4) For taxable years beginning after December 31, 2021, and  
 37                  before January 1, 2023, a taxpayer is required to add back under  
 38                  this section fifty percent (50%) of any deduction allowed on the  
 39                  taxpayer's federal income tax return for wagering taxes.  
 40                  (5) For taxable years beginning after December 31, 2022, and  
 41                  before January 1, 2024, a taxpayer is required to add back under  
 42                  this section thirty-seven and five-tenths percent (37.5%) of any

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- 1 deduction allowed on the taxpayer's federal income tax return for  
 2 wagering taxes.  
 3 (6) For taxable years beginning after December 31, 2023, and  
 4 before January 1, 2025, a taxpayer is required to add back under  
 5 this section twenty-five percent (25%) of any deduction allowed  
 6 on the taxpayer's federal income tax return for wagering taxes.  
 7 (7) For taxable years beginning after December 31, 2024, and  
 8 before January 1, 2026, a taxpayer is required to add back under  
 9 this section twelve and five-tenths percent (12.5%) of any  
 10 deduction allowed on the taxpayer's federal income tax return for  
 11 wagering taxes.  
 12 (8) For taxable years beginning after December 31, 2025, a  
 13 taxpayer is not required to add back under this section any  
 14 amount of a deduction allowed on the taxpayer's federal income  
 15 tax return for wagering taxes.  
 16 (d) In the case of life insurance companies (as defined in Section  
 17 816(a) of the Internal Revenue Code) that are organized under Indiana  
 18 law, the same as "life insurance company taxable income" (as defined  
 19 in Section 801 of the Internal Revenue Code), adjusted as follows:  
 20 (1) Subtract income that is exempt from taxation under this  
 21 article by the Constitution and statutes of the United States.  
 22 (2) Add an amount equal to any deduction allowed or allowable  
 23 under Section 170 of the Internal Revenue Code (concerning  
 24 charitable contributions).  
 25 (3) Add an amount equal to a deduction allowed or allowable  
 26 under Section 805 or Section 832(c) of the Internal Revenue  
 27 Code for taxes based on or measured by income and levied at the  
 28 state level by any state.  
 29 (4) Subtract an amount equal to the amount included in the  
 30 company's taxable income under Section 78 of the Internal  
 31 Revenue Code (concerning foreign tax credits).  
 32 (5) Add or subtract the amount necessary to make the adjusted  
 33 gross income of any taxpayer that owns property for which bonus  
 34 depreciation was allowed in the current taxable year or in an  
 35 earlier taxable year equal to the amount of adjusted gross income  
 36 that would have been computed had an election not been made  
 37 under Section 168(k) of the Internal Revenue Code to apply  
 38 bonus depreciation to the property in the year that it was placed  
 39 in service.  
 40 (6) Add an amount equal to any deduction allowed under Section  
 41 172 of the Internal Revenue Code (concerning net operating  
 42 losses).

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1 (7) Add or subtract the amount necessary to make the adjusted  
 2 gross income of any taxpayer that placed Section 179 property  
 3 (as defined in Section 179 of the Internal Revenue Code) in  
 4 service in the current taxable year or in an earlier taxable year  
 5 equal to the amount of adjusted gross income that would have  
 6 been computed had an election for federal income tax purposes  
 7 not been made for the year in which the property was placed in  
 8 service to take deductions under Section 179 of the Internal  
 9 Revenue Code in a total amount exceeding the sum of:  
 10 (A) twenty-five thousand dollars (\$25,000) to the extent  
 11 deductions under Section 179 of the Internal Revenue Code  
 12 were not elected as provided in clause (B); and  
 13 (B) for taxable years beginning after December 31, 2017,  
 14 the deductions elected under Section 179 of the Internal  
 15 Revenue Code on property acquired in an exchange if:  
 16 (i) the exchange would have been eligible for  
 17 nonrecognition of gain or loss under Section 1031 of  
 18 the Internal Revenue Code in effect on January 1,  
 19 2017;  
 20 (ii) the exchange is not eligible for nonrecognition of  
 21 gain or loss under Section 1031 of the Internal  
 22 Revenue Code; and  
 23 (iii) the taxpayer made an election to take deductions  
 24 under Section 179 of the Internal Revenue Code with  
 25 regard to the acquired property in the year that the  
 26 property was placed into service.  
 27 The amount of deductions allowable for an item of property  
 28 under this clause may not exceed the amount of adjusted  
 29 gross income realized on the property that would have been  
 30 deferred under the Internal Revenue Code in effect on  
 31 January 1, 2017.  
 32 (8) Subtract income that is:  
 33 (A) exempt from taxation under IC 6-3-2-21.7 (certain  
 34 income derived from patents); and  
 35 (B) included in the insurance company's taxable income  
 36 under the Internal Revenue Code.  
 37 (9) Add an amount equal to any income not included in gross  
 38 income as a result of the deferral of income arising from  
 39 business indebtedness discharged in connection with the  
 40 reacquisition after December 31, 2008, and before January 1,  
 41 2011, of an applicable debt instrument, as provided in Section  
 42 108(i) of the Internal Revenue Code. Subtract from the adjusted

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1 gross income of any taxpayer that added an amount to adjusted  
 2 gross income in a previous year the amount necessary to offset  
 3 the amount included in federal gross income as a result of the  
 4 deferral of income arising from business indebtedness  
 5 discharged in connection with the reacquisition after December  
 6 31, 2008, and before January 1, 2011, of an applicable debt  
 7 instrument, as provided in Section 108(i) of the Internal Revenue  
 8 Code.

9 (10) Add an amount equal to any exempt insurance income  
 10 under Section 953(e) of the Internal Revenue Code that is active  
 11 financing income under Subpart F of Subtitle A, Chapter 1,  
 12 Subchapter N of the Internal Revenue Code.

13 (11) Add the amount excluded from federal gross income under  
 14 Section 103 of the Internal Revenue Code for interest received  
 15 on an obligation of a state other than Indiana, or a political  
 16 subdivision of such a state, that is acquired by the taxpayer after  
 17 December 31, 2011.

18 (12) For taxable years beginning after December 25, 2016, add:

19 (A) an amount equal to the amount reported by the taxpayer  
 20 on IRC 965 Transition Tax Statement, line 1; or

21 (B) if the taxpayer deducted an amount under Section  
 22 965(c) of the Internal Revenue Code in determining the  
 23 taxpayer's taxable income for purposes of the federal  
 24 income tax, the amount deducted under Section 965(c) of  
 25 the Internal Revenue Code.

26 (13) Add an amount equal to the deduction that was claimed by  
 27 the taxpayer for the taxable year under Section 250(a)(1)(B) of  
 28 the Internal Revenue Code (attributable to global intangible  
 29 low-taxed income). The taxpayer shall separately specify the  
 30 amount of the reduction under Section 250(a)(1)(B)(i) of the  
 31 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the  
 32 Internal Revenue Code.

33 (14) Subtract any interest expense paid or accrued in the current  
 34 taxable year but not deducted as a result of the limitation  
 35 imposed under Section 163(j)(1) of the Internal Revenue Code.  
 36 Add any interest expense paid or accrued in a previous taxable  
 37 year but allowed as a deduction under Section 163 of the Internal  
 38 Revenue Code in the current taxable year. For purposes of this  
 39 subdivision, an interest expense is considered paid or accrued  
 40 only in the first taxable year the deduction would have been  
 41 allowable under Section 163 of the Internal Revenue Code if the  
 42 limitation under Section 163(j)(1) of the Internal Revenue Code

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- 1 did not exist.
- 2 (15) Subtract the amount that would have been excluded from
- 3 gross income but for the enactment of Section 118(b)(2) of the
- 4 Internal Revenue Code for taxable years ending after December
- 5 22, 2017.
- 6 (16) Add an amount equal to the remainder of:
- 7 (A) the amount allowable as a deduction under Section
- 8 274(n) of the Internal Revenue Code; minus
- 9 (B) the amount otherwise allowable as a deduction under
- 10 Section 274(n) of the Internal Revenue Code, if Section
- 11 274(n)(2)(D) of the Internal Revenue Code was not in effect
- 12 for amounts paid or incurred after December 31, 2020.
- 13 (17) For taxable years ending after March 12, 2020, subtract an
- 14 amount equal to the deduction disallowed pursuant to:
- 15 (A) Section 2301(e) of the CARES Act (Public Law
- 16 116-136), as modified by Sections 206 and 207 of the
- 17 Taxpayer Certainty and Disaster Relief Tax Act (Division
- 18 EE of Public Law 116-260); and
- 19 (B) Section 3134(e) of the Internal Revenue Code.
- 20 (18) For taxable years beginning after December 31, 2022,
- 21 subtract an amount equal to the deduction disallowed under
- 22 Section 280C(h) of the Internal Revenue Code.
- 23 (19) Add or subtract any other amounts the taxpayer is:
- 24 (A) required to add or subtract; or
- 25 (B) entitled to deduct;
- 26 under IC 6-3-2.
- 27 (e) In the case of insurance companies subject to tax under Section
- 28 831 of the Internal Revenue Code and organized under Indiana law, the
- 29 same as "taxable income" (as defined in Section 832 of the Internal
- 30 Revenue Code), adjusted as follows:
- 31 (1) Subtract income that is exempt from taxation under this
- 32 article by the Constitution and statutes of the United States.
- 33 (2) Add an amount equal to any deduction allowed or allowable
- 34 under Section 170 of the Internal Revenue Code (concerning
- 35 charitable contributions).
- 36 (3) Add an amount equal to a deduction allowed or allowable
- 37 under Section 805 or Section 832(c) of the Internal Revenue
- 38 Code for taxes based on or measured by income and levied at the
- 39 state level by any state.
- 40 (4) Subtract an amount equal to the amount included in the
- 41 company's taxable income under Section 78 of the Internal
- 42 Revenue Code (concerning foreign tax credits).

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1 (5) Add or subtract the amount necessary to make the adjusted  
 2 gross income of any taxpayer that owns property for which bonus  
 3 depreciation was allowed in the current taxable year or in an  
 4 earlier taxable year equal to the amount of adjusted gross income  
 5 that would have been computed had an election not been made  
 6 under Section 168(k) of the Internal Revenue Code to apply  
 7 bonus depreciation to the property in the year that it was placed  
 8 in service.  
 9 (6) Add an amount equal to any deduction allowed under Section  
 10 172 of the Internal Revenue Code (concerning net operating  
 11 losses).  
 12 (7) Add or subtract the amount necessary to make the adjusted  
 13 gross income of any taxpayer that placed Section 179 property  
 14 (as defined in Section 179 of the Internal Revenue Code) in  
 15 service in the current taxable year or in an earlier taxable year  
 16 equal to the amount of adjusted gross income that would have  
 17 been computed had an election for federal income tax purposes  
 18 not been made for the year in which the property was placed in  
 19 service to take deductions under Section 179 of the Internal  
 20 Revenue Code in a total amount exceeding the sum of:  
 21 (A) twenty-five thousand dollars (\$25,000) to the extent  
 22 deductions under Section 179 of the Internal Revenue Code  
 23 were not elected as provided in clause (B); and  
 24 (B) for taxable years beginning after December 31, 2017,  
 25 the deductions elected under Section 179 of the Internal  
 26 Revenue Code on property acquired in an exchange if:  
 27 (i) the exchange would have been eligible for  
 28 nonrecognition of gain or loss under Section 1031 of  
 29 the Internal Revenue Code in effect on January 1,  
 30 2017;  
 31 (ii) the exchange is not eligible for nonrecognition of  
 32 gain or loss under Section 1031 of the Internal  
 33 Revenue Code; and  
 34 (iii) the taxpayer made an election to take deductions  
 35 under Section 179 of the Internal Revenue Code with  
 36 regard to the acquired property in the year that the  
 37 property was placed into service.  
 38 The amount of deductions allowable for an item of property  
 39 under this clause may not exceed the amount of adjusted  
 40 gross income realized on the property that would have been  
 41 deferred under the Internal Revenue Code in effect on  
 42 January 1, 2017.

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- 1           (8) Subtract income that is:
- 2                 (A) exempt from taxation under IC 6-3-2-21.7 (certain
- 3                 income derived from patents); and
- 4                 (B) included in the insurance company's taxable income
- 5                 under the Internal Revenue Code.
- 6           (9) Add an amount equal to any income not included in gross
- 7           income as a result of the deferral of income arising from
- 8           business indebtedness discharged in connection with the
- 9           reacquisition after December 31, 2008, and before January 1,
- 10           2011, of an applicable debt instrument, as provided in Section
- 11           108(i) of the Internal Revenue Code. Subtract from the adjusted
- 12           gross income of any taxpayer that added an amount to adjusted
- 13           gross income in a previous year the amount necessary to offset
- 14           the amount included in federal gross income as a result of the
- 15           deferral of income arising from business indebtedness
- 16           discharged in connection with the reacquisition after December
- 17           31, 2008, and before January 1, 2011, of an applicable debt
- 18           instrument, as provided in Section 108(i) of the Internal Revenue
- 19           Code.
- 20           (10) Add an amount equal to any exempt insurance income
- 21           under Section 953(e) of the Internal Revenue Code that is active
- 22           financing income under Subpart F of Subtitle A, Chapter 1,
- 23           Subchapter N of the Internal Revenue Code.
- 24           (11) Add the amount excluded from federal gross income under
- 25           Section 103 of the Internal Revenue Code for interest received
- 26           on an obligation of a state other than Indiana, or a political
- 27           subdivision of such a state, that is acquired by the taxpayer after
- 28           December 31, 2011.
- 29           (12) For taxable years beginning after December 25, 2016, add:
- 30                 (A) an amount equal to the amount reported by the taxpayer
- 31                 on IRC 965 Transition Tax Statement, line 1; or
- 32                 (B) if the taxpayer deducted an amount under Section
- 33                 965(c) of the Internal Revenue Code in determining the
- 34                 taxpayer's taxable income for purposes of the federal
- 35                 income tax, the amount deducted under Section 965(c) of
- 36                 the Internal Revenue Code.
- 37           (13) Add an amount equal to the deduction that was claimed by
- 38           the taxpayer for the taxable year under Section 250(a)(1)(B) of
- 39           the Internal Revenue Code (attributable to global intangible
- 40           low-taxed income). The taxpayer shall separately specify the
- 41           amount of the reduction under Section 250(a)(1)(B)(i) of the
- 42           Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the

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1 Internal Revenue Code.  
2 (14) Subtract any interest expense paid or accrued in the current  
3 taxable year but not deducted as a result of the limitation  
4 imposed under Section 163(j)(1) of the Internal Revenue Code.  
5 Add any interest expense paid or accrued in a previous taxable  
6 year but allowed as a deduction under Section 163 of the Internal  
7 Revenue Code in the current taxable year. For purposes of this  
8 subdivision, an interest expense is considered paid or accrued  
9 only in the first taxable year the deduction would have been  
10 allowable under Section 163 of the Internal Revenue Code if the  
11 limitation under Section 163(j)(1) of the Internal Revenue Code  
12 did not exist.  
13 (15) Subtract the amount that would have been excluded from  
14 gross income but for the enactment of Section 118(b)(2) of the  
15 Internal Revenue Code for taxable years ending after December  
16 22, 2017.  
17 (16) Add an amount equal to the remainder of:  
18 (A) the amount allowable as a deduction under Section  
19 274(n) of the Internal Revenue Code; minus  
20 (B) the amount otherwise allowable as a deduction under  
21 Section 274(n) of the Internal Revenue Code, if Section  
22 274(n)(2)(D) of the Internal Revenue Code was not in effect  
23 for amounts paid or incurred after December 31, 2020.  
24 (17) For taxable years ending after March 12, 2020, subtract an  
25 amount equal to the deduction disallowed pursuant to:  
26 (A) Section 2301(e) of the CARES Act (Public Law  
27 116-136), as modified by Sections 206 and 207 of the  
28 Taxpayer Certainty and Disaster Relief Tax Act (Division  
29 EE of Public Law 116-260); and  
30 (B) Section 3134(e) of the Internal Revenue Code.  
31 (18) For taxable years beginning after December 31, 2022,  
32 subtract an amount equal to the deduction disallowed under  
33 Section 280C(h) of the Internal Revenue Code.  
34 (19) Add or subtract any other amounts the taxpayer is:  
35 (A) required to add or subtract; or  
36 (B) entitled to deduct;  
37 under IC 6-3-2.  
38 (f) In the case of trusts and estates, "taxable income" (as defined  
39 for trusts and estates in Section 641(b) of the Internal Revenue Code)  
40 adjusted as follows:  
41 (1) Subtract income that is exempt from taxation under this  
42 article by the Constitution and statutes of the United States.

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1           (2) Subtract an amount equal to the amount of a September 11  
2           terrorist attack settlement payment included in the federal  
3           adjusted gross income of the estate of a victim of the September  
4           11 terrorist attack or a trust to the extent the trust benefits a  
5           victim of the September 11 terrorist attack.  
6           (3) Add or subtract the amount necessary to make the adjusted  
7           gross income of any taxpayer that owns property for which bonus  
8           depreciation was allowed in the current taxable year or in an  
9           earlier taxable year equal to the amount of adjusted gross income  
10           that would have been computed had an election not been made  
11           under Section 168(k) of the Internal Revenue Code to apply  
12           bonus depreciation to the property in the year that it was placed  
13           in service.  
14           (4) Add an amount equal to any deduction allowed under Section  
15           172 of the Internal Revenue Code (concerning net operating  
16           losses).  
17           (5) Add or subtract the amount necessary to make the adjusted  
18           gross income of any taxpayer that placed Section 179 property  
19           (as defined in Section 179 of the Internal Revenue Code) in  
20           service in the current taxable year or in an earlier taxable year  
21           equal to the amount of adjusted gross income that would have  
22           been computed had an election for federal income tax purposes  
23           not been made for the year in which the property was placed in  
24           service to take deductions under Section 179 of the Internal  
25           Revenue Code in a total amount exceeding the sum of:  
26                   (A) twenty-five thousand dollars (\$25,000) to the extent  
27                   deductions under Section 179 of the Internal Revenue Code  
28                   were not elected as provided in clause (B); and  
29                   (B) for taxable years beginning after December 31, 2017,  
30                   the deductions elected under Section 179 of the Internal  
31                   Revenue Code on property acquired in an exchange if:  
32                           (i) the exchange would have been eligible for  
33                           nonrecognition of gain or loss under Section 1031 of  
34                           the Internal Revenue Code in effect on January 1,  
35                           2017;  
36                           (ii) the exchange is not eligible for nonrecognition of  
37                           gain or loss under Section 1031 of the Internal  
38                           Revenue Code; and  
39                           (iii) the taxpayer made an election to take deductions  
40                           under Section 179 of the Internal Revenue Code with  
41                           regard to the acquired property in the year that the  
42                           property was placed into service.

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The amount of deductions allowable for an item of property under this clause may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

- (6) Subtract income that is:
  - (A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and
  - (B) included in the taxpayer's taxable income under the Internal Revenue Code.

(7) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(8) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(9) For taxable years beginning after December 25, 2016, add an amount equal to:

- (A) the amount reported by the taxpayer on IRC 965 Transition Tax Statement, line 1;
- (B) if the taxpayer deducted an amount under Section 965(c) of the Internal Revenue Code in determining the taxpayer's taxable income for purposes of the federal income tax, the amount deducted under Section 965(c) of the Internal Revenue Code; and
- (C) with regard to any amounts of income under Section 965 of the Internal Revenue Code distributed by the taxpayer, the deduction under Section 965(c) of the Internal Revenue Code attributable to such distributed amounts and

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not reported to the beneficiary.

For purposes of this article, the amount required to be added back under clause (B) is not considered to be distributed or distributable to a beneficiary of the estate or trust for purposes of Sections 651 and 661 of the Internal Revenue Code.

(10) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year. For purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(11) Add an amount equal to the deduction for qualified business income that was claimed by the taxpayer for the taxable year under Section 199A of the Internal Revenue Code.

(12) Subtract the amount that would have been excluded from gross income but for the enactment of Section 118(b)(2) of the Internal Revenue Code for taxable years ending after December 22, 2017.

(13) Add an amount equal to the remainder of:

- (A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus
- (B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(14) For taxable years beginning after December 31, 2017, and before January 1, 2021, add an amount equal to the excess business loss of the taxpayer as defined in Section 461(l)(3) of the Internal Revenue Code. In addition:

- (A) If a taxpayer has an excess business loss under this subdivision and also has modifications under subdivisions (3) and (5) for property placed in service during the taxable year, the taxpayer shall treat a portion of the taxable year modifications for that property as occurring in the taxable year the property is placed in service and a portion of the modifications as occurring in the immediately following taxable year.

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1 (B) The portion of the modifications under subdivisions (3)  
 2 and (5) for property placed in service during the taxable  
 3 year treated as occurring in the taxable year in which the  
 4 property is placed in service equals:  
 5 (i) the modification for the property otherwise  
 6 determined under this section; minus  
 7 (ii) the excess business loss disallowed under this  
 8 subdivision;  
 9 but not less than zero (0).  
 10 (C) The portion of the modifications under subdivisions (3)  
 11 and (5) for property placed in service during the taxable  
 12 year treated as occurring in the taxable year immediately  
 13 following the taxable year in which the property is placed in  
 14 service equals the modification for the property otherwise  
 15 determined under this section minus the amount in clause  
 16 (B).  
 17 (D) Any reallocation of modifications between taxable years  
 18 under clauses (B) and (C) shall be first allocated to the  
 19 modification under subdivision (3), then to the modification  
 20 under subdivision (5).  
 21 (15) For taxable years ending after March 12, 2020, subtract an  
 22 amount equal to the deduction disallowed pursuant to:  
 23 (A) Section 2301(e) of the CARES Act (Public Law  
 24 116-136), as modified by Sections 206 and 207 of the  
 25 Taxpayer Certainty and Disaster Relief Tax Act (Division  
 26 EE of Public Law 116-260); and  
 27 (B) Section 3134(e) of the Internal Revenue Code.  
 28 (16) For taxable years beginning after December 31, 2022,  
 29 subtract an amount equal to the deduction disallowed under  
 30 Section 280C(h) of the Internal Revenue Code.  
 31 (17) Except as provided in subsection (c), for taxable years  
 32 beginning after December 31, 2022, add an amount equal to any  
 33 deduction or deductions allowed or allowable in determining  
 34 taxable income under Section 641(b) of the Internal Revenue  
 35 Code for taxes based on or measured by income and levied at the  
 36 state level by any state of the United States.  
 37 (18) Add or subtract any other amounts the taxpayer is:  
 38 (A) required to add or subtract; or  
 39 (B) entitled to deduct;  
 40 under IC 6-3-2.  
 41 (g) For purposes of IC 6-3-2.1, IC 6-3-4-12, IC 6-3-4-13, and  
 42 IC 6-3-4-15 for taxable years beginning after December 31, 2022,

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1 "adjusted gross income" of a pass through entity means the aggregate  
 2 of items of ordinary income and loss in the case of a partnership or a  
 3 corporation described in IC 6-3-2-2.8(2), or aggregate distributable net  
 4 income of a trust or estate as defined in Section 643 of the Internal  
 5 Revenue Code, whichever is applicable, for the taxable year modified  
 6 as follows:

7 (1) Add the separately stated items of income and gains, or the  
 8 equivalent items that must be considered separately by a  
 9 beneficiary, as determined for federal purposes, attributed to the  
 10 partners, shareholders, or beneficiaries of the pass through  
 11 entity, determined without regard to whether the owner is  
 12 permitted to exclude all or part of the income or gain or deduct  
 13 any amount against the income or gain.

14 (2) Subtract the separately stated items of deductions or losses  
 15 or items that must be considered separately by beneficiaries, as  
 16 determined for federal purposes, attributed to partners,  
 17 shareholders, or beneficiaries of the pass through entity and that  
 18 are deductible by an individual in determining adjusted gross  
 19 income as defined under Section 62 of the Internal Revenue  
 20 Code:

21 (A) limited as if the partners, shareholders, and  
 22 beneficiaries deducted the maximum allowable loss or  
 23 deduction allowable for the taxable year prior to any amount  
 24 deductible from the pass through entity; but

25 (B) not considering any disallowance of deductions  
 26 resulting from federal basis limitations for the partner,  
 27 shareholder, or beneficiary.

28 (3) Add or subtract any modifications to adjusted gross income  
 29 that would be required both for individuals under subsection (a)  
 30 and corporations under subsection (b) to the extent otherwise  
 31 provided in those subsections, including amounts that are  
 32 allowable for which such modifications are necessary to account  
 33 for separately stated items in subdivision (1) or (2).

34 (h) Subsections (a)(35), (b)(20), (d)(19), (e)(19), or and (f)(18)  
 35 may not be construed to require an add back or allow a deduction or  
 36 exemption more than once for a particular add back, deduction, or  
 37 exemption.

38 (i) For taxable years beginning after December 25, 2016, if:

39 (1) a taxpayer is a shareholder, either directly or indirectly, in a  
 40 corporation that is an E&P deficit foreign corporation as defined  
 41 in Section 965(b)(3)(B) of the Internal Revenue Code, and the  
 42 earnings and profit deficit, or a portion of the earnings and profit

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1 deficit, of the E&P deficit foreign corporation is permitted to  
 2 reduce the federal adjusted gross income or federal taxable  
 3 income of the taxpayer, the deficit, or the portion of the deficit,  
 4 shall also reduce the amount taxable under this section to the  
 5 extent permitted under the Internal Revenue Code, however, in  
 6 no case shall this permit a reduction in the amount taxable under  
 7 Section 965 of the Internal Revenue Code for purposes of this  
 8 section to be less than zero (0); and

9 (2) the Internal Revenue Service issues guidance that such an  
 10 income or deduction is not reported directly on a federal tax  
 11 return or is to be reported in a manner different than specified in  
 12 this section, this section shall be construed as if federal adjusted  
 13 gross income or federal taxable income included the income or  
 14 deduction.

15 (j) If a partner is required to include an item of income, a  
 16 deduction, or another tax attribute in the partner's adjusted gross  
 17 income tax return pursuant to IC 6-3-4.5, such item shall be considered  
 18 to be includible in the partner's federal adjusted gross income or federal  
 19 taxable income, regardless of whether such item is actually required to  
 20 be reported by the partner for federal income tax purposes. For  
 21 purposes of this subsection:

22 (1) items for which a valid election is made under IC 6-3-4.5-6,  
 23 IC 6-3-4.5-8, or IC 6-3-4.5-9 shall not be required to be included  
 24 in the partner's adjusted gross income or taxable income; and

25 (2) items for which the partnership did not make an election  
 26 under IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9, but for which  
 27 the partnership is required to remit tax pursuant to IC 6-3-4.5-18,  
 28 shall be included in the partner's adjusted gross income or  
 29 taxable income.

30 **SECTION 2. ]**[EFFECTIVE UPON PASSAGE] **(a) As used in**  
 31 **this SECTION, "task force" refers to the state and local tax review**  
 32 **task force established by subsection (b).**

33 **(b) The state and local tax review task force is established.**

34 **(c) The task force consists of the following members:**

35 **(1) The chairperson of the senate tax and fiscal policy**  
 36 **committee.**

37 **(2) The ranking minority member of the senate tax and fiscal**  
 38 **policy committee.**

39 **(3) The chairperson of the senate appropriations committee.**

40 **(4) The ranking minority member of the senate**  
 41 **appropriations committee.**

42 **(5) The chairperson of the house ways and means committee.**

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- 1           **(6) One (1) member of the house ways and means committee**  
 2           **who is a member of the majority party of the house,**  
 3           **appointed by the speaker of the house of representatives.**  
 4           **(7) The ranking minority member of the house ways and**  
 5           **means committee.**  
 6           **(8) One (1) member of the house ways and means committee**  
 7           **who is a member of the minority party of the house,**  
 8           **appointed by the minority leader of the house of**  
 9           **representatives.**  
 10          **(9) The director of the office of management and budget.**  
 11          **(10) The director of the budget agency.**  
 12          **(11) The public finance director of the Indiana finance**  
 13          **authority.**  
 14          **(12) One (1) member who is an economist employed at a state**  
 15          **educational institution (as defined in IC 21-7-13-32),**  
 16          **appointed by the president pro tempore of the senate.**  
 17          **(d) If a vacancy occurs, the appointing authority that**  
 18          **appointed the member whose position is vacant shall appoint an**  
 19          **individual to fill the vacancy.**  
 20          **(e) The chairperson of the legislative council shall select the**  
 21          **chairperson of the task force before July 1, 2023. The individual**  
 22          **selected to serve as the chairperson of the task force under this**  
 23          **subsection shall serve as the task force's chairperson for the**  
 24          **duration of the task force.**  
 25          **(f) The following apply to the mileage, per diem, and travel**  
 26          **expenses for members of the task force:**  
 27                  **(1) Each member of the task force who is a state employee is**  
 28                  **entitled to reimbursement for traveling expenses as provided**  
 29                  **under IC 4-13-1-4 and other expenses actually incurred in**  
 30                  **connection with the member's duties as provided in the state**  
 31                  **policies and procedures established by the Indiana**  
 32                  **department of administration and approved by the budget**  
 33                  **agency.**  
 34                  **(2) Each member of the task force who is a member of the**  
 35                  **general assembly or who is not a state employee is entitled to**  
 36                  **receive the same per diem, mileage, and travel allowances**  
 37                  **paid to individuals who serve as legislative and lay members,**  
 38                  **respectively, of interim study committees established by the**  
 39                  **legislative council.**  
 40          **(g) The task force shall review the following:**  
 41                  **(1) Paying down the unfunded liability of the pre-1996**  
 42                  **account within the Indiana state teachers' retirement fund.**

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

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1 state and local tax review task force's expenses.  
2 (b) This SECTION expires July 1, 2025.  
3 SECTION ~~↔~~[4]. An emergency is declared for this act.

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