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SENATE BILL No. 212

Proposed Changes to introduced printing by AM021201

DIGEST OF PROPOSED AMENDMENT

Data centers. Repeals the sales and use tax exemption for certain data centers enacted in the 2025 session in HEA 1601.

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

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

1 SECTION 1. IC 6-1.1-10-54, AS AMENDED BY THE
2 TECHNICAL CORRECTIONS BILL OF THE 2026 GENERAL
3 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 UPON PASSAGE]: Sec. 54. (a) As used in this section, "designating
5 body" means the fiscal body of:

6 (1) a county that does not contain a consolidated city; or

7 (2) a municipality.

8 (b) As used in this section, "eligible business" means an entity that
9 meets the following requirements:

10 (1) The entity is engaged in a business that:

11 (A) operates; or

12 (B) leases qualified property for use in;

13 one (1) or more facilities.

14 (2) The entity's qualified property is located at a facility in
15 Indiana.

16 (3) The entity, the lessor of qualified property (if the entity is a
17 lessee), and all lessees of qualified property invest in the
18 aggregate at least one hundred million dollars (\$100,000,000) in
19 real and personal property at one (1) or more facilities in Indiana
20 after January 1, 2026.

21 (4) The average wage of employees who are located in the

2026

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county or municipality and engaged in the operation of the facility is at least one hundred twenty-five percent (125%) of the county average wage for the county in which the facility operates.

(c) As used in this section, "facility" has the meaning set forth in IC 6-2.5-15-5.

(d) As used in this section, "fiscal body" has the meaning set forth in IC 36-1-2-6.

(e) As used in this section, "municipality" has the meaning set forth in IC 36-1-2-11.

(f) As used in this section, "qualified property" means quantum safe fiber network equipment purchased after January 1, 2026, and any additions to or replacements to of such property.

(g) As used in this section, "quantum safe fiber network equipment" has the meaning set forth in IC 6-2.5-15-13.3. means optical gear, transmission equipment, fiber, computer equipment, software, or any other equipment or software of any type purchased or leased for the processing, storage, retrieval, communication, or transmission of data over a quantum safe fiber network that is preapproved by the Indiana economic development corporation, adheres to all compliance standards of the federal Trade Agreements Act of 1979 (Public Law 96-39, 93 Stat. 144, as amended) throughout the entire network, including all access physical intermediate access points (nodes), has a manufacturing origin point in North America, uses only coherent optics with FIPS 140-3 certified encryption technology, and supports quantum safe algorithms that are compliant with National Institute of Standards and Technology of the United States Department of Commerce requirements, including post-quantum cryptography and other post quantum resistant cryptography implementations. The term includes the following:

(1) Installed quantum-safe optical gear and federal Trade Agreements Act of 1979 (Public Law 96-39, 93 Stat. 144, as amended) compliant American-made fiber optic cable.

(2) Servers, routers, connections, monitoring and security systems, and other enabling machinery, equipment, and hardware, regardless of whether the property is affixed to or incorporated into real property.

(3) Equipment used in the operation of computer equipment or software or for the benefit of a quantum computing research, advanced computing, and defense infrastructure network, including component parts, installations,



1 refreshments, replacements, and upgrades, regardless of
2 whether the property is affixed to or incorporated into real
3 property.

4 (4) All equipment necessary for the transformation,
5 generation, distribution, or management of electricity that is
6 required to operate advanced computer or quantum
7 computer server equipment, including substations,
8 generators, uninterruptible energy equipment, supplies,
9 conduit, fuel piping and storage, cabling, duct banks,
10 switches, switchboards, batteries, testing equipment, and
11 backup generators.

12 (5) All equipment necessary to cool and maintain a
13 controlled environment for the operation of the computer
14 servers and other components of a quantum fiber network,
15 including chillers, mechanical equipment, refrigerant piping,
16 fuel piping and storage, adiabatic and free cooling systems,
17 cooling towers, water softeners, air handling units, indoor
18 direct exchange units, fans, ducting, and filters.

19 (6) All water conservation systems, including facilities or
20 mechanisms that are designed to collect, conserve, and reuse
21 water required for the infrastructure of a quantum fiber
22 network.

23 (7) All computer server equipment, chassis, networking
24 equipment, switches, racks, fiber optic and copper cabling,
25 trays, and conduit required for a quantum fiber network.

26 (8) All conduit, ducting, and fiber optic and copper cabling
27 required for a quantum fiber network.

28 (9) All monitoring equipment and security systems.

29 (10) All software required for the operation, development,
30 and maintenance of a quantum fiber network.

31 (11) All intangible rights to use conduit or existing fibers
32 directly related to a quantum fiber network.

33 (12) All tangible and intangible personal property that is
34 required for operation of each intermediate access point
35 (node) connected to a quantum fiber network, excluding
36 property used in the administration of the facility.

37 (13) Other tangible and intangible personal property that is
38 essential to the operations of a quantum fiber network,
39 excluding property used in the administration of the facility.

40 (14) All electricity used by qualified quantum fiber network
41 equipment, excluding electricity used in the administration
42 of the facility.



(h) A designating body may enter into an agreement with an eligible business to grant the eligible business a property tax exemption. In the case of a county, the exemption applies only to qualified property that is located in unincorporated territory of the county. In the case of a municipality, the exemption applies only to qualified property that is located in the municipality. The property tax exemption applies to the qualified property only if the designating body and the eligible business enter into an agreement concerning the property tax exemption. The agreement must specify the duration of the property tax exemption. The agreement may specify that if the ownership of qualified property is transferred by an eligible business, the transferee is entitled to the property tax exemption on the same terms as the transferor. If a designating body enters into an agreement with an eligible business, the qualified property owned by the eligible business is exempt from property taxation as provided in the resolution and the agreement.

(i) If a designating body enters into an agreement under subsection (h) to provide a property tax exemption, the property tax exemption continues for the period specified in the agreement.

SECTION 2. IC 6-2.5-15-0.5 IS REPEALED [EFFECTIVE UPON PASSAGE]. Sec. 0.5: As used in this chapter, "advanced computing" means a computational method or technology, including hardware, software, and quantum safe fiber network equipment, that is designed, engineered, and installed to solve large, complex problems or process large data sets, including quantum computing, artificial intelligence, edge computing, and computational sets that use entanglement nodes that are beyond the capability of classical digital computational computing.

SECTION 3. IC 6-2.5-15-3, AS AMENDED BY P.L.213-2025, SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. As used in this chapter, "eligible costs" means expenditures made

(1) after December 31, 2018, for the development, acquisition, construction, and operation of a facility to be used as a qualified data center, including costs of land, buildings, site improvements, modular data centers, computer data center equipment acquisition and permitting, lease payments, site characterization and assessment, engineering, and design used directly and exclusively in a qualified data center. or

(2) after January 1, 2026, for the development, acquisition, construction, and operation of a facility to be used as part of a quantum computing research, advanced computing, and defense



infrastructure network that is connected by quantum safe fiber network equipment and used for quantum research or advanced computing at, or related to, a qualified military installation in Indiana or the I-Light network; including costs of all quantum safe fiber network equipment; rights-of-way; conduit; other required access; land; buildings; site improvements; modular data centers; computer data center equipment acquisition and permitting; lease payments; site characterization and assessment; engineering; and design used directly and exclusively as part of a quantum computing research; advanced computing; and defense infrastructure network.

SECTION 4. IC 6-2.5-15-5, AS AMENDED BY P.L.178-2025, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. As used in this chapter, "facility" means one (1) or more tracts of land in Indiana and

(1) a structure or building contained on the land used specifically for:

(A) quantum research or commercialization;

(B) quantum safe fiber network equipment;

(C) advanced computing;

(D) quantum research or advanced computing for the defense industry;

(E) the qualified equipment that is placed in the structure or building; or

(F) one (1) or more quantum safe fiber networks;

including any structures and personal property contained on the land that is required to operate a quantum safe fiber network; and

(2) any structures and personal property contained on the land for the operation of a data center

in either a single location or multiple distributed locations.

SECTION 5. IC 6-2.5-15-5.7 IS REPEALED [EFFECTIVE UPON PASSAGE]. Sec. 5-7. As used in this chapter, "I-Light" has the meaning set forth in IC 8-1-32.7-3.

SECTION 6. IC 6-2.5-15-6.5 IS REPEALED [EFFECTIVE UPON PASSAGE]. Sec. 6-5. As used in this chapter, "interest in a quantum computing research; advanced computing; and defense infrastructure network" means an entity that is the owner of, the operator of, or a qualified colocation tenant in, any element of a quantum safe fiber network or a quantum computing; advanced computing; and defense infrastructure network.

(b) The term includes an interest in a portion of a quantum



computing research, advanced computing, and defense infrastructure network.

SECTION 7. IC 6-2.5-15-7, AS AMENDED BY P.L.178-2025, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. As used in this chapter, "operator" means an entity, other than an owner or a qualified colocation tenant, operating a data center or a quantum computing research, advanced computing, and defense infrastructure network pursuant to a lease or other contract with the owner or a lessor. The term includes a licensed property management company, a property lessor, or any other individual or entity responsible for the control, oversight, or maintenance of a facility. The term also includes an affiliate of an operator.

SECTION 8. IC 6-2.5-15-9, AS AMENDED BY P.L.178-2025, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. As used in this chapter, "qualified colocation tenant" means an entity that contracts with the owner or operator of a

(1) qualified data center or

(2) quantum computing, advanced computing, and defense infrastructure network;

that is certified under this chapter to use or occupy all or part of the data center or quantum computing, advanced computing, and defense infrastructure network for a period of two (2) or more years.

SECTION 9. IC 6-2.5-15-11, AS AMENDED BY P.L.178-2025, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. As used in this chapter, "qualified equipment" means data center equipment or quantum computing research, advanced computing, and defense infrastructure network equipment in located at a qualified data center, or a quantum computing research, advanced computing, and defense infrastructure network.

SECTION 10. IC 6-2.5-15-13, AS AMENDED BY P.L.178-2025, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. As used in this chapter, "qualified investment" means, with respect to a

(1) qualified data center, the aggregate nonduplicative eligible data center costs expended by any entity with an interest in the qualified data center, or

(2) quantum computing research, advanced computing, and defense infrastructure network, the aggregate nonduplicative eligible costs expended by any entity with an interest in the



quantum computing research; advanced computing; and defense infrastructure network.

SECTION 11. IC 6-2.5-15-13.2 IS REPEALED [EFFECTIVE UPON PASSAGE]. Sec. 13.2: As used in this chapter, "quantum safe fiber network" means a fiber network that includes each of the following attributes:

(1) A deployed fiber infrastructure comprised of:

(A) standard single mode optical fibers (G.652.D) that are compliant with the federal Trade Agreements Act of 1979 (Public Law 96-39; 93 Stat. 144; as amended);

(B) flexgrid reconfigurable photonic layer; and

(C) only coherent optical transponders with FIPS 140-3 certified L1 encryption (OTNsec) with support for external key from quantum key distribution servers that are compliant with the federal Trade Agreements Act of 1979 (Public Law 96-39; 93 Stat. 144; as amended);

on electronics and glass;

(2) A fiber infrastructure that is connected to:

(A) a military installation of the United States of America;

(B) the Indiana National Guard;

(C) another military outlet or I-Light; or

(D) an institution of higher learning conducting quantum computing research or advanced computing research;

(3) A network engineered with physical intermediate access points (nodes) not more than sixty (60) miles apart;

(4) A network with physical intermediate access points (nodes) equipped with physical access control and remote monitoring;

(5) A network with quantum key distribution (QKD) servers deployed on every fiber span;

(6) A network that is not used for residential broadband and limited in use to less fifteen percent (15%) for commercial broadband (ISP) applications;

(7) A network that complies with the federal Trade Agreements Act of 1979 (Public Law 96-39; 93 Stat. 144) as amended;

SECTION 12. IC 6-2.5-15-13.3 IS REPEALED [EFFECTIVE UPON PASSAGE]. Sec. 13.3: (a) As used in this chapter, "quantum safe fiber network equipment" means optical gear, transmission equipment, fiber, computer equipment, software, or any other equipment or software of any type purchased or leased for the processing, storage, retrieval, communication, or transmission of data over a quantum safe fiber network that:

(1) is preapproved by the corporation;



(2) adheres to all compliance standards of the federal Trade Agreements Act of 1979 (Public Law 96-39, 93 Stat. 144, as amended) throughout the entire network, including all access physical intermediate access points (nodes);

(3) has a manufacturing origin point in North America;

(4) uses only coherent optics with FIPS 140-3 certified encryption technology; and

(5) supports quantum safe algorithms that are compliant with National Institute of Standards and Technology of the United States Department of Commerce requirements, including post-quantum cryptography and other post quantum resistant cryptography implementations.

(b) The term includes the following:

(1) Installed quantum-safe optical gear and federal Trade Agreements Act of 1979 (Public Law 96-39, 93 Stat. 144, as amended) compliant American-made fiber optic cable.

(2) Servers, routers, connections, monitoring and security systems, and other enabling machinery, equipment, and hardware, regardless of whether the property is affixed to or incorporated into real property.

(3) Equipment used in the operation of computer equipment or software or for the benefit of a quantum computing research, advanced computing, and defense infrastructure network, including component parts, installations, refreshments, replacements, and upgrades, regardless of whether the property is affixed to or incorporated into real property.

(4) All equipment necessary for the transformation, generation, distribution, or management of electricity that is required to operate advanced computer or quantum computer server equipment, including substations, generators, uninterruptible energy equipment, supplies, conduit, fuel piping and storage, cabling, duct banks, switches, switchboards, batteries, testing equipment, and backup generators.

(5) All equipment necessary to cool and maintain a controlled environment for the operation of the computer servers and other components of a quantum fiber network, including chillers, mechanical equipment, refrigerant piping, fuel piping and storage, adiabatic and free cooling systems, cooling towers, water softeners, air handling units, indoor direct exchange units, fans, ducting, and filters.

(6) All water conservation systems, including facilities or mechanisms that are designed to collect, conserve, and reuse



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water required for the infrastructure of a quantum fiber network;

(7) All computer server equipment; chassis; networking equipment; switches; racks; fiber optic and copper cabling; trays; and conduit required for a quantum fiber network;

(8) All conduit; ducting; and fiber optic and copper cabling required for a quantum fiber network;

(9) All monitoring equipment and security systems;

(10) All software required for the operation; development; and maintenance of a quantum fiber network;

(11) All intangible rights to use conduit or existing fibers directly related to a quantum fiber network;

(12) All tangible and intangible personal property that is required for operation of each intermediate access point (node) connected to a quantum fiber network; excluding property used in the administration of the facility;

(13) Other tangible and intangible personal property that is essential to the operations of a quantum fiber network; excluding property used in the administration of the facility;

(14) All electricity used by qualified quantum fiber network equipment; excluding electricity used in the administration of the facility;

SECTION 13. IC 6-2.5-15-13.4 IS REPEALED [EFFECTIVE UPON PASSAGE]. Sec. 13.4. As used in this chapter, "quantum computing research; advanced computing; and defense infrastructure network" means the quantum safe fiber network between two (2) or more facilities using qualified equipment to create and connect qualified facilities to a quantum safe fiber network that create a minimum qualified investment of at least fifty million dollars (\$50,000,000) on or before the fifth anniversary of the issuance of the specific transaction award certificate by the corporation. The term includes the land; buildings; site improvements; permitting; lease payments; site characterization and assessment; engineering and design; quantum safe fiber network equipment; rights-of-way; and any other required access; used directly to be a part of:

(1) a qualified advanced computing or a qualified quantum computing research initiative within Indiana;

(2) the deployment or expansion of advanced computing; within Indiana;

(3) the expansion of the defense industry within Indiana; or

(4) the quantum computing research; advanced computing and defense infrastructure network connected to and used for:

(A) quantum research (including computing;



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communication; and networking);

(B) advanced computing; or

(C) defense infrastructure network;

at or related to the federal or state of Indiana military installations; research universities; I-Light; or any other Department of Defense or Indiana National Guard installation within Indiana;

SECTION 14. IC 6-2.5-15-14, AS AMENDED BY P.L.178-2025, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. (a) A qualified data center user or a quantum computing research, advanced computing, and defense infrastructure network operator that holds an interest in a qualified data center or an interest in a quantum computing research, advanced computing, and defense infrastructure network may apply to the corporation for a specific transaction award certificate to make purchases, other than the purchase of utilities described in IC 6-2.5-4-5, that are exempt under this chapter. The request must be on a form prescribed by the corporation.

(b) The corporation has exclusive authority over issues related to issuing a specific transaction award certificate.

(c) If the corporation issues a specific transaction award certificate under this chapter, the certificate must state that the facility is a qualified data center. or a quantum computing research, advanced computing, and defense infrastructure network, as applicable.

(d) A specific transaction award certificate issued by the corporation shall expire not later than:

(1) twenty-five (25) years after the date of issuance; or

(2) in the case of a qualified data center user, fifty (50) years after the date of issuance if the qualified investment is seven hundred fifty million dollars (\$750,000,000) or greater. or

(3) in the case of a quantum computing research, advanced computing, and defense infrastructure network operator, fifty (50) years after the date of issuance if the qualified investment is fifty million dollars (\$50,000,000) or greater within three (3) years of the issuance of the transaction award certificate.

SECTION 15. IC 6-2.5-15-15, AS AMENDED BY P.L.178-2025, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. The following apply if the corporation approves an application for a specific transaction award certificate:

(1) The corporation shall require the qualified data center user or quantum computing research, advanced computing, and defense infrastructure network operator, as applicable, to enter



1 into an agreement with the corporation as a condition of
 2 receiving a specific transaction award certificate under this
 3 chapter.

4 (2) The agreement with the corporation must include:

5 (A) a detailed description of the project that is the subject
 6 of the agreement; that includes documentation of
 7 compliance with the requirement that the investment be
 8 specific to infrastructure for the Indiana defense industry or
 9 quantum computing research or advanced computing;

10 (B) the duration of the specific transaction award certificate
 11 and the first taxable year for which the award provided by
 12 this chapter may be used; and

13 (C) a requirement that the qualified data center user or
 14 quantum computing research, advanced computing, and
 15 defense infrastructure network operator, as applicable,
 16 annually report to the corporation on the amount of taxes
 17 that were not paid by the qualified data center user or
 18 quantum computing research, advanced computing, and
 19 defense infrastructure network operator in connection with
 20 the purchase of data center equipment. or quantum
 21 computing research, advanced computing, and defense
 22 infrastructure network equipment, as applicable.

23 SECTION 16. IC 6-2.5-15-16, AS AMENDED BY P.L.178-2025,
 24 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 25 UPON PASSAGE]: Sec. 16. The sale of qualified data center or
 26 quantum computing research, advanced computing, and defense
 27 infrastructure network equipment is exempt from the state gross retail
 28 tax if the qualified data center equipment: or quantum computing
 29 research, advanced computing, and defense infrastructure network
 30 equipment, as applicable:

31 (1) is sold to a qualified data center user or a quantum
 32 computing research, advanced computing, and defense
 33 infrastructure network approved by the corporation under this
 34 chapter; and

35 (2) will be located in a qualified data center. or is a part of a
 36 quantum safe fiber network or is a part of a quantum computing
 37 research, advanced computing, and defense infrastructure
 38 network.

39 SECTION 17. IC 6-2.5-15-17, AS AMENDED BY P.L.178-2025,
 40 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 UPON PASSAGE]: Sec. 17. A qualified data center user or a quantum
 42 computing research, advanced computing, and defense infrastructure



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network operator is not entitled to the exemption provided by section 16 of this chapter unless the qualified data center user or the quantum computing research, advanced computing, and defense infrastructure network operator provides the seller with an exemption certificate on a form prescribed by the department and a copy of the specific transaction award certificate issued by the corporation. In the case of utilities described in IC 6-2.5-4-5, the qualified data center user may issue an exemption certificate on a form prescribed by the department and a copy of the specific transaction award certificate issued by the corporation to cover all utility purchases from that seller. However, for the corporation to issue a specific transaction award certificate for utilities described in IC 6-2.5-4-5, the qualified data center user must agree to report and remit use tax under this article to the department on the part of the utility purchases used for administration of the facility.

SECTION 18. IC 6-2.5-15-18, AS AMENDED BY P.L.178-2025, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) **This section does not apply to a qualified data center user that is a qualified colocation tenant.**

(a) (b) If the corporation determines that a qualified data center user or a quantum computing research, advanced computing, and defense infrastructure network operator that did not pay taxes as a result of the award provided under this chapter and is not entitled to the award because of the qualified data center user's noncompliance with the requirements of the sales tax award certificate agreement or this chapter, the corporation shall, after giving the qualified data center user or the operator an opportunity to explain the noncompliance:

(1) notify the department of the noncompliance; and

(2) request the department to impose an assessment on the qualified data center user or the quantum computing research, advanced computing, and defense infrastructure network operator in an amount that may not exceed the sum of the taxes not paid as a result of the exemption provided under this chapter together with interest and penalties required or permitted by law.

(b) (c) Notwithstanding the provisions of IC 6-8.1-5-2, an assessment under subsection (a) (b) is considered timely if the department issues a proposed assessment:

(1) not later than one hundred eighty (180) days from the date the department is notified of the noncompliance; or

(2) the date on which a proposed assessment could otherwise be issued in a timely manner under IC 6-8.1-5-2;

whichever is later.

SECTION 19. IC 6-2.5-15-19, AS AMENDED BY P.L.178-2025,



SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 19. Except as provided in section 18 of this chapter, if the corporation approves a qualified data center user's ~~or a quantum computing research, advanced computing, and defense infrastructure network operator's~~ application to receive a specific transaction award certificate and enters into an agreement with the qualified data center user ~~or the quantum computing research, advanced computing, and defense infrastructure network operator~~ for a specific transaction award certificate, the corporation's certification of the qualified data center ~~or the quantum computing research, advanced computing, and defense infrastructure network~~ remains in effect, even if there is a future transfer, sale, or disposition, directly or indirectly, of the qualified data center. ~~or the quantum computing research, advanced computing, and defense infrastructure network.~~ A subsequent owner shall enter into an agreement with the corporation before the subsequent owner is entitled to receive a specific transaction award certificate for the remainder of the eligibility period.

SECTION 20. IC 6-2.5-15-20, AS AMENDED BY P.L.178-2025, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. Beginning in 2030, and every ten (10) years thereafter, the corporation shall submit to the legislative council in an electronic format under IC 5-14-6 an economic and fiscal impact study evaluating the statewide impact of data center ~~investments and quantum computing research, advanced computing, and defense infrastructure network~~ investments in Indiana.

SECTION 21.] IC 6-3-1-11, AS AMENDED BY P.L.194-2023, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2025 (RETROACTIVE)]: Sec. 11. (a) **Except as provided in subsection (e)**, the term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, 2023.

(b) Whenever the Internal Revenue Code is mentioned in this article, or in another provision of the Indiana Code that cites the definition of "Internal Revenue Code" provided in this section, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, 2023, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent that a federal statute in the United States Code is enacted or amended in a title other than the Internal Revenue Code on or before January 1, 2023, and affects federal adjusted gross income, federal taxable



income, federal tax credits, or other federal tax attributes, the federal statute shall be considered to be part of the Internal Revenue Code as amended and in effect on January 1, 2023. To the extent:

(1) the provisions of the Internal Revenue Code apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code, and in effect on January 1, 2023; and

(2) a federal statute in the United States Code that is enacted or amended in a title other than the Internal Revenue Code on or before January 1, 2023, and affects federal adjusted gross income, federal taxable income, federal tax credits, or other federal tax attributes applies to this article, regulations adopted under the federal statute of the United States Code and in effect on January 1, 2023;

shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, 2023, other than the federal 21st Century Cures Act (P.L. 114-255) and the federal Disaster Tax Relief and Airport and Airway Extension Act of 2017 (P.L. 115-63), that is effective for any taxable year that began before January 1, 2023, and that affects:

(1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);

(2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);

(3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);

(4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);

(5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or

(6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under section 3.5 of this chapter and IC 6-5.5-1-2.

(d) This subsection applies to a taxable year ending before January 1, 2013. The following provisions of the Internal Revenue Code that were amended by the Tax Relief Act, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) are treated as though they were not amended by the Tax Relief Act,



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Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312):

(1) Section 1367(a)(2) of the Internal Revenue Code pertaining to an adjustment of basis of the stock of shareholders.

(2) Section 871(k)(1)(C) and 871(k)(2)(C) of the Internal Revenue Code pertaining to the treatment of certain dividends of regulated investment companies.

(3) Section 897(h)(4)(A)(ii) of the Internal Revenue Code pertaining to regulated investment companies qualified entity treatment.

(4) Section 512(b)(13)(E)(iv) of the Internal Revenue Code pertaining to the modification of tax treatment of certain payments to controlling exempt organizations.

(5) Section 613A(c)(6)(H)(ii) of the Internal Revenue Code pertaining to the limitations on percentage depletion in the case of oil and gas wells.

(6) Section 451(i)(3) of the Internal Revenue Code pertaining to special rule for sales or dispositions to implement Federal Energy Regulatory Commission or state electric restructuring policy for qualified electric utilities.

(7) Section 954(c)(6) of the Internal Revenue Code pertaining to the look-through treatment of payments between related controlled foreign corporation under foreign personal holding company rules.

The department shall develop forms and adopt any necessary rules under IC 4-22-2 to implement this subsection.

(e) Solely for purposes of the provisions specified in subsection (f), the term "Internal Revenue Code" shall mean the Internal Revenue Code as in effect on July 4, 2025, and any reference to January 1, 2023, in this section shall be applied as if the reference is to July 4, 2025.

(f) The provisions to which subsection (e) is to be applied are as follows:

(1) Section 23 of the Internal Revenue Code.

(2) Section 168(e)(3)(B)(vi) of the Internal Revenue Code.

(3) Section 223(c)(2)(E) of the Internal Revenue Code.

SECTION  [\[22\]](#). An emergency is declared for this act. [\[](#)

[\]](#)

