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SENATE BILL No. 212

Proposed Changes to January 12, 2026 printing by AM021203

DIGEST OF PROPOSED AMENDMENT

Internal Revenue Code conformity and certain budget amounts. Provides that certain provisions of the Indiana Code are not conformed with Public Law 119-21 (the One Big Beautiful Bill Act) until July 1, 2027. Restores prekindergarten, childcare, and public health funding amounts to the amounts appropriated in the 2023 budget.

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

7 (b) Whenever the Internal Revenue Code is mentioned in this
8 article, or in another provision of the Indiana Code that cites the
9 definition of "Internal Revenue Code" provided in this section, the
10 particular provisions that are referred to, together with all the other
11 provisions of the Internal Revenue Code in effect on January 1, 2023,
12 that pertain to the provisions specifically mentioned, shall be regarded
13 as incorporated in this article by reference and have the same force and
14 effect as though fully set forth in this article. To the extent that a
15 federal statute in the United States Code is enacted or amended in a
16 title other than the Internal Revenue Code on or before January 1,
17 2023, and affects federal adjusted gross income, federal taxable
18 income, federal tax credits, or other federal tax attributes, the federal

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1 statute shall be considered to be part of the Internal Revenue Code as
 2 amended and in effect on January 1, 2023. To the extent:

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

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

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

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

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

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

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

28 (4) life insurance company taxable income (as defined in Section
 29 801(b) of the Internal Revenue Code);

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

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

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

37 (d) This subsection applies to a taxable year ending before January
 38 1, 2013. The following provisions of the Internal Revenue Code that
 39 were amended by the Tax Relief Act, Unemployment Insurance
 40 Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) are
 41 treated as though they were not amended by the Tax Relief Act,
 42 Unemployment Insurance Reauthorization, and Job Creation Act of

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1 2010 (P.L. 111-312):

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

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

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

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

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

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

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

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

26 (e) **Solely for purposes of the provisions specified in subsection**
27 (f), [and only for the period beginning after June 30, 2027,]the
28 term "Internal Revenue Code" shall mean the Internal Revenue
29 Code as in effect on July 4, 2025, and any reference to January 1,
30 2023, in this section shall be applied as if the reference is to July 4,
31 2025.

32 (f) The provisions to which subsection (e) is to be applied [after
33 June 30, 2027,]are as follows:

34 (1) Section 23 of the Internal Revenue Code.
35 (2) Section 168(e)(3)(B)(vi) of the Internal Revenue Code.
36 (3) Section 223(c)(2)(E) of the Internal Revenue Code.

37 [SECTION 2. [EFFECTIVE JULY 1, 2025 (RETROACTIVE)](a)
38 The funding amounts currently appropriated in HEA 1001-2025
39 for:

40 (1) prekindergarten education;
41 (2) childcare; and
42 (3) public health;

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1 are increased to the extent necessary to be equal to the amounts
2 appropriated for those items in HEA 1001-2023.

3 (b) This SECTION expires June 30, 2027.

4 1 SECTION ~~2~~²[3]. An emergency is declared for this act.

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