

# HOUSE BILL No. 1618

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-3-7.2; IC 6-1.1-37-7.

**Synopsis:** Exemption for new business personal property. Provides that for business personal property purchased after December 31, 2023, the total acquisition cost of a taxpayer's total business personal property in a county for an assessment date is exempt from taxation.

**Effective:** January 1, 2024.

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**Payne, Morrison, Sweet, Hostettler**

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January 19, 2023, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 123rd General Assembly (2023)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2022 Regular Session of the General Assembly.

# HOUSE BILL No. 1618



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 6-1.1-3-7.2, AS AMENDED BY P.L.137-2022,  
2 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2024]: Sec. 7.2. (a) This section applies to assessment  
4 dates occurring after December 31, 2015.  
5 (b) As used in this section, "affiliate" means an entity that  
6 effectively controls or is controlled by a taxpayer or is associated with  
7 a taxpayer under common ownership or control, whether by  
8 shareholdings or other means.  
9 (c) As used in this section, "business personal property" means  
10 personal property that:  
11 (1) is otherwise subject to assessment and taxation under this  
12 article;  
13 (2) is used in a trade or business or otherwise held, used, or  
14 consumed in connection with the production of income; and  
15 (3) was:  
16 (A) acquired by the taxpayer in an arms length transaction  
17 from an entity that is not an affiliate of the taxpayer, if the



1 personal property has been previously used in Indiana before  
 2 being placed in service in the county; or  
 3 (B) acquired in any manner, if the personal property has never  
 4 been previously used in Indiana before being placed in service  
 5 in the county.

6 The term does not include mobile homes assessed under IC 6-1.1-7,  
 7 personal property held as an investment, or personal property that is  
 8 assessed under IC 6-1.1-8 and is owned by a public utility subject to  
 9 regulation by the Indiana utility regulatory commission. However, the  
 10 term does include the personal property of a telephone company or a  
 11 communications service provider if that personal property meets the  
 12 requirements of subdivisions (1) through (3), regardless of whether that  
 13 personal property is assessed under IC 6-1.1-8 and regardless of  
 14 whether the telephone company or communications service provider is  
 15 subject to regulation by the Indiana utility regulatory commission.

16 (d) **This subsection applies to business personal property**  
 17 **purchased before January 1, 2024.** Notwithstanding section 7 of this  
 18 chapter, if the acquisition cost of a taxpayer's total business personal  
 19 property in a county is less than eighty thousand dollars (\$80,000) for  
 20 that assessment date, the taxpayer's business personal property in the  
 21 county for that assessment date is exempt from taxation.

22 (e) **This subsection applies to business personal property**  
 23 **purchased after December 31, 2023. Notwithstanding section 7 of**  
 24 **this chapter, the total acquisition cost of a taxpayer's total business**  
 25 **personal property in a county for an assessment date is exempt**  
 26 **from taxation.**

27 ~~(e)~~ (f) Subject to subsection ~~(f)~~; (g), a taxpayer that is eligible for the  
 28 exemption under this section for an assessment date shall include the  
 29 following information on the taxpayer's personal property tax return:

- 30 (1) A declaration that the taxpayer's business personal property in  
 31 the county is exempt from property taxation.  
 32 (2) Whether the taxpayer's business personal property within the  
 33 county is in one (1) location or multiple locations.  
 34 (3) An address for the location of the property.

35 If the business personal property is in multiple locations within a  
 36 county, the taxpayer shall provide an address for the location where the  
 37 sum of acquisition costs for business personal property is greatest. If  
 38 two (2) or more addresses contain the greatest equivalent sum of  
 39 acquisition costs for business personal property within a given county,  
 40 the taxpayer shall choose only one (1) address to list on the return.

41 ~~(f)~~ (g) Beginning after December 31, 2022, a taxpayer that has  
 42 included the information required under subsection ~~(e)~~ (f) on the



1 taxpayer's personal property tax return to claim the exemption under  
2 this section is not required to file a personal property return for the  
3 taxpayer's business personal property for an assessment date that  
4 occurs after the assessment date for which the information is first  
5 provided under subsection ~~(e)~~; (f), unless or until the taxpayer no  
6 longer qualifies for the exemption under subsection (d) for a  
7 subsequent assessment date.

8 SECTION 2. IC 6-1.1-37-7, AS AMENDED BY P.L.153-2021,  
9 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
10 JANUARY 1, 2024]: Sec. 7. (a) If a person fails to file a required  
11 personal property return on or before the due date, the county auditor  
12 shall add a penalty of twenty-five dollars (\$25) to the person's next  
13 property tax installment. The county auditor shall also add an  
14 additional penalty to the taxes payable by the person if the person fails  
15 to file the personal property return within thirty (30) days after the due  
16 date. The amount of the additional penalty is twenty percent (20%) of  
17 the taxes finally determined to be due with respect to the personal  
18 property which should have been reported on the return.

19 (b) For purposes of this section, a personal property return is not due  
20 until the expiration of any extension period granted by the township or  
21 county assessor under IC 6-1.1-3-7(b).

22 (c) The penalties prescribed under this section do not apply to an  
23 individual or the individual's dependents if the individual:

24 (1) is in the military or naval forces of the United States on the  
25 assessment date; and

26 (2) is covered by the federal Servicemembers Civil Relief Act (50  
27 U.S.C. App. 501 et seq.) or IC 10-16-20.

28 (d) If a person subject to IC 6-1.1-3-7(c) fails to include on a  
29 personal property return the information, if any, that the department of  
30 local government finance requires under IC 6-1.1-3-9 or IC 6-1.1-5-13,  
31 the county auditor shall add a penalty to the property tax installment  
32 next due for the return. The amount of the penalty is twenty-five dollars  
33 (\$25).

34 (e) If the total assessed value that a person reports on a personal  
35 property return is less than the total assessed value that the person is  
36 required by law to report and if the amount of the undervaluation  
37 exceeds five percent (5%) of the value that should have been reported  
38 on the return, then the county auditor shall add a penalty of twenty  
39 percent (20%) of the additional taxes finally determined to be due as  
40 a result of the undervaluation. The penalty shall be added to the  
41 property tax installment next due for the return on which the property  
42 was undervalued. If a person has complied with all of the requirements



1 for claiming a deduction, an exemption, or an adjustment for abnormal  
 2 obsolescence, then the increase in assessed value that results from a  
 3 denial of the deduction, exemption, or adjustment for abnormal  
 4 obsolescence is not considered to result from an undervaluation for  
 5 purposes of this subsection.

6 (f) If a person required by ~~IC 6-1.1-3-7.2(e)~~ **IC 6-1.1-3-7.2(f)** to  
 7 declare on the taxpayer's personal property tax return that the taxpayer's  
 8 business personal property is exempt fails to timely file the taxpayer's  
 9 personal property tax return with the declaration, the county auditor  
 10 shall impose a penalty of twenty-five dollars (\$25) that must be paid by  
 11 the person with the next property tax installment that is collected. A  
 12 county shall include the penalty on a property tax bill associated with  
 13 the tax district in which the majority value of the taxpayer's business  
 14 personal property within the county is located, as determined by the  
 15 county assessor.

16 (g) A penalty is due with an installment under subsection (a), (d),  
 17 (e), or (f) whether or not an appeal is filed under IC 6-1.1-15-5 with  
 18 respect to the tax due on that installment.

19 **SECTION 3. [EFFECTIVE JANUARY 1, 2024] (a) IC 6-1.1-3-7.2**  
 20 **and IC 6-1.1-37-7, both as amended by this act, apply to taxable**  
 21 **years beginning after December 31, 2023.**

22 **(b) This SECTION expires July 1, 2026.**

