



January 21, 2015

SENATE BILL No. 25

DIGEST OF SB 25 (Updated January 20, 2015 12:37 pm - DI 120)

Citations Affected: IC 6-6.

Synopsis: Aircraft license excise tax. Eliminates the provision in current law that automatically reclassifies an aircraft in an aircraft dealer's inventory from the status of "aircraft inventory" to the status of "property of a nondealer" after the aircraft dealer has held the aircraft in inventory for 18 months. Provides that a dealer who has had an aircraft reclassified out of the dealer's aircraft inventory because of the provision may: (1) elect to return the aircraft to the dealer's aircraft inventory; and (2) obtain a refund of the registration fees and sales or use taxes that were required to be paid when the statutory reclassification occurred (including any penalties and interest), if paid within the previous three years.

Effective: July 1, 2015.

Zakas

January 6, 2015, read first time and referred to Committee on Rules & Legislative Procedure.

January 7, 2015, amended, reported favorably — Do Pass; reassigned to Committee on Tax & Fiscal Policy.

January 20, 2015, amended, reported favorably — Do Pass.

SB 25—LS 6022/DI 13



January 21, 2015

First Regular Session 119th General Assembly (2015)

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 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 25

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 6-6-6.5-10.6 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 10.6. (a) A dealer may
3 not use inventory aircraft for any purpose other than for resale and
4 demonstration flights unless the dealer charges the fair market rental
5 or lease value and complies with all applicable statutes, rules, and
6 procedures of the department.
7 (b) Failure to comply or failure to provide proof of compliance to
8 the department may be cause for immediate revocation of the dealer's
9 certificate. However, the dealer has one hundred eighty (180) days after
10 the date of the order to sell the dealer's inventory.
11 (c) An aircraft used for other purposes shall no longer be considered
12 aircraft inventory and shall be treated as property of a nondealer. The
13 registration fee and all applicable taxes become due thirty-one (31)
14 days after the date the improper use begins.
15 (d) ~~An inventory aircraft held for more than eighteen (18) months~~
16 ~~is no longer considered aircraft inventory and is treated as property of~~

SB 25—LS 6022/DI 13



1 a nondealer. The registration fee and all applicable taxes are due
 2 thirty-one (31) days after the date the eighteen (18) month period ends:

3 SECTION 2. IC 6-6-6.5-26 IS ADDED TO THE INDIANA CODE
 4 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 5 1, 2015]: **Sec. 26. (a) This section applies only to an aircraft that:**

- 6 (1) is held by a dealer on July 1, 2015; and
 7 (2) ceased to be considered aircraft inventory of the dealer on
 8 a date occurring before July 1, 2015, and began to be treated
 9 as property of a nondealer under section 10.6(d) of this
 10 chapter (before its repeal).

11 (b) A dealer who holds an aircraft to which this section applies
 12 may elect to reclassify the aircraft as aircraft inventory in the
 13 manner prescribed by the department.

14 (c) If:

- 15 (1) a dealer makes an election under subsection (b) for an
 16 aircraft to which this section applies; and
 17 (2) as of July 1, 2015, the dealer owed unpaid registration fees,
 18 state gross retail or use taxes, penalties, or interest because of
 19 the reclassification of the aircraft under section 10.6(d) of this
 20 chapter (before its repeal);

21 the dealer is entitled to a credit against the liability in an amount
 22 equal to the total of the unpaid registration fees, state gross retail
 23 or use taxes, penalties, and interest attributable to the
 24 reclassification of the aircraft under section 10.6(d) of this chapter
 25 (before its repeal). A dealer must claim the credit in the manner
 26 prescribed by the department. The department shall notify dealers
 27 of the availability of the credit.

28 (d) Subject to IC 6-8.1-9-1, a dealer who makes an election
 29 under subsection (b) for an aircraft to which this section applies is
 30 eligible to receive a refund of:

- 31 (1) the registration fees and the state gross retail or use taxes
 32 that were paid by the dealer for the aircraft because of the
 33 reclassification of the aircraft as property of a nondealer
 34 under section 10.6(d) of this chapter (before its repeal); and
 35 (2) any penalties and interest that have been assessed and paid
 36 to the department by the dealer that are attributable to the
 37 registration fees or the gross retail or use taxes for which a
 38 refund is claimed by the dealer under subdivision (1).

39 The department shall notify dealers of the availability of the
 40 refund.

41 (e) This section expires July 1, 2018.



COMMITTEE REPORT

Madam President: The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 25, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete the title and insert the following:

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

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill be reassigned to the Senate Committee on Tax & Fiscal Policy.

(Reference is to SB 25 as introduced.)

LONG, Chairperson

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 25, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 30, delete "apply for" and insert "**receive**".

Page 2, line 30, after "of" insert ":

(1)".

Page 2, line 34, delete "." and insert "; **and**

(2) any penalties and interest that have been assessed and paid to the department by the dealer that are attributable to the registration fees or the gross retail or use taxes for which a refund is claimed by the dealer under subdivision (1).".



Page 2, line 34, beginning with "The" begin a new line blocked left.
and when so amended that said bill do pass.

(Reference is to SB 25 as printed January 8, 2015.)

HERSHMAN, Chairperson

Committee Vote: Yeas 12, Nays 0.

