



March 17, 2017

ENGROSSED SENATE BILL No. 172

DIGEST OF SB 172 (Updated March 15, 2017 1:45 pm - DI 84)

Citations Affected: IC 6-2.5; noncode.

Synopsis: Sales tax on recreational vehicles and cargo trailers. Provides that in the case of a transaction that: (1) occurs after June 30, 2017, and before July 1, 2019; (2) is not exempt from sales tax; and (3) involves a cargo trailer or recreational vehicle that: (A) is purchased by a nonresident; (B) the purchaser intends to transport outside Indiana and title or register in another state or country; and (C) will not be titled or registered in Indiana; the sales tax rate on the cargo trailer or recreational vehicle is the rate of the other state or other country in which the cargo trailer or recreational vehicle will be titled or registered, as certified by the seller and purchaser in an affidavit. Authorizes the department of state revenue (department), with the approval of the governor and the budget agency after the review of the state budget committee, to enter into reciprocal agreements with other states concerning a sales tax exemption for cargo trailers and recreational vehicles that will be purchased in a state by a nonresident and then titled in another state. Requires the department to report to the interim study committee on fiscal policy concerning efforts to enter into such reciprocity agreements.

Effective: Upon passage; July 1, 2017.

Doriot, Glick, Zakas, Niezgodski

(HOUSE SPONSORS — CHERRY, FRIEND, MILLER D)

January 9, 2017, read first time and referred to Committee on Tax and Fiscal Policy.
January 31, 2017, amended, reported favorably — Do Pass.
February 2, 2017, read second time, ordered engrossed. Engrossed.
February 6, 2017, read third time, passed. Yeas 47, nays 1.

HOUSE ACTION

February 28, 2017, read first time and referred to Committee on Ways and Means.
March 16, 2017, reported — Do Pass.

ES 172—LS 6502/DI 120



March 17, 2017

First Regular Session 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 172

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 6-2.5-2-4 IS ADDED TO THE INDIANA CODE
2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2017]: **Sec. 4. (a) As used in this section, "cargo trailer" has the**
4 **meaning set forth in IC 6-2.5-5-39.**
5 **(b) As used in this section, "recreational vehicle" has the**
6 **meaning set forth in IC 6-2.5-5-39.**
7 **(c) Notwithstanding section 2 of this chapter, in the case of a**
8 **transaction that:**
9 **(1) is not exempt from taxation under IC 6-2.5-5-39; and**
10 **(2) involves a cargo trailer or recreational vehicle that:**
11 **(A) is purchased by a nonresident;**
12 **(B) the purchaser intends to:**
13 **(i) transport to a destination outside Indiana within**
14 **thirty (30) days after delivery; and**
15 **(ii) title or register for use in another state or country;**
16 **and**
17 **(C) will not be titled or registered for use in Indiana;**

ES 172—LS 6502/DI 120



1 the state gross retail tax rate on the cargo trailer or recreational
 2 vehicle is the rate of the other state or other country (excluding any
 3 locally imposed tax rates) in which the cargo trailer or recreational
 4 vehicle will be titled or registered, as certified by the seller and
 5 purchaser in an affidavit satisfying the requirements of subsection
 6 (d).

7 (d) The department shall prescribe the form of the affidavit
 8 required by subsection (c). In addition to the certification required
 9 by subsection (c), the affidavit must include the following:

10 (1) The name of the state or country in which the cargo trailer
 11 or recreational vehicle will be titled or registered.

12 (2) An affirmation by the purchaser under the penalties for
 13 perjury that the information contained in the affidavit is true.

14 (3) Any other information required by the department for the
 15 purpose of verifying the information contained in the
 16 affidavit.

17 (e) The department may audit affidavits submitted under this
 18 section and make a proposed assessment of the amount of unpaid
 19 tax due with respect to any incorrect information submitted in an
 20 affidavit required by this section.

21 (f) This section expires June 30, 2019.

22 SECTION 2. IC 6-2.5-10-6 IS ADDED TO THE INDIANA CODE
 23 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 24 1, 2017]: Sec. 6. The department, with the approval of the governor
 25 and the budget agency after the review of the state budget
 26 committee, may enter into an agreement with another state to
 27 provide that:

28 (1) Indiana residents who purchase a cargo trailer or
 29 recreational vehicle in the other state and will title or register
 30 the cargo trailer or recreational vehicle in Indiana will be
 31 exempt from sales, use, or similar taxes in the other state on
 32 the purchase of the cargo trailer or recreational vehicle; and

33 (2) the residents of the other state who purchase a cargo
 34 trailer or recreational vehicle in Indiana and will title or
 35 register the cargo trailer or recreational vehicle in the other
 36 state will be exempt from sales, use, or similar taxes in
 37 Indiana on the purchase of the cargo trailer or recreational
 38 vehicle.

39 SECTION 3. [EFFECTIVE JULY 1, 2017] (a) IC 6-2.5-2-4, as
 40 added by this act, applies only to retail transactions occurring after
 41 June 30, 2017, and before July 1, 2019.

42 (b) Except as provided in subsections (c) and (d), a retail



1 transaction is considered to have occurred after June 30, 2017, and
 2 before July 1, 2019, if the property whose transfer constitutes
 3 selling at retail is delivered to the purchaser or to the place of
 4 delivery designated by the purchaser after June 30, 2017, and
 5 before July 1, 2019.

6 (c) Notwithstanding the delivery of the property constituting
 7 selling at retail after June 30, 2017, a transaction is considered to
 8 have occurred before July 1, 2017, to the extent that:

9 (1) the agreement of the parties to the transaction is entered
 10 into before July 1, 2017; and

11 (2) payment for the property furnished in the transaction is
 12 made before July 1, 2017.

13 (d) Notwithstanding the delivery of the property constituting
 14 selling at retail after June 30, 2019, a transaction is considered to
 15 have occurred before July 1, 2019, to the extent that:

16 (1) the agreement of the parties to the transaction is entered
 17 into before July 1, 2019; and

18 (2) payment for the property furnished in the transaction is
 19 made before July 1, 2019.

20 (e) This SECTION expires January 1, 2020.

21 SECTION 4. [EFFECTIVE UPON PASSAGE] (a) The
 22 department of state revenue shall do the following:

23 (1) Attempt to enter into a reciprocity agreement under
 24 IC 6-2.5-10-6, as added by this act, with the appropriate
 25 officers of each state that does not allow an exemption from
 26 sales, use, or similar taxes on cargo trailers or recreational
 27 vehicles that are purchased in that state by Indiana residents
 28 and will be titled or registered in Indiana.

29 (2) Report to the interim study committee on fiscal policy
 30 before November 1, 2017, concerning:

31 (A) the efforts of the department of state revenue to enter
 32 into reciprocity agreements under IC 6-2.5-10-6, as added
 33 by this act;

34 (B) the reciprocity agreements that have been entered into
 35 by the department of state revenue; and

36 (C) if applicable, the reasons why the department of state
 37 revenue has been unable to enter into a reciprocity
 38 agreement with one (1) or more states.

39 (b) This SECTION expires July 1, 2018.

40 SECTION 5. An emergency is declared for this act.



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 172, 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 1, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 1. IC 6-2.5-2-4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 4. (a) As used in this section, "cargo trailer" has the meaning set forth in IC 6-2.5-5-39.**

(b) As used in this section, "recreational vehicle" has the meaning set forth in IC 6-2.5-5-39.

(c) Notwithstanding section 2 of this chapter, in the case of a transaction that:

(1) is not exempt from taxation under IC 6-2.5-5-39; and

(2) involves a cargo trailer or recreational vehicle that:

(A) is purchased by a nonresident;

(B) the purchaser intends to:

(i) transport to a destination outside Indiana within thirty (30) days after delivery; and

(ii) title or register for use in another state or country; and

(C) will not be titled or registered for use in Indiana;

the state gross retail tax rate on the cargo trailer or recreational vehicle is the rate of the other state or other country (excluding any locally imposed tax rates) in which the cargo trailer or recreational vehicle will be titled or registered, as certified by the seller and purchaser in an affidavit satisfying the requirements of subsection (d).

(d) The department shall prescribe the form of the affidavit required by subsection (c). In addition to the certification required by subsection (c), the affidavit must include the following:

(1) The name of the state or country in which the cargo trailer or recreational vehicle will be titled or registered.

(2) An affirmation by the purchaser under the penalties for perjury that the information contained in the affidavit is true.

(3) Any other information required by the department for the purpose of verifying the information contained in the affidavit.

(e) The department may audit affidavits submitted under this section and make a proposed assessment of the amount of unpaid tax due with respect to any incorrect information submitted in an



affidavit required by this section.

(f) This section expires June 30, 2019.

SECTION 2. IC 6-2.5-10-6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 6. The department, with the approval of the governor and the budget agency after the review of the state budget committee, may enter into an agreement with another state to provide that:**

- (1) Indiana residents who purchase a cargo trailer or recreational vehicle in the other state and will title or register the cargo trailer or recreational vehicle in Indiana will be exempt from sales, use, or similar taxes in the other state on the purchase of the cargo trailer or recreational vehicle; and**
- (2) the residents of the other state who purchase a cargo trailer or recreational vehicle in Indiana and will title or register the cargo trailer or recreational vehicle in the other state will be exempt from sales, use, or similar taxes in Indiana on the purchase of the cargo trailer or recreational vehicle."**

Page 2, delete lines 1 through 32.

Page 2, line 33, delete "IC 6-2.5-5-39," and insert "**IC 6-2.5-2-4**,".

Page 2, line 34, delete "amended" and insert "**added**".

Page 2, line 35, after "2017" delete "." and insert "**, and before July 1, 2019.**".

Page 2, line 36, delete "subsection (c)," and insert "**subsections (c) and (d)**,".

Page 2, line 37, after "2017," insert "**and before July 1, 2019**,".

Page 2, line 40, after "2017" delete "." and insert "**, and before July 1, 2019.**".

Page 3, between lines 5 and 6, begin a new paragraph and insert:

"(d) Notwithstanding the delivery of the property constituting selling at retail after June 30, 2019, a transaction is considered to have occurred before July 1, 2019, to the extent that:

- (1) the agreement of the parties to the transaction is entered into before July 1, 2019; and**
- (2) payment for the property furnished in the transaction is made before July 1, 2019."**

Page 3, line 6, delete "(d)" and insert "**(e)**".

Page 3, line 6, delete "2018." and insert "**2020.**".

Page 3, after line 6, begin a new paragraph and insert:

"SECTION 4. [EFFECTIVE UPON PASSAGE] (a) The department of state revenue shall do the following:

ES 172—LS 6502/DI 120



(1) Attempt to enter into a reciprocity agreement under IC 6-2.5-10-6, as added by this act, with the appropriate officers of each state that does not allow an exemption from sales, use, or similar taxes on cargo trailers or recreational vehicles that are purchased in that state by Indiana residents and will be titled or registered in Indiana.

(2) Report to the interim study committee on fiscal policy before November 1, 2017, concerning:

(A) the efforts of the department of state revenue to enter into reciprocity agreements under IC 6-2.5-10-6, as added by this act;

(B) the reciprocity agreements that have been entered into by the department of state revenue; and

(C) if applicable, the reasons why the department of state revenue has been unable to enter into a reciprocity agreement with one (1) or more states.

(b) This SECTION expires July 1, 2018.

SECTION 5. An emergency is declared for this act."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 172 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 14, Nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 172, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to SB 172 as printed February 1, 2017.)

BROWN T

Committee Vote: Yeas 18, Nays 0

