

February 18, 1998

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# ENGROSSED SENATE BILL No. 370

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DIGEST OF SB 370 (Updated February 17, 1998 1:23 pm - DI 94)

**Citations Affected:** IC 6-6.

**Synopsis:** Motor vehicle excise tax information. Requires the bureau of motor vehicles to issue motor vehicle excise tax refunds. Provides that the bureau may retain a \$3 fee from a refund. (Current law requires the county auditor to issue the refund and provides that the bureau must transfer \$1.50 of the fee to the county issuing the refund.) Requires the bureau to verify the collection of the motor vehicle excise tax by the license branches. Requires the bureau to provide the county auditor adequate and accurate registration form information. Provides for the administration of excise taxes after the subtraction of any refunds made by the license branch.

**Effective:** See text of bill.

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## Skillman, Jackman

(HOUSE SPONSORS — CROSBY, FRIEND)

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January 8, 1998, read first time and referred to Committee on Governmental and Regulatory Affairs.

January 29, 1998, reported favorably — Do Pass.

February 2, 1998, read second time, amended, ordered engrossed.

February 3, 1998, engrossed. Read third time, passed. Yeas 50, nays 0.

### HOUSE ACTION

February 10, 1998, read first time and referred to Committee on Local Government.

February 17, 1998, amended, reported — Do Pass.

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February 18, 1998

Second Regular Session 110th General Assembly (1998)

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 1997 General Assembly.

## ENGROSSED SENATE BILL No. 370

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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 6-6-5-7, AS AMENDED BY P.L.43-1994,  
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 1999]: Sec. 7. (a) In respect to a vehicle that has been  
4 acquired, or brought into the state, or for any other reason becomes  
5 subject to registration after the regular annual registration date in the  
6 year on or before which the owner of the vehicle is required, under the  
7 motor vehicle registration laws of Indiana, to register vehicles, the tax  
8 imposed by this chapter shall become due and payable at the time the  
9 vehicle is acquired, brought into the state, or otherwise becomes  
10 subject to registration and the amount of tax to be paid by the owner for  
11 the remainder of the year shall be reduced by ten percent (10%) for  
12 each full calendar month that has elapsed since the regular annual  
13 registration date in the year fixed by the motor vehicle registration laws  
14 for annual registration by the owner. The tax shall be paid at the time  
15 of the registration of the vehicle.  
16 (b) In the case of a vehicle that is acquired, or brought into the state,  
17 or for any other reason becomes subject to registration after January 1

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1 of any year, then the owner may pay the applicable registration fee on  
 2 the vehicle as provided in the motor vehicle registration laws and any  
 3 excise tax due on the vehicle for the remainder of the annual  
 4 registration year and simultaneously register the vehicle and pay the  
 5 applicable registration fee and the excise tax due for the next  
 6 succeeding annual registration year.

7 (c) Except as provided in subsection (f), no reduction in the  
 8 applicable annual excise tax will be allowed to an Indiana resident  
 9 applicant upon registration of any vehicle that was owned by the  
 10 applicant on or prior to the registrant's annual registration period. A  
 11 vehicle owned by an Indiana resident applicant that was located in and  
 12 registered for use in another state during the same calendar year shall  
 13 be entitled to the same reduction when registered in Indiana.

14 (d) The owner of a vehicle who sells the vehicle in a year in which  
 15 the owner has paid the tax imposed by this chapter, shall receive a  
 16 credit equal to the remainder of:

- 17 (1) the tax paid for the vehicle; reduced by  
 18 (2) ten percent (10%) for each full or partial calendar month that  
 19 has elapsed in the registrant's annual registration year before the  
 20 date of the sale.

21 The credit shall be applied to the tax due on any other vehicle  
 22 purchased or subsequently registered by the owner in the same  
 23 registrant's annual registration year. If the credit is not fully used and  
 24 the amount of the credit remaining is at least four dollars (\$4), the  
 25 owner is entitled to a refund in the amount of the unused credit. The  
 26 owner must pay a fee of three dollars (\$3) to the bureau to cover costs  
 27 of providing the refund, which may be deducted from the refund. ~~The~~  
 28 ~~bureau shall transfer to the county that will issue the refund one dollar~~  
 29 ~~and fifty cents (\$1.50) of the fee to cover the county's costs in~~  
 30 ~~processing the refund. The bureau shall issue the refund.~~ The bureau  
 31 shall transfer to the bureau of motor vehicles commission ~~one dollar~~  
 32 ~~and fifty cents (\$1.50) three dollars (\$3)~~ of the fee to cover the  
 33 commission's costs in processing the refund. To claim the credit and  
 34 refund provided by this subsection, the owner of the vehicle must  
 35 present to the bureau proof of sale of the vehicle.

36 (e) Subject to the requirements of subsection (g), the owner of a  
 37 vehicle that is destroyed in a year in which the owner has paid the tax  
 38 imposed by this chapter, which vehicle is not replaced by a  
 39 replacement vehicle for which a credit is issued under this section,  
 40 shall receive a refund in an amount equal to ten percent (10%) of the  
 41 tax paid for each full calendar month remaining in the registrant's  
 42 annual registration year after the date of destruction, but only upon



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- 1 presentation or return to the bureau of the following:
- 2 (1) A request for refund on a form furnished by the bureau.
- 3 (2) A statement of proof of destruction on an affidavit furnished
- 4 by the bureau.
- 5 (3) The license plate from the vehicle.
- 6 (4) The registration from the vehicle.

7 However, the refund may not exceed ninety percent (90%) of the tax  
 8 paid on the destroyed vehicle. The amount shall be refunded by a  
 9 warrant issued by the auditor of the county that received the excise tax  
 10 revenue and shall be paid out of the special account created for  
 11 settlement of the excise tax collections under IC 6-6-5-10. For purposes  
 12 of this subsection, a vehicle is considered destroyed if the cost of repair  
 13 of damages suffered by the vehicle exceeds the vehicle's fair market  
 14 value.

15 (f) If the name of the owner of a vehicle is legally changed and the  
 16 change has caused a change in the owner's annual registration date, the  
 17 excise tax liability of the owner shall be adjusted as follows:

18 (1) If the name change requires the owner to register sooner than  
 19 the owner would have been required to register if there had been  
 20 no name change, the owner shall, at the time the name change is  
 21 reported, be authorized a refund from the county treasurer in the  
 22 amount of the product of:

23 (A) ten percent (10%) of the owner's last preceding annual  
 24 excise tax liability; and

25 (B) the number of full calendar months between the owner's  
 26 new regular annual registration month and the next succeeding  
 27 regular annual registration month that is based on the owner's  
 28 former name.

29 (2) If the name change required the owner to register later than  
 30 the owner would have been required to register if there had been  
 31 no name change, the vehicle shall be subject to excise tax for the  
 32 period between the month in which the owner would have been  
 33 required to register if there had been no name change and the new  
 34 regular annual registration month in the amount of the product of:

35 (A) ten percent (10%) of the owner's excise tax liability  
 36 computed as of the time the owner would have been required  
 37 to register if there had been no name change; and

38 (B) the number of full calendar months between the month in  
 39 which the owner would have been required to register if there  
 40 had been no name change and the owner's new regular annual  
 41 registration month.

42 (g) In order to claim a credit under subsection (e) for a vehicle that

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1 is destroyed, the owner of the vehicle must present to the bureau of  
 2 motor vehicles a valid registration for the vehicle within ninety (90)  
 3 days of the date that it was destroyed. The bureau shall then fix the  
 4 amount of the credit that the owner is entitled to receive.

5 SECTION 2. IC 6-6-5-9, AS AMENDED BY P.L.62-1996,  
 6 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 7 JANUARY 1, 1999]: Sec. 9. (a) The bureau, in the administration and  
 8 collection of the annual license excise tax imposed by this chapter, may  
 9 utilize the services and facilities of license branches operated under  
 10 IC 9-16 in its administration of the motor vehicle registration laws of  
 11 the state of Indiana. The license branches may be so utilized in  
 12 accordance with such procedures, in such manner, and to such extent  
 13 as the bureau shall deem necessary and proper to implement and  
 14 effectuate the administration and collection of the excise tax imposed  
 15 by this chapter. However, in the event the bureau shall utilize such  
 16 license branches in the collection of excise tax, the following apply:

17 (1) The excise taxes so collected by each license branch, **less any**  
 18 **refunds made by the license branch**, shall be deposited daily by  
 19 the license branch in a separate account in a depository duly  
 20 designated by the state board of finance. The county treasurer of  
 21 the county for which the collections are due may withdraw funds  
 22 from the account at least two (2) times each week. The county  
 23 treasurer is responsible for the safekeeping and investment of  
 24 money withdrawn by the county treasurer under this subsection.  
 25 Before the eleventh day of the month following the month in  
 26 which the collections are made, the bureau of motor vehicles shall  
 27 report the excise taxes collected **and refunds made** outside the  
 28 county to the county treasurer of the county to which the  
 29 collections are due **and the refunds apply**. The bureau shall  
 30 forward a copy of this excise tax report to the county auditor of  
 31 the county.

32 (2) A license branch shall each week forward a report to the  
 33 county auditor of the county to whom the collections are due,  
 34 showing the excise tax collected on each vehicle, **each refund on**  
 35 **a vehicle**, and a copy of each registration certificate for all  
 36 collections **and refunds** within the county.

37 (3) Each license branch shall also report to the bureau all excise  
 38 taxes collected **and refunds made** under this chapter in the same  
 39 manner and at the same time as registration fees are reported.

40 (4) Premiums for insurance to protect the funds collected by  
 41 license branches against theft shall be paid by the bureau, except  
 42 that the bureau may issue blanket coverage for all branches at its



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- 1 discretion. At the discretion of the bureau, the bureau may:
- 2 (A) self-insure to cover the activities of the license branches;
- 3 or
- 4 (B) rather than purchase a bond or crime policy for each
- 5 branch, purchase a single blanket bond or crime insurance
- 6 policy endorsed to include faithful performance to cover all
- 7 branches.
- 8 (5) If the services of a license branch are used by the bureau in the
- 9 collection of the excise tax imposed by this chapter, the license
- 10 branch shall collect the service charge prescribed under IC 9-29
- 11 for each vehicle registered upon which an excise tax is collected
- 12 by that branch.
- 13 (6) If the excise tax imposed by this chapter is collected by the
- 14 department of state revenue, the money collected shall be
- 15 deposited in the state general fund to the credit of the appropriate
- 16 county and reported to the bureau of motor vehicles on the first
- 17 working day following the week of collection. Any amount
- 18 collected by the department which represents interest or a penalty
- 19 shall be retained by the department and used to pay its costs of
- 20 enforcing this chapter.
- 21 The bureau may contract with a bank card or credit card vendor for
- 22 acceptance of bank or credit cards. However, if there is a vendor
- 23 transaction charge or discount fee, whether billed to the bureau or
- 24 charged directly to the bureau's account, the bureau shall collect from
- 25 the person using the card an official fee that may not exceed the highest
- 26 transaction charge or discount fee charged to the bureau by bank or
- 27 credit card vendors during the most recent collection period. This fee
- 28 may be collected regardless of retail merchant agreements between the
- 29 bank and credit card vendors that may prohibit such a fee. The fee is a
- 30 permitted additional charge under IC 24-4.5-3-202.
- 31 (b) On or before April 1 of each year the bureau shall provide to the
- 32 auditor of state the amount of motor vehicle excise taxes collected for
- 33 each county for the preceding year.
- 34 (c) On or before May 10 and November 10 of each year the auditor
- 35 of state shall distribute to each county one-half (1/2) of the amount of
- 36 delinquent taxes that have been credited to the county under subsection
- 37 (a). There is appropriated from the state general fund the amount
- 38 necessary to make the distributions required by this subsection. The
- 39 county auditor shall apportion and distribute the delinquent tax
- 40 distributions to the taxing units in the county at the same time and in
- 41 the same manner as excise taxes are apportioned and distributed under
- 42 section 10 of this chapter.



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1 (d) The commissioner of insurance shall prescribe the form of the  
2 bonds or crime policies required by this section.  
3 SECTION 3. IC 6-6-5-10.4 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 10.4. The county  
5 auditor, shall from the copies of the registration forms furnished by the  
6 bureau, verify and determine the total amount of excise taxes collected  
7 for each taxing unit in the county. The bureau shall ~~assist the county~~  
8 ~~auditor in verifying~~ **verify** the collections reported by the branches ~~by~~  
9 ~~providing and provide the county auditor~~ **adequate and accurate**  
10 **audit information, registration form information,** records, and  
11 materials to support the proper assessment, ~~and~~ collection, **and refund**  
12 of excise taxes.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Governmental and Regulatory Affairs, to which was referred Senate Bill 370, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 370 as introduced.)

GARD, Chairperson

Committee Vote: Yeas 7, Nays 0.

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SENATE MOTION

Mr. President: I move that Senator Jackman be added as second author of Senate Bill 370.

SKILLMAN

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SENATE MOTION

Mr. President: I move that Senate Bill 370 be amended to read as follows:

Page 1, line 3, delete "1998" and insert "1999".

Page 4, line 6, delete "1998" and insert "1999".

Page 4, line 21, delete "1998" and insert "1999".

(Reference is to Senate Bill 370 as printed January 30, 1998.)

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred Senate Bill 370, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 4, delete lines 5 through 19, begin a new paragraph and insert:

"SECTION 2. IC 6-6-5-9, AS AMENDED BY P.L.62-1996, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 9. (a) The bureau, in the administration and collection of the annual license excise tax imposed by this chapter, may utilize the services and facilities of license branches operated under IC 9-16 in its administration of the motor vehicle registration laws of the state of Indiana. The license branches may be so utilized in accordance with such procedures, in such manner, and to such extent as the bureau shall deem necessary and proper to implement and effectuate the administration and collection of the excise tax imposed by this chapter. However, in the event the bureau shall utilize such license branches in the collection of excise tax, the following apply:

(1) The excise taxes so collected by each license branch, **less any refunds made by the license branch**, shall be deposited daily by the license branch in a separate account in a depository duly designated by the state board of finance. The county treasurer of the county for which the collections are due may withdraw funds from the account at least two (2) times each week. The county treasurer is responsible for the safekeeping and investment of money withdrawn by the county treasurer under this subsection. Before the eleventh day of the month following the month in which the collections are made, the bureau of motor vehicles shall report the excise taxes collected **and refunds made** outside the county to the county treasurer of the county to which the collections are due **and the refunds apply**. The bureau shall forward a copy of this excise tax report to the county auditor of the county.

(2) A license branch shall each week forward a report to the county auditor of the county to whom the collections are due, showing the excise tax collected on each vehicle, **each refund on a vehicle**, and a copy of each registration certificate for all collections **and refunds** within the county.

(3) Each license branch shall also report to the bureau all excise taxes collected **and refunds made** under this chapter in the same manner and at the same time as registration fees are reported.

(4) Premiums for insurance to protect the funds collected by

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license branches against theft shall be paid by the bureau, except that the bureau may issue blanket coverage for all branches at its discretion. At the discretion of the bureau, the bureau may:

(A) self-insure to cover the activities of the license branches; or

(B) rather than purchase a bond or crime policy for each branch, purchase a single blanket bond or crime insurance policy endorsed to include faithful performance to cover all branches.

(5) If the services of a license branch are used by the bureau in the collection of the excise tax imposed by this chapter, the license branch shall collect the service charge prescribed under IC 9-29 for each vehicle registered upon which an excise tax is collected by that branch.

(6) If the excise tax imposed by this chapter is collected by the department of state revenue, the money collected shall be deposited in the state general fund to the credit of the appropriate county and reported to the bureau of motor vehicles on the first working day following the week of collection. Any amount collected by the department which represents interest or a penalty shall be retained by the department and used to pay its costs of enforcing this chapter.

The bureau may contract with a bank card or credit card vendor for acceptance of bank or credit cards. However, if there is a vendor transaction charge or discount fee, whether billed to the bureau or charged directly to the bureau's account, the bureau shall collect from the person using the card an official fee that may not exceed the highest transaction charge or discount fee charged to the bureau by bank or credit card vendors during the most recent collection period. This fee may be collected regardless of retail merchant agreements between the bank and credit card vendors that may prohibit such a fee. The fee is a permitted additional charge under IC 24-4.5-3-202.

(b) On or before April 1 of each year the bureau shall provide to the auditor of state the amount of motor vehicle excise taxes collected for each county for the preceding year.

(c) On or before May 10 and November 10 of each year the auditor of state shall distribute to each county one-half (1/2) of the amount of delinquent taxes that have been credited to the county under subsection (a). There is appropriated from the state general fund the amount necessary to make the distributions required by this subsection. The county auditor shall apportion and distribute the delinquent tax distributions to the taxing units in the county at the same time and in

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the same manner as excise taxes are apportioned and distributed under section 10 of this chapter.

(d) The commissioner of insurance shall prescribe the form of the bonds or crime policies required by this section."

and when so amended that said bill do pass.

(Reference is to Senate Bill 370 as reprinted February 3, 1998.)

STEVENSON, Chair

Committee Vote: yeas 11, nays 0.

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