

# SENATE BILL No. 234

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-8-35; IC 6-1.1-8.2; IC 6-2.5-10-1.

**Synopsis:** Taxation of railroad car companies. Provides that the property taxes derived from indefinite-situs distributable property of railroad car companies shall be deposited in the state general fund, instead of the commuter rail service fund. Provides that 0.17% of state sales tax revenue shall be distributed to the commuter rail service fund. Grants railroad car companies a credit against indefinite-situs property tax liability for railroad car maintenance and improvement expenditures made in Indiana. Provides that the credit is equal to 50% of the qualified expenditures made by the taxpayer in the taxable year. (The introduced version of this bill was prepared by the local government finance study commission.)

**Effective:** March 1, 1999 (retroactive); July 1, 1999.

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## Weatherwax

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January 6, 1999, read first time and referred to Committee on Finance.

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Introduced

First Regular Session 111th General Assembly (1999)

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 1998 General Assembly.

## SENATE BILL No. 234

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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 6-1.1-8-35 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 35. (a) Each year the  
3 state board of tax commissioners shall tax:  
4 (1) the indefinite-situs distributable property of railroad car  
5 companies; and  
6 (2) the distributable property of a railroad company that provides  
7 service within a commuter transportation district established  
8 under IC 8-5-15 and utilizes electricity to power substantially all  
9 of its railroad passenger cars.  
10 The board shall compute the tax on a railroad car company's  
11 indefinite-situs distributable property based upon the average property  
12 tax rate in this state. The average property tax rate in this state for a  
13 year equals (A) the total of the property taxes in this state that will  
14 come due during that year divided by (B) the total net assessed  
15 valuation of property in this state for the preceding year's assessment.  
16 The board shall base its computation of the average property tax rate  
17 for a year upon information which is available to the board as of

1999

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1 December 31st of the preceding year. The board shall compute the tax  
 2 on a railroad company's distributable property based upon the average  
 3 property tax rate that is imposed by taxing districts that are located in  
 4 any county in which a railroad company, that is taxed under this  
 5 section, provides railroad services. The average property tax rate of  
 6 taxing districts that are located in any county in which a railroad  
 7 company that is taxed under this section equals (i) the total of the  
 8 property taxes in those taxing districts that will come due during that  
 9 year divided by (ii) the total net assessed valuation of property in those  
 10 districts for the preceding year's assessment. The board shall base its  
 11 computation on the average property tax rate for a year upon  
 12 information which is available to the board as of December 31 of the  
 13 preceding year.

14 (b) The state board of tax commissioners shall certify the tax it  
 15 imposes on indefinite-situs distributable property of railroad car  
 16 companies and a railroad company's distributable property taxed under  
 17 this section to the department of state revenue. Each of those  
 18 companies shall pay the tax to the department of state revenue on or  
 19 before December 31st of the year the assessment is made. If one (1) of  
 20 those companies does not pay the tax when it is due, the company shall  
 21 pay a penalty, in addition to the tax, equal to twenty-five percent (25%)  
 22 of the delinquent tax. When the tax imposed on indefinite-situs  
 23 distributable property of railroad car companies by this chapter  
 24 becomes delinquent, the department of state revenue shall proceed with  
 25 the collection of the delinquent tax and penalty in accordance with the  
 26 provisions of IC 6-8.1-8.

27 (c) The department of state revenue shall promptly deposit all  
 28 amounts collected under this section that are derived from  
 29 indefinite-situs distributable property of railroad car companies in the  
 30 state treasury for credit to the ~~commuter rail service~~ **state general** fund.  
 31 ~~established under IC 8-3-1.5-20.5.~~

32 (d) The department of state revenue shall promptly deposit all  
 33 amounts collected under this section from a railroad company in the  
 34 state treasury for credit to the electric rail service fund established by  
 35 IC 8-3-1.5-20.6.

36 SECTION 2. IC 6-1.1-8.2 IS ADDED TO THE INDIANA CODE  
 37 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 38 MARCH 1, 1999 (RETROACTIVE)]:

39 **Chapter 8.2. Credit for Railroad Car Maintenance and**  
 40 **Improvements**

41 **Sec. 1. (a) As used in this chapter, "qualified expenditures"**  
 42 **means expenditures made by a taxpayer during a particular**



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- 1 **calendar year:**  
 2       **(1) in Indiana; and**  
 3       **(2) on the maintenance or improvement of railroad cars**  
 4       **owned or used by the taxpayer.**  
 5       **(b) The term includes, but is not limited to, the following:**  
 6       **(1) Expenses for:**  
 7           **(A) labor;**  
 8           **(B) materials; or**  
 9           **(C) overhead;**  
 10       **that are incurred by a taxpayer in the maintenance or**  
 11       **improvement of a railroad car owned or used by the taxpayer.**  
 12       **(2) Payments made by a taxpayer to others for the purpose of**  
 13       **performing the maintenance or improvement of a railroad**  
 14       **car.**  
 15       **Sec. 2. As used in this chapter, "taxpayer" means a railroad car**  
 16       **company (as defined by IC 6-1.1-8-2).**  
 17       **Sec. 3. As used in this chapter, "tax liability" means a railroad**  
 18       **car company's tax liability under IC 6-1.1-8-35. The term does not**  
 19       **include interest or penalties.**  
 20       **Sec. 4. A taxpayer is entitled to a credit against the taxpayer's**  
 21       **tax liability in an amount set forth in section 5 of this chapter.**  
 22       **Sec. 5. The amount of the credit that a taxpayer may receive**  
 23       **under section 4 of this chapter for a particular calendar year is**  
 24       **equal to fifty percent (50%) of the qualified expenditures made by**  
 25       **the taxpayer in the calendar year immediately preceding the**  
 26       **calendar year in which the tax liability is imposed.**  
 27       **Sec. 6. To obtain the credit provided by section 4 of this chapter**  
 28       **for a particular calendar year, a taxpayer must file with the state**  
 29       **board of tax commissioners an accurate statement of the qualified**  
 30       **expenditures that entitle the taxpayer to a credit. The statement**  
 31       **must be filed:**  
 32           **(1) in the form prescribed by the state board of tax**  
 33           **commissioners; and**  
 34           **(2) with the statement required for the calendar year to which**  
 35           **the credit applies under IC 6-1.1-8-19.**  
 36       **SECTION 3. IC 6-2.5-10-1 IS AMENDED TO READ AS**  
 37       **FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. (a) The department**  
 38       **shall account for all state gross retail and use taxes that it collects.**  
 39       **(b) The department shall deposit those collections in the following**  
 40       **manner:**  
 41           **(1) Forty percent (40%) of the collections shall be paid into the**  
 42           **property tax replacement fund established under IC 6-1.1-21.**



- 1 (2) Fifty-nine and ~~two-tenths~~ **three-hundredths** percent (~~59.2%~~)  
 2 **(59.03%)** of the collections shall be paid into the state general  
 3 fund.
- 4 (3) Seventy-six hundredths of one percent (0.76%) of the  
 5 collections shall be paid into the public mass transportation fund  
 6 established by IC 8-23-3-8.
- 7 (4) Four hundredths of one percent (0.04%) of the collections  
 8 shall be deposited into the industrial rail service fund established  
 9 under IC 8-3-1.7-2.
- 10 **(5) Seventeen hundredths of one percent (0.17%) of the**  
 11 **collections shall be deposited into the commuter rail service**  
 12 **fund established under IC 8-3-1.5-20.5.**
- 13 SECTION 4. [EFFECTIVE MARCH 1, 1999 (RETROACTIVE)]
- 14 **(a) Notwithstanding IC 6-1.1-8.2, as added by this act, a taxpayer**  
 15 **may apply before September 1, 1999, for the credit under**  
 16 **IC 6-1.1-8.2, as added by this act, for property taxes first due and**  
 17 **payable in 2000.**
- 18 **(b) The state board of tax commissioners shall make available**  
 19 **forms on which a taxpayer may apply in 1999 for the credit**  
 20 **allowed under IC 6-1.1-8.2, as added by this act, not later than July**  
 21 **1, 1999.**
- 22 **(c) This SECTION expires December 31, 2000.**
- 23 SECTION 5. [EFFECTIVE MARCH 1, 1999 (RETROACTIVE)]
- 24 **IC 6-1.1-8.2, as added by this act, applies only to property taxes**  
 25 **first due and payable after December 31, 1999.**
- 26 SECTION 6. **An emergency is declared for this act.**

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