

SENATE BILL No. 357

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-10-29; IC 6-1.1-10-30.

Synopsis: Interstate commerce exemption for inventory tax. Provides that the possessors of property held for transshipment to an out-of-state destination may claim certain interstate commerce exemptions from the property tax imposed upon inventory.

Effective: January 1, 2000.

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January 8, 1999, read first time and referred to Committee on Finance.

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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. 357



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 6-1.1-10-29 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 29. (a) As used
3 in this section, "manufacturer" or "processor" means a person that
4 performs an operation or continuous series of operations on raw
5 materials, goods, or other personal property to alter the raw materials,
6 goods, or other personal property into a new or changed state or form.
7 The operation may be performed by hand, machinery, or a chemical
8 process directed or controlled by an individual. The terms include a
9 person that:

10 (1) dries or prepares grain for storage or delivery; or
11 (2) publishes books or other printed materials.

12 (b) Personal property owned **or possessed** by a manufacturer or
13 processor is exempt from property taxation if the owner **or possessor**
14 is able to show by adequate records that the property:

15 (1) is stored and remains in its original package in an in-state
16 warehouse for the purpose of shipment, without further
17 processing, to an out-of-state destination; or



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1 (2) consists of books or other printed materials that are stored at
 2 an in-state commercial printer's facility for the purpose of
 3 shipment, without further processing, to an out-of-state
 4 destination.

5 (c) Personal property that is manufactured in Indiana and that would
 6 be exempt under subsection (b), except that it is not stored in its
 7 original package, is exempt from property taxation if the owner **or**
 8 **possessor** can establish in accordance with exempt inventory
 9 procedures, regulations, and rules of the state board of tax
 10 commissioners that the property:

11 (1) is ready for shipment without additional manufacturing or
 12 processing, except for packaging; and

13 (2) will be damaged or have its value impaired if it is stored in its
 14 original package.

15 SECTION 2. IC 6-1.1-10-30 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 30. (a) Subject to
 17 the limitation contained in subsection (d) of this section, **the owner or**
 18 **possessor of** personal property is **exempt entitled to an exemption**
 19 **from taxation for the property** if:

20 (1) the property is owned by a nonresident of this state;

21 (2) the owner **or possessor** is able to show by adequate records
 22 that the property has been shipped into this state and placed in its
 23 original package in a public or private warehouse for the purpose
 24 of transshipment to an out-of-state destination; and

25 (3) the property remains in its original package and in the public
 26 or private warehouse.

27 For purposes of this subsection, a nonresident is a taxpayer who places
 28 goods in the original package and into the stream of commerce from
 29 outside of the state of Indiana.

30 (b) Subject to the limitation contained in subsection (d) of this
 31 section, personal property is exempt from property taxation if **the**
 32 **owner or possessor shows that:**

33 (1) the property has been placed in its original package in a public
 34 or private warehouse for the purpose of shipment to an
 35 out-of-state destination;

36 (2) the property remains in the original package and in the public
 37 or private warehouse; and

38 (3) the property had been ordered and is ready for shipment in
 39 interstate commerce to a specific known destination to which the
 40 property is subsequently shipped.

41 If a property tax exemption is claimed under this subsection for
 42 property which is not shipped to the specific known destination as

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1 required under subdivision (3), the taxpayer shall file an amended
 2 personal property tax return for the year for which the exemption for
 3 that property was claimed.

4 (c) Subject to the limitation contained in subsection (d) of this
 5 section, personal property is exempt from property taxation if:

6 (1) the property has been placed in its original package in a public
 7 warehouse;

8 (2) the property was transported to that public warehouse by a
 9 common, contract, or private carrier;

10 (3) the owner **or possessor** is able to show by adequate records
 11 that the property is held in the public warehouse for purposes of
 12 transshipment to an out-of-state destination and is labeled to show
 13 that purpose; and

14 (4) the property remains in its original package and in the public
 15 warehouse.

16 However, no personal property is exempt from property taxation under
 17 this subsection if the property is owned by the same person who owns
 18 or leases the public warehouse where the property is held.

19 (d) An exemption provided by this section applies only to the extent
 20 that the property is exempt from taxation under the commerce clause
 21 of the Constitution of the United States.

22 SECTION 3. [EFFECTIVE JANUARY 1, 2000] **This act applies**
 23 **to property taxes first due and payable after December 31, 1999.**

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