



January 29, 1999

SENATE BILL No. 357

DIGEST OF SB 357 (Updated January 28, 1999 12:10 pm - DI 44)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Interstate commerce exemption for inventory tax. Provides that a manufacturer or processor that possesses property held for transshipment to an out-of-state destination may claim certain interstate commerce exemptions from the property tax imposed upon inventory if the manufacturer or processor is able to show that the owner of the property would otherwise have been qualified for the exemption.

Effective: January 1, 2000.

Adams K, Weatherwax, Landske

January 11, 1999, read first time and referred to Committee on Finance.
January 28, 1999, amended, reported favorably — Do Pass.

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SB 357—LS 6099/DI 92+



January 29, 1999

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 by a manufacturer or processor is
13 exempt from property taxation if the owner is able to show by adequate
14 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

SB 357—LS 6099/DI 92+



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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 can
 8 establish in accordance with exempt inventory procedures, regulations,
 9 and rules of the state board of tax commissioners that the property:

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

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

14 **(d) A manufacturer or processor that possesses personal**
 15 **property owned by another person may claim an exemption under**
 16 **subsection (b) or (c) if:**

17 **(1) the manufacturer or processor includes the property on**
 18 **the manufacturer or processor's personal property tax**
 19 **return; and**

20 **(2) the manufacturer or processor is able to show that the**
 21 **owner of the personal property would otherwise have**
 22 **qualified for an exemption under subsection (b) or (c).**

23 SECTION 2. IC 6-1.1-10-30 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 30. (a) Subject to
 25 the limitation contained in subsection (d) of this section, personal
 26 property is exempt from taxation if:

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

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

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

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

37 (b) Subject to the limitation contained in subsection (d) of this
 38 section, personal property is exempt from property taxation if:

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

42 (2) the property remains in the original package and in the public

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1 or private warehouse; and

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

5 If a property tax exemption is claimed under this subsection for
6 property which is not shipped to the specific known destination as
7 required under subdivision (3), the taxpayer shall file an amended
8 personal property tax return for the year for which the exemption for
9 that property was claimed.

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

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

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

16 (3) the owner is able to show by adequate records that the
17 property is held in the public warehouse for purposes of
18 transshipment to an out-of-state destination and is labeled to show
19 that purpose; and

20 (4) the property remains in its original package and in the public
21 warehouse.

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

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

28 (e) **A taxpayer who possesses personal property owned by
29 another person may claim an exemption provided by this section
30 if:**

31 **(1) the taxpayer includes the property on the taxpayer's
32 personal property tax return; and**

33 **(2) the taxpayer is able to show that the owner of the personal
34 property would otherwise have qualified for an exemption
35 under this section.**

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

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SENATE MOTION

Mr. President: I move that Senator Weatherwax be added as second author and Senator Landske be added as coauthor of Senate Bill 357.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill No. 357, 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, line 12, delete "or possessed".

Page 1, line 13, delete "or possessor".

Page 2, line 7, delete "or".

Page 2, line 8, delete "possessor".

Page 2, between lines 14 and 15, begin a new paragraph and insert:

"(d) A manufacturer or processor that possesses personal property owned by another person may claim an exemption under subsection (b) or (c) if:

(1) the manufacturer or processor includes the property on the manufacturer or processor's personal property tax return; and

(2) the manufacturer or processor is able to show that the owner of the personal property would otherwise have qualified for an exemption under subsection (b) or (c)."

Page 2, line 17, delete "the owner or".

Page 2, line 18, delete "possessor of".

Page 2, line 18, reset in roman "exempt".

Page 2, line 18, delete "entitled to an exemption".

Page 2, line 19, delete "for the property".

Page 2, line 21, delete "or possessor".

Page 2, line 31, delete "the" and insert ":".

Page 2, line 32, delete "owner or possessor shows that:".

Page 3, line 10, delete "or possessor".

Page 3, between lines 21 and 22, begin a new paragraph and insert:

"(e) A taxpayer who possesses personal property owned by another person may claim an exemption provided by this section if:

(1) the taxpayer includes the property on the taxpayer's personal property tax return; and

(2) the taxpayer is able to show that the owner of the personal property would otherwise have qualified for an exemption under this section."

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and when so amended that said bill do pass.

(Reference is to SB 357 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 12, Nays 0.

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