

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 ENROLLED ACT No. 357

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AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

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

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

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

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

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

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

(1) the property ~~(1)~~ is ready for shipment without additional manufacturing or processing, except for packaging; and

(2) **either:**

**(A) the property will be damaged or have its value impaired if it is stored in its original package; or**

**(B) the final packaging of finished inventory items is not practical until receipt of a final customer order because fulfillment of the customer order requires the accumulation of a number of distinct finished inventory items into a single shipping package.**

(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's 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).**

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

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

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

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

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

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

- (1) the property has been placed in its original package in a public or private warehouse for the purpose of shipment to an out-of-state destination;
- (2) the property remains in the original package and in the public or private warehouse; and
- (3) the property had been ordered and is ready for shipment in interstate commerce to a specific known destination to which the property is subsequently shipped.

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

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

- (1) the property has been placed in its original package in a public warehouse;
- (2) the property was transported to that public warehouse by a common, contract, or private carrier;
- (3) the owner is able to show by adequate records that the property is held in the public warehouse for purposes of transshipment to an out-of-state destination and is labeled to show that purpose; and
- (4) the property remains in its original package and in the public warehouse.

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

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

**(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.**

SECTION 3. [EFFECTIVE JANUARY 1, 2000] IC 6-1.1-12-29

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**and IC 6-1.1-12-30, both as amended by this act, apply to property taxes first due and payable after December 31, 1999.**

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