



January 28, 2000

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## HOUSE BILL No. 1386

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DIGEST OF HB 1386 (Updated January 27, 2000 11:34 AM - DI 58)

**Citations Affected:** IC 6-1.1; noncode.

**Synopsis:** Property tax exemption. Provides a property tax exemption for raw materials and parts that are to be incorporated into completed goods that will be shipped out of state. Phases in the exemption over ten years.

**Effective:** July 1, 2000; January 1, 2001.

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**Klinker, Buell, Frenz, Scholer**

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January 11, 2000, read first time and referred to Committee on Ways and Means.  
January 27, 2000, amended, reported — Do Pass.

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HB 1386—LS 7206/DI 58+



January 28, 2000

Second Regular Session 111th General Assembly (2000)

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 1999 General Assembly.

## HOUSE BILL No. 1386

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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 6-1.1-10-29.1 IS ADDED OT THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE JANUARY 1, 2001]: **Sec. 29.1. (a) As used in this**  
4 **section, "manufacturer" or "processor" means a person that**  
5 **performs an operation or continuous series of operations on raw**  
6 **materials, goods, or other personal property to alter the raw**  
7 **materials, goods, or other personal property into a new or changed**  
8 **state or form. The operation may be performed by hand,**  
9 **machinery, or a chemical process directed or controlled by an**  
10 **individual.**

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

14 **(1) is not exempt under any other law; and**  
15 **(2) will be used in an operation or a continuous series of**  
16 **operations to alter the personal property into a new or**  
17 **changed state or form and the resulting personal property will**

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1 be shipped, or will be incorporated into personal property  
2 that will be shipped, to an out-of-state destination.

3 (c) The amount of the exemption under this section is equal to  
4 the product of:

5 (1) the appropriate percentage specified in subsection (d);  
6 multiplied by

7 (2) the assessed value of personal property covered by this  
8 section.

9 (d) The percentage described in subsection (c)(1) is determined  
10 by the calendar year that the personal property return is filed and  
11 is set forth in the following table:

12 CALENDAR YEAR	PERCENTAGE
13 2001	10%
14 2002	20%
15 2003	30%
16 2004	40%
17 2005	50%
18 2006	60%
19 2007	70%
20 2008	80%
21 2009	90%
22 2010 and thereafter	100%

23 (e) A person may use an allocation percentage to claim an  
24 exemption under this section for a portion of the person's personal  
25 property if a person's business records substantiate that the  
26 allocation percentage accurately reflects the portion of the  
27 personal property that will be altered into a new or changed state  
28 or form and then will be shipped, or will be incorporated into  
29 personal property that will be shipped, to an out-of-state  
30 destination. The percentage may include personal property that  
31 will be sold to another processor or manufacturer if the personal  
32 property will be incorporated into the personal property of the  
33 buyer and that personal property will be shipped out-of-state.

34 (f) A manufacturer or processor that possesses personal  
35 property owned by another person may claim an exemption under  
36 this section if:

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

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



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1           SECTION 2. [EFFECTIVE JULY 1, 2000] **IC 6-1.1-10-29.1, as**  
2           **added by this act, applies to property taxes first due and payable**  
3           **after December 31, 2001.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1386, 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:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1386 as introduced.)

BAUER, Chair

Committee Vote: yeas 20, nays 0.

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