

Letter of Findings: 65-20200177
Indiana Overweight Proposed Assessment
For the Year 2019

NOTICE: IC § 6-8.1-3-3.5 and IC § 4-22-7-7 require the publication of this document in the Indiana Register. This document provides the general public with information about the Indiana Department of Revenue's (the "Department") official position concerning a specific set of facts and issues. This document is effective on its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register. The "Holding" section of this document is provided for the convenience of the reader and is not part of the analysis contained in this Letter of Findings.

HOLDING

Motor Carrier provided sufficient evidence that it should not be assessed the full penalty on either oversize/overweight no permit civil penalties.

ISSUE

I. Motor Vehicles - Overweight Penalty.

Authority: IC § 6-8.1-5-1; IC § 6-8.1-1-1; IC § 9-20-1-1; IC § 9-20-1-2; IC § 9-20-4-1; IC § 9-20-6-11; IC § 9-20-18-14.5; *Indiana Dept. of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463 (Ind. 2012); *Lafayette Square Amoco, Inc. v. Indiana Dept. of State Revenue*, 867 N.E.2d 289 (Ind. Tax Ct. 2007); *Dept. of State Revenue v. Caterpillar, Inc.*, 15 N.E.3d 579 (Ind. 2014).

Taxpayer protests the assessment of overweight civil penalties.

STATEMENT OF FACTS

Taxpayer is a trucking company that travels through Indiana. On March 13, 2020 and March 20, 2020, the Indiana State Police ("ISP") reported that Taxpayer's commercial motor vehicles were overweight with no permits. As a result, the Department issued Taxpayer a proposed assessment for being overweight in the form of a "No Permit Civil Penalties." Taxpayer protested the assessment of the penalties. The Department held an administrative hearing, and this Letter of Findings results. Further facts will be provided as necessary.

I. Motor Vehicles - Overweight Penalty.

DISCUSSION

Taxpayer was hauling logs on an Indiana highway. ISP cited Taxpayer twice, once on March 13, 2020 and again on March 20, 2020. Each ISP report showed that Taxpayer was transporting loads over the statutorily allowed gross total weight in violation of IC § 9-20-4-1. ISP first cited Taxpayer for weighing 82,720 pounds, which is 2,720 pounds over the 80,000 limit. ISP cited Taxpayer again for weighing 82,600 pounds, which is 2,600 pounds over the 80,000 limit. Taxpayer hauls logs daily and normally obtains a permit when he believes his load is overweight. Taxpayer admittedly did not obtain a permit each of these times, but he states that it was because he believed he was under the permitted limit.

As a threshold issue, it is Taxpayer's responsibility to establish that the existing proposed assessment is incorrect. As stated in IC § 6-8.1-5-1(c), "[t]he notice of proposed assessment is prima facie evidence that the [D]epartment's claim for the unpaid tax is valid. The burden of proving that the proposed assessment is wrong rests with the person against whom the proposed assessment is made." *Indiana Dept. of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463, 466 (Ind. 2012); *Lafayette Square Amoco, Inc. v. Indiana Dept. of State Revenue*, 867 N.E.2d 289, 292 (Ind. Tax Ct. 2007).

The Department notes that, "[W]hen [courts] examine a statute that an agency is 'charged with enforcing. . . [courts] defer to the agency's reasonable interpretation of [the] statute even over an equally reasonable interpretation by another party.'" *Dept. of State Revenue v. Caterpillar, Inc.*, 15 N.E.3d 579, 583 (Ind. 2014). Thus, all interpretations of Indiana tax law contained within this decision, as well as the preceding audit, shall be entitled to deference.

According to IC § 9-20-1-1, "[e]xcept as otherwise provided in [IC Art. 9-20], a person, including a transport operator, may not operate or move upon a highway a vehicle or combination of vehicles of a size or weight exceeding the limitations provided in [IC Art. 9-20]."

According to IC § 9-20-1-2, the owner of a vehicle "may not cause or knowingly permit to be operated or moved upon a highway [in Indiana] a vehicle or combination of vehicles of a size or weight exceeding the limitations provided in [IC Art. 9-20]."

According to IC § 9-20-6-11(b), "[a] person may not violate the terms or conditions of a special permit."

IC § 9-20-18-14.5 authorizes the Department to impose civil penalties against Motor Carriers that obtain a permit under IC Art. 9-20 and violate IC Art. 9-20 ("Permit Violation Civil Penalty") or are required, but fail, to obtain a permit under IC Art. 9-20 ("No Permit Civil Penalty"). IC § 9-20-18-14.5(c) provides that a person "who transports vehicles or loads subject to this article and fails to obtain a permit required under this article is subject to a civil penalty . . ." According to IC § 9-20-18-14.5(b), the Department may subject a person to a civil penalty if the person "obtains a permit under" IC Art. 9-20 and violates IC Art. 9-20 by being overweight or oversize.

IC § 6-8.1-1-1 states that fees and penalties stemming from IC Art. 9-20 violations are a "listed tax." These listed taxes are in addition to and separate from any arrangement or agreement made with a local court or political subdivision regarding the traffic stop.

In this case and on each of these occasions, the Department issued Taxpayer a "No Permit Civil Penalty." According to each of the ISP reports, Taxpayer transported logs that was more than the amount allowed under IC § 9-20-4-1. Taxpayer concedes that he failed to obtain the necessary permits but maintains he did not violate on purpose.

The Department imposed the civil penalties in accordance with IC § 9-20-18-14.5 because Taxpayer failed to obtain the required permit under IC Art. 9-20. Taxpayer states that, while he was overweight on both occasions, he did not intend to be and the reasons for the extra weight were beyond his control.

Taxpayer argues that the vendor loads the logs onto the truck. The vendor has no scales, and the weight is determined by footage. Taxpayer hauls logs on a daily basis and argues that he would have no reason to believe the loads would be overweight. Taxpayer applies for permits when he believes the load will be over the permitted weight, thus Taxpayer is aware of the statutory requirements.

First, the Department notes that Taxpayer is required to have a permit for carrying loads that exceed statutory limits at the time of transport. This allows the Department to provide Taxpayer a route safe for transport. Second, IC § 9-20-18-14.5 provides that a civil penalty issued by the Department under IC Art. 9-20 is (1) in addition to and separate from any other civil penalties issued under Titles 8 and 9 and (2) in addition to any fines imposed by a court. In this case, Taxpayer failed to obtain a permit before transporting cargo; therefore, it is appropriate for Taxpayer to receive a No Permit Civil Penalty.

However, the Department understands Taxpayer's position that he relied on the vendor loading, and that it may reduce the No Permit Civil Penalty amount. In addition to providing Taxpayer an opportunity to protest, IC § 9-20-18-14.5 provides "not more than" language to the Department when generating a proposed assessment amount. In this case, the Department will generate a proposed assessment with a reduced amount, as authorized by its statutory discretion and this Letter of Finding.

FINDING

Taxpayer's protest is sustained in part and denied in part. Sustained to the extent that the initially assessed amount is not due, but denied to the extent that there is still a penalty due.

July 21, 2020

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