

Letter of Findings: 65-20200396
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 This document is effective on its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register.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

The Department agreed that civil Motor Carrier provided sufficient evidence justifying the reduction of the oversize/overweight penalty.

ISSUE

I. Motor Vehicles - Oversize/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 § 9-20-6-11; 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 an oversize/overweight civil penalty.

STATEMENT OF FACTS

Taxpayer is an Indiana farm corporation which grows and harvests corn and soybeans on a 2,000-acre farm. Taxpayer also operates a part-time trucking service.

In November 2019, Taxpayer operated one of its vehicles in Indiana on interstate highway 70. The vehicle was transporting logs to Ohio on behalf of a third-party customer. The vehicle was stopped by the state police. Taxpayer's vehicle was found to exceed the maximum permissible weight by between 2,500 to 5,000 pounds.

The Indiana Department of Revenue ("Department") issued a "civil penalty" which the Department, in its notice and proposed assessment to Taxpayer, described as "the maximum civil amount that may be imposed . . ."

Taxpayer disagreed with the proposed penalty assessment and submitted a protest to that effect. In its protest submission, Taxpayer's representative explained that he was unaware that the truck was overweight.

This Letter of Findings is written to respond to Taxpayer's substantive and equitable objections to the penalty.

I. Motor Vehicles - Overweight Penalty.

DISCUSSION

Taxpayer's owner/operator (hereinafter "Taxpayer") argues that the overweight penalty was unjustified and excessive because he was unaware the truck was overweight, that he relied on his tractor's air gauge to verify the load weight, and that - because Taxpayer was paid \$300 for each load traveled - he had no incentive to overload his vehicle. Taxpayer also explained that, before beginning the trip to Ohio, he took precautions to remove three of the largest logs from the trailer to assure that he would not exceed the maximum load weight.

Taxpayer also points out that it has already paid the traffic citation and fine, and that he has since replaced the tractor's faulty air gauge.

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 also 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, Taxpayer admits that its vehicle weighed more than the amount permitted by Indiana law and that the vehicle was operating without the requisite oversize/overweight permit. Taxpayer's vehicle weighed approximately 2,500 to 5,000 pounds over the legal limit.

The Department imposed the civil penalty in accordance with IC § 9-20-18-14.5 because Taxpayer failed to obtain the required permit under IC Art. 9-20. Taxpayer argues that the penalty was excessive given that the violation was due to an oversight.

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 is not unsympathetic to Taxpayer's financial concerns and especially takes note of the Taxpayer's favorable oversize/overweight violation history. 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 under the Department's statutory discretion and this Letter of Findings.

FINDING

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

October 23, 2020

