

# HOUSE BILL No. 1059

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-2.5.

**Synopsis:** Sales tax on recreational vehicles. Provides that for certain transactions involving a cargo trailer or recreational vehicle that occur after June 30, 2025, the state gross retail tax rate is the rate of the nonreciprocal state or foreign country (excluding any locally imposed tax rates) in which the cargo trailer or recreational vehicle will be titled or registered, as certified by the seller and purchaser in an affidavit prescribed by the department of state revenue (department). Provides that for certain transactions involving a cargo trailer or recreational vehicle that occur after June 30, 2020, and before July 1, 2025, the transaction is exempt from the state gross retail tax regardless of whether the state or foreign country has a reciprocal agreement with Indiana. Provides that the seller and purchaser must certify the requirements of the provision in an affidavit prescribed by the department. Provides what information must be included in the affidavit prescribed by the department. Provides that the department shall create a certificate of sales tax paid form for a cargo trailer or recreational vehicle that may be completed by the dealer and provided to the purchaser of a cargo trailer or recreational vehicle sold in Indiana. Provides that the department may audit submitted affidavits and make a proposed assessment of the amount of unpaid tax due with respect to any incorrect information. Requires the legislative services agency (LSA) to evaluate the economic and fiscal impact of the exemption. Authorizes the LSA to request information from certain  
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**Effective:** July 1, 2020.

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January 6, 2020, read first time and referred to Committee on Ways and Means.

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Digest Continued

officials, governmental entities, and organizations. Requires the officials, governmental entities, and organizations to cooperate with the LSA in providing the requested information. Repeals the provision that authorizes the department to enter into reciprocal agreements with other states concerning a sales tax exemption for cargo trailers and recreational vehicles that will be purchased in a state by a nonresident and then titled in another state.



Second Regular Session of the 121st General Assembly (2020)

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 2019 Regular Session of the General Assembly.

# HOUSE BILL No. 1059



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 6-2.5-2-5 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2020]: **Sec. 5. (a) As used in this section, "cargo trailer" has the**  
4 **meaning set forth in IC 6-2.5-5-39.**  
5 **(b) As used in this section, "nonreciprocal state" means a state**  
6 **that does not have a reciprocal agreement with Indiana to allow a**  
7 **sales, use, or other similar tax exemption on the sale of a cargo**  
8 **trailer or recreational vehicle to an Indiana resident in a**  
9 **transaction that occurs in that state.**  
10 **(c) As used in this section, "recreational vehicle" has the**  
11 **meaning set forth in IC 6-2.5-5-39.**  
12 **(d) This subsection applies to transactions occurring after June**  
13 **30, 2020, and before July 1, 2025. Notwithstanding section 2 of this**  
14 **chapter, in the case of a transaction that involves a cargo trailer or**  
15 **recreational vehicle that:**  
16 **(1) is purchased by a:**



- 1 (A) resident of a nonreciprocal state; or  
 2 (B) resident of a foreign country;  
 3 (2) the purchaser intends to:  
 4 (A) transport to a destination outside Indiana within thirty  
 5 (30) days after delivery; and  
 6 (B) title or register for use in the nonreciprocal state or  
 7 foreign country; and  
 8 (3) will not be titled or registered for use in Indiana;  
 9 the transaction is exempt from the state gross retail tax regardless  
 10 of whether the state or foreign country has a reciprocal agreement  
 11 with Indiana. The seller and purchaser must certify that the  
 12 requirements of this subsection are met in an affidavit satisfying  
 13 the requirements of subsection (f). This subsection expires June 30,  
 14 2025.
- 15 (e) This subsection applies to transactions occurring after June  
 16 30, 2025. Notwithstanding section 2 of this chapter, in the case of  
 17 a transaction that:  
 18 (1) is not exempt from taxation under IC 6-2.5-5-39; and  
 19 (2) involves a cargo trailer or recreational vehicle that:  
 20 (A) is purchased by a:  
 21 (i) resident of a nonreciprocal state; or  
 22 (ii) resident of a foreign country;  
 23 (B) the purchaser intends to:  
 24 (i) transport to a destination outside Indiana within  
 25 thirty (30) days after delivery; and  
 26 (ii) title or register for use in the nonreciprocal state or  
 27 foreign country; and  
 28 (C) will not be titled or registered for use in Indiana;  
 29 the state gross retail tax rate on the cargo trailer or recreational  
 30 vehicle is the rate of the nonreciprocal state or foreign country  
 31 (excluding any locally imposed tax rates) in which the cargo trailer  
 32 or recreational vehicle will be titled or registered, as certified by  
 33 the seller and purchaser in an affidavit satisfying the requirements  
 34 of subsection (f).
- 35 (f) The department shall prescribe the form of the affidavit  
 36 required by subsections (d) and (e). In addition to the certifications  
 37 required by subsections (d) and (e), the affidavit must include the  
 38 following:  
 39 (1) The name of the state or country in which the cargo trailer  
 40 or recreational vehicle will be titled or registered.  
 41 (2) An affirmation by the purchaser under the penalties for  
 42 perjury that the information contained in the affidavit is true.



- 1           **(3) Any other information required by the department for the**  
 2           **purpose of verifying the information contained in the**  
 3           **affidavit.**
- 4           **(g) The department shall create a certificate of sales tax paid**  
 5           **form for a cargo trailer or recreational vehicle that may be**  
 6           **completed by the dealer and provided to the purchaser of a cargo**  
 7           **trailer or recreational vehicle sold in Indiana.**
- 8           **(h) The department may audit affidavits submitted under this**  
 9           **section and make a proposed assessment of the amount of unpaid**  
 10           **tax due with respect to any incorrect information submitted in an**  
 11           **affidavit required by this section.**
- 12           SECTION 2. IC 6-2.5-2-6 IS ADDED TO THE INDIANA CODE  
 13           AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 14           1, 2020]: **Sec. 6. (a) The legislative services agency shall evaluate**  
 15           **the economic and fiscal impact of exempting from the state gross**  
 16           **retail tax the sale of cargo trailers and recreational vehicles to**  
 17           **residents of nonreciprocal states and foreign countries under**  
 18           **section 5(d) of this chapter. The evaluation report must include the**  
 19           **following information:**
- 20               **(1) The number of cargo trailers and recreational vehicles**  
 21               **sold annually relative to the total registrations nationally by**  
 22               **dealerships located in Indiana from calendar year 2016**  
 23               **through calendar year 2019 to the following individuals:**
- 24                   **(A) Residents of Indiana.**
- 25                   **(B) Residents of states or foreign countries that had a**  
 26                   **reciprocal agreement with Indiana during calendar year**  
 27                   **2016 through calendar year 2019.**
- 28                   **(C) Residents of states or foreign countries that did not**  
 29                   **have a reciprocal agreement with Indiana during calendar**  
 30                   **year 2016 through calendar year 2019.**
- 31               **(2) The number of cargo trailers and recreational vehicles**  
 32               **sold annually by dealerships located in Indiana from calendar**  
 33               **year 2020 through calendar year 2023 to the following**  
 34               **individuals:**
- 35                   **(A) Residents of Indiana.**
- 36                   **(B) Residents of states or foreign countries that had a**  
 37                   **reciprocal agreement with Indiana during calendar year**  
 38                   **2020 through calendar year 2023.**
- 39                   **(C) Residents of states or foreign countries that did not**  
 40                   **have a reciprocal agreement with Indiana during calendar**  
 41                   **year 2020 through calendar year 2023.**
- 42               **(3) The total amount of state gross retail taxes remitted**



1           **annually by cargo trailer and recreational vehicle dealerships**  
 2           **located in Indiana from calendar year 2016 through calendar**  
 3           **year 2019.**

4           **(4) The total amount of state gross retail taxes remitted**  
 5           **annually by cargo trailer and recreational vehicle dealerships**  
 6           **located in Indiana from calendar year 2020 through calendar**  
 7           **year 2023.**

8           **(5) The number of cargo trailer and recreational vehicle**  
 9           **dealerships located in Indiana as of January 1, 2020.**

10           **(6) The number of cargo trailer and recreational vehicle**  
 11           **dealerships located in Indiana as of January 1, 2024.**

12           **(7) Any other information considered necessary by the**  
 13           **legislative services agency to determine the economic and**  
 14           **fiscal impact of exempting from the state gross retail tax the**  
 15           **sale of cargo trailers and recreational vehicles to residents of**  
 16           **nonreciprocal states and foreign countries.**

17           **(b) The legislative services agency may request a state or local**  
 18           **official, a state agency, a political subdivision, a body corporate**  
 19           **and politic, or the Indiana Manufactured Housing**  
 20           **Association-Recreation Vehicle Indiana Council to furnish**  
 21           **information necessary to complete the report required by this**  
 22           **section. An official or entity presented with a request from the**  
 23           **legislative services agency under this subsection shall cooperate**  
 24           **with the legislative services agency in providing the requested**  
 25           **information. An official or entity may require that the legislative**  
 26           **services agency adhere to the provider's rules, if any, that concern**  
 27           **the confidential nature of the information.**

28           **(c) The legislative services agency shall:**

29           **(1) prepare the report described in subsection (a); and**

30           **(2) deliver the report to the legislative council and the interim**  
 31           **study committee on fiscal policy in an electronic format under**  
 32           **IC 5-14-6;**

33           **before November 1, 2024.**

34           **SECTION 3. IC 6-2.5-10-6 IS REPEALED [EFFECTIVE JULY 1,**  
 35           **2020]. Sec. 6: The department, with the approval of the governor and**  
 36           **the budget agency after the review of the state budget committee, may**  
 37           **enter into an agreement with another state to provide that:**

38           **(1) Indiana residents who purchase a cargo trailer or recreational**  
 39           **vehicle in the other state and will title or register the cargo trailer**  
 40           **or recreational vehicle in Indiana will be exempt from sales, use,**  
 41           **or similar taxes in the other state on the purchase of the cargo**  
 42           **trailer or recreational vehicle; and**



1 (2) the residents of the other state who purchase a cargo trailer or  
2 recreational vehicle in Indiana and will title or register the cargo  
3 trailer or recreational vehicle in the other state will be exempt  
4 from sales, use, or similar taxes in Indiana on the purchase of the  
5 cargo trailer or recreational vehicle.

6 SECTION 4. [EFFECTIVE JULY 1, 2020] (a) IC 6-2.5-2-5, as  
7 added by this act, applies only to retail transactions occurring after  
8 June 30, 2020.

9 (b) Except as provided in subsection (c), a retail transaction is  
10 considered to have occurred after June 30, 2020, if the property  
11 whose transfer constitutes selling at retail is delivered to the  
12 purchaser or to the place of delivery designated by the purchaser  
13 after June 30, 2020.

14 (c) Notwithstanding the delivery of the property constituting  
15 selling at retail after June 30, 2020, a transaction is considered to  
16 have occurred before July 1, 2020, to the extent that:

17 (1) the agreement of the parties to the transaction is entered  
18 into before July 1, 2020; and

19 (2) payment for the property furnished in the transaction is  
20 made before July 1, 2020.

21 (d) This SECTION expires January 1, 2021.

