

# HOUSE BILL No. 1448

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-2.5-5-2.

**Synopsis:** Sales tax exemption for agricultural equipment. Provides that a transaction involving a person's acquisition of agricultural machinery, tools, or equipment is exempt from the application of the state gross retail tax regardless of whether the person also intends to use the property for a nonexempt purpose and that such a transaction may not be prorated. Requires the department of state revenue to amend the administrative rules to conform with the provision added by the bill.

**Effective:** July 1, 2023.

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## Culp, Cherry, Baird, Prescott

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January 17, 2023, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 123rd General Assembly (2023)

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 2022 Regular Session of the General Assembly.

## HOUSE BILL No. 1448

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 6-2.5-5-2, AS AMENDED BY P.L.239-2017,  
2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2023]: Sec. 2. (a) Transactions involving agricultural  
4 machinery, tools, and equipment, including material handling  
5 equipment purchased for the purpose of transporting materials into  
6 activities described in this subsection from an onsite location, are  
7 exempt from the state gross retail tax if the person acquiring that  
8 property acquires it for the person's direct use in the direct production,  
9 extraction, harvesting, or processing of agricultural commodities.  
10 (b) Transactions involving agricultural machinery or equipment are  
11 exempt from the state gross retail tax if:  
12 (1) the person acquiring the property acquires it for use in  
13 conjunction with the production of food and food ingredients or  
14 commodities for sale;  
15 (2) the person acquiring the property is occupationally engaged in  
16 the production of food or commodities which the person sells for  
17 human or animal consumption or uses for further food and food



1 ingredients or commodity production; and

2 (3) the machinery or equipment is designed for use in gathering,  
3 moving, or spreading animal waste.

4 (c) Transactions involving agricultural machinery or equipment,  
5 including material handling equipment purchased for the purpose of  
6 transporting materials into activities described in this subsection from  
7 an onsite location, are exempt from the state gross retail tax if the  
8 person acquiring the property:

9 (1) acquires it for the person's direct use in:

10 (A) the direct application of fertilizers, pesticides, fungicides,  
11 seeds, and other tangible personal property; or

12 (B) the direct extraction, harvesting, or processing of  
13 agricultural commodities;

14 for consideration; and

15 (2) is occupationally engaged in providing the services described  
16 in subdivision (1) on property that is:

17 (A) owned or rented by another person occupationally engaged  
18 in agricultural production; and

19 (B) used for agricultural production.

20 **(d) If a person acquiring agricultural machinery, tools, or**  
21 **equipment qualifies for an exemption under subsection (a), (b), or**  
22 **(c), the transaction is exempt from the application of the state gross**  
23 **retail tax regardless of whether the person also intends to use the**  
24 **property for a nonexempt purpose. Transactions involving**  
25 **agricultural machinery, tools, or equipment that qualify for an**  
26 **exemption under subsection (a), (b), or (c) may not be prorated.**

27 **(e) The department shall amend the administrative rules to**  
28 **conform with subsection (d).**

