



April 5, 2019

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# ENGROSSED SENATE BILL No. 131

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DIGEST OF SB 131 (Updated April 3, 2019 1:07 pm - DI 113)

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

**Synopsis:** Sales tax on recreational vehicles. Removes the expiration of the provision in current law that provides that the sales tax rate on certain cargo trailers or recreational vehicles is the rate of the other state or other country in which the cargo trailer or recreational vehicle will be titled or registered under certain circumstances. (This provision was set to expire on June 30, 2019.) Amends the provision to apply only to sales that are made before July 1, 2019, or after June 30, 2024, to a resident of a nonreciprocal state or a foreign country. Provides a five year exemption from the state gross retail tax for cargo trailers and recreational vehicles sold to residents of nonreciprocal states and foreign countries beginning July 1, 2019, and ending June 30, 2024. Requires the legislative services agency to evaluate the economic and fiscal impact of the exemption. Repeals the provision that authorizes the department of state revenue 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.

**Effective:** June 29, 2019; July 1, 2019.

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**Doriot, Rogers, Walker, Buck,  
Taylor G, Houchin, Niezgodski,  
Melton**

(HOUSE SPONSORS — CHERRY, MILLER D, STUTZMAN)

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January 3, 2019, read first time and referred to Committee on Tax and Fiscal Policy.  
February 19, 2019, amended, reported favorably — Do Pass.  
February 21, 2019, read second time, ordered engrossed. Engrossed.  
February 25, 2019, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

March 4, 2019, read first time and referred to Committee on Ways and Means.  
April 4, 2019, amended, reported — Do Pass.

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ES 131—LS 6272/DI 120





April 5, 2019

First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

## ENGROSSED SENATE BILL No. 131

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 6-2.5-2-4, AS ADDED BY P.L.53-2017, SECTION  
2 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 29,  
3 2019]: Sec. 4. (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 ~~(b)~~ (c) As used in this section, "recreational vehicle" has the  
11 meaning set forth in IC 6-2.5-5-39.  
12 ~~(c)~~ **(d) This subsection applies to transactions occurring before**  
13 **July 1, 2019.** Notwithstanding section 2 of this chapter, in the case of  
14 a transaction that:  
15 (1) is not exempt from taxation under IC 6-2.5-5-39; and  
16 (2) involves a cargo trailer or recreational vehicle that:  
17 (A) is purchased by a:

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- 1                   (i) ~~nonresident~~; **resident of a nonreciprocal state; or**  
 2                   (ii) **resident of a foreign country;**  
 3           (B) the purchaser intends to:  
 4               (i) transport to a destination outside Indiana within thirty  
 5               (30) days after delivery; and  
 6               (ii) title or register for use in ~~another~~ **the nonreciprocal**  
 7               state or **foreign** country; and  
 8           (C) will not be titled or registered for use in Indiana;  
 9           the state gross retail tax rate on the cargo trailer or recreational vehicle  
 10           is the rate of the ~~other nonreciprocal~~ **state or other foreign** country  
 11           (excluding any locally imposed tax rates) in which the cargo trailer or  
 12           recreational vehicle will be titled or registered, as certified by the seller  
 13           and purchaser in an affidavit satisfying the requirements of subsection  
 14           ~~(d)~~. **(g).**  
 15           **(e) This subsection applies to transactions occurring after June**  
 16           **30, 2019, and before July 1, 2024. Notwithstanding section 2 of this**  
 17           **chapter, in the case of a transaction that involves a cargo trailer or**  
 18           **recreational vehicle that:**  
 19               **(1) is purchased by a:**  
 20                   **(A) resident of a nonreciprocal state; or**  
 21                   **(B) resident of a foreign country;**  
 22               **(2) the purchaser intends to:**  
 23                   **(A) transport to a destination outside Indiana within thirty**  
 24                   **(30) days after delivery; and**  
 25                   **(B) title or register for use in the nonreciprocal state or**  
 26                   **foreign country; and**  
 27               **(3) will not be titled or registered for use in Indiana;**  
 28           **the transaction is exempt from the state gross retail tax regardless**  
 29           **of whether the state or foreign country has a reciprocal agreement**  
 30           **with Indiana. The seller and purchaser must certify that the**  
 31           **requirements of this subsection are met in an affidavit satisfying**  
 32           **the requirements of subsection (g). This subsection expires on June**  
 33           **30, 2024.**  
 34           **(f) This subsection applies to transactions occurring after June**  
 35           **30, 2024. Notwithstanding section 2 of this chapter, in the case of**  
 36           **a transaction that:**  
 37               **(1) is not exempt from taxation under IC 6-2.5-5-39; and**  
 38               **(2) involves a cargo trailer or recreational vehicle that:**  
 39                   **(A) is purchased by a:**  
 40                       **(i) resident of a nonreciprocal state; or**  
 41                       **(ii) resident of a foreign country;**  
 42                   **(B) the purchaser intends to:**



1 (i) transport to a destination outside Indiana within  
2 thirty (30) days after delivery; and

3 (ii) title or register for use in the nonreciprocal state or  
4 foreign country; and

5 (C) will not be titled or registered for use in Indiana;  
6 the state gross retail tax rate on the cargo trailer or recreational  
7 vehicle is the rate of the nonreciprocal state or foreign country  
8 (excluding any locally imposed tax rates) in which the cargo trailer  
9 or recreational vehicle will be titled or registered, as certified by  
10 the seller and purchaser in an affidavit satisfying the requirements  
11 of subsection (g).

12 ~~(d)~~ (g) The department shall prescribe the form of the affidavit  
13 required by ~~subsection (e)~~; **subsections (d), (e), and (f)**. In addition to  
14 the ~~certification~~ **certifications** required by ~~subsection (e)~~; **subsections**  
15 **(d), (e), and (f)**, the affidavit must include the following:

16 (1) The name of the state or country in which the cargo trailer or  
17 recreational vehicle will be titled or registered.

18 (2) An affirmation by the purchaser under the penalties for  
19 perjury that the information contained in the affidavit is true.

20 (3) Any other information required by the department for the  
21 purpose of verifying the information contained in the affidavit.

22 **(h) The department shall create a certificate of sales tax paid**  
23 **form for a cargo trailer or recreational vehicle that may be**  
24 **completed by the dealer and provided to the purchaser of a**  
25 **recreational vehicle sold in this state.**

26 ~~(e)~~ (i) The department may audit affidavits submitted under this  
27 section and make a proposed assessment of the amount of unpaid tax  
28 due with respect to any incorrect information submitted in an affidavit  
29 required by this section.

30 ~~(f) This section expires June 30, 2019:~~

31 SECTION 2. IC 6-2.5-2-5 IS ADDED TO THE INDIANA CODE  
32 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
33 1, 2019]: **Sec. 5. (a) The legislative services agency shall evaluate**  
34 **the economic and fiscal impact of exempting from the state gross**  
35 **retail tax the sale of cargo trailers and recreational vehicles to**  
36 **residents of nonreciprocal states and foreign countries under**  
37 **IC 6-2.5-2-4(e). The evaluation report must include the following**  
38 **information:**

39 (1) **The number of cargo trailers and recreational vehicles**  
40 **sold annually by dealerships located in Indiana from calendar**  
41 **year 2015 through calendar year 2018 to the following**  
42 **individuals:**



- 1 (A) residents of Indiana;  
 2 (B) residents of states or foreign countries that had a  
 3 reciprocal agreement with Indiana during calendar year  
 4 2015 through calendar year 2018; and  
 5 (C) residents of states or foreign countries that did not  
 6 have a reciprocal agreement with Indiana during calendar  
 7 year 2015 through calendar year 2018.  
 8 (2) The number of cargo trailers and recreational vehicles  
 9 sold annually by dealerships located in Indiana from calendar  
 10 year 2019 through calendar year 2022 to the following  
 11 individuals:  
 12 (A) residents of Indiana;  
 13 (B) residents of states or foreign countries that had a  
 14 reciprocal agreement with Indiana during calendar year  
 15 2019 through calendar year 2022; and  
 16 (C) residents of states or foreign countries that did not  
 17 have a reciprocal agreement with Indiana during calendar  
 18 year 2019 through calendar year 2022.  
 19 (3) The total amount of state gross retail taxes remitted  
 20 annually by cargo trailer and recreational vehicle dealerships  
 21 located in Indiana from calendar year 2015 through calendar  
 22 year 2018.  
 23 (4) The total amount of state gross retail taxes remitted  
 24 annually by cargo trailer and recreational vehicle dealerships  
 25 located in Indiana from calendar year 2019 through calendar  
 26 year 2022.  
 27 (5) The number of cargo trailer and recreational vehicle  
 28 dealerships located in Indiana as of January 1, 2019.  
 29 (6) The number of cargo trailer and recreational vehicle  
 30 dealerships located in Indiana as of January 1, 2023.  
 31 (7) Any other information deemed necessary by the legislative  
 32 services agency to determine the economic and fiscal impact  
 33 of exempting from the state gross retail tax the sale of cargo  
 34 trailers and recreational vehicles to residents of nonreciprocal  
 35 states and foreign countries.  
 36 (b) The legislative services agency shall:  
 37 (1) prepare the report described in subsection (a); and  
 38 (2) deliver the report to the legislative council and the interim  
 39 study committee on fiscal policy in an electronic format under  
 40 IC 5-14-6;  
 41 before November 1, 2023.  
 42 SECTION 3. IC 6-2.5-10-6 IS REPEALED [EFFECTIVE JULY 1,



1 2019]. Sec. 6: The department, with the approval of the governor and  
 2 the budget agency after the review of the state budget committee, may  
 3 enter into an agreement with another state to provide that:

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

9 (2) the residents of the other state who purchase a cargo trailer or  
 10 recreational vehicle in Indiana and will title or register the cargo  
 11 trailer or recreational vehicle in the other state will be exempt  
 12 from sales, use, or similar taxes in Indiana on the purchase of the  
 13 cargo trailer or recreational vehicle.

14 SECTION 4. [EFFECTIVE JULY 1, 2019] (a) IC 6-2.5-2-4, as  
 15 amended by this act, applies only to retail transactions occurring  
 16 after June 30, 2019.

17 (b) Except as provided in subsection (c), a retail transaction is  
 18 considered to have occurred after June 30, 2019, if the property  
 19 whose transfer constitutes selling at retail is delivered to the  
 20 purchaser or to the place of delivery designated by the purchaser  
 21 after June 30, 2019.

22 (c) Notwithstanding the delivery of the property constituting  
 23 selling at retail after June 30, 2019, a transaction is considered to  
 24 have occurred before July 1, 2019, to the extent that:

25 (1) the agreement of the parties to the transaction is entered  
 26 into before July 1, 2019; and

27 (2) payment for the property furnished in the transaction is  
 28 made before July 1, 2019.

29 (d) This SECTION expires January 1, 2020.

30 SECTION 5. An emergency is declared for this act.



## COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 131, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 1. IC 6-2.5-2-4, AS ADDED BY P.L.53-2017, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 29, 2019]: Sec. 4. (a) As used in this section, "cargo trailer" has the meaning set forth in IC 6-2.5-5-39.

**(b) As used in this section, "nonreciprocal state" means a state that does not have a reciprocal agreement with Indiana to allow a sales, use, or other similar tax exemption on the sale of a cargo trailer or recreational vehicle to an Indiana resident in a transaction that occurs in that state.**

~~(b)~~ (c) As used in this section, "recreational vehicle" has the meaning set forth in IC 6-2.5-5-39.

~~(c)~~ (d) Notwithstanding section 2 of this chapter, in the case of a transaction that:

(1) is not exempt from taxation under IC 6-2.5-5-39; and

(2) involves a cargo trailer or recreational vehicle that:

(A) is purchased by a:

**(i) nonresident; resident of a nonreciprocal state; or**

**(ii) resident of a foreign country;**

(B) the purchaser intends to:

(i) transport to a destination outside Indiana within thirty (30) days after delivery; and

(ii) title or register for use in ~~another~~ **the nonreciprocal state or foreign country;** and

(C) will not be titled or registered for use in Indiana;

the state gross retail tax rate on the cargo trailer or recreational vehicle is the rate of the ~~other~~ **nonreciprocal state or other 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 satisfying the requirements of subsection ~~(d)~~ **(e)**.

~~(d)~~ (e) The department shall prescribe the form of the affidavit required by subsection ~~(e)~~ **(d)**. In addition to the certification required by subsection ~~(e)~~ **(d)**, the affidavit must include the following:

(1) The name of the state or country in which the cargo trailer or recreational vehicle will be titled or registered.





(2) An affirmation by the purchaser under the penalties for perjury that the information contained in the affidavit is true.

(3) Any other information required by the department for the purpose of verifying the information contained in the affidavit.

**(f) 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 recreational vehicle sold in this state.**

~~(e)~~ (g) The department may audit affidavits submitted under this section and make a proposed assessment of the amount of unpaid tax due with respect to any incorrect information submitted in an affidavit required by this section.

~~(f) This section expires June 30, 2019.~~

Delete page 2.

Page 3, delete lines 1 through 24.

Page 3, line 39, delete "IC 6-2.5-5-39," and insert "**IC 6-2.5-2-4**,"

Page 4, after line 12, begin a new paragraph and insert:

"SECTION 4. **An emergency is declared for this act.**"

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 131 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 14, Nays 0.

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#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 131, 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:

Page 1, line 12, after "(d)" insert "**This subsection applies to transactions occurring before July 1, 2019.**"

Page 2, line 13, delete "(e)." and insert "(g).

**(e) This subsection applies to transactions occurring after June 30, 2019, and before July 1, 2024. Notwithstanding section 2 of this chapter, in the case of a transaction that involves a cargo trailer or recreational vehicle that:**

**(1) is purchased by a:**

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(A) resident of a nonreciprocal state; or  
 (B) resident of a foreign country;  
 (2) the purchaser intends to:  
 (A) transport to a destination outside Indiana within thirty  
 (30) days after delivery; and  
 (B) title or register for use in the nonreciprocal state or  
 foreign country; and  
 (3) will not be titled or registered for use in Indiana;  
 the transaction is exempt from the state gross retail tax regardless  
 of whether the state or foreign country has a reciprocal agreement  
 with Indiana. The seller and purchaser must certify that the  
 requirements of this subsection are met in an affidavit satisfying  
 the requirements of subsection (g). This subsection expires on June  
 30, 2024.

(f) This subsection applies to transactions occurring after June  
 30, 2024. Notwithstanding section 2 of this chapter, in the case of  
 a transaction that:

(1) is not exempt from taxation under IC 6-2.5-5-39; and  
 (2) involves a cargo trailer or recreational vehicle that:  
 (A) is purchased by a:  
 (i) resident of a nonreciprocal state; or  
 (ii) resident of a foreign country;  
 (B) the purchaser intends to:  
 (i) transport to a destination outside Indiana within  
 thirty (30) days after delivery; and  
 (ii) title or register for use in the nonreciprocal state or  
 foreign country; and  
 (C) will not be titled or registered for use in Indiana;  
 the state gross retail tax rate on the cargo trailer or recreational  
 vehicle 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 satisfying the requirements  
 of subsection (g)."

Page 2, line 14, delete "(e)" and insert "(g)".

Page 2, line 15, strike "subsection".

Page 2, line 15, delete "(d)." and insert "subsections (d), (e), and  
 (f)."

Page 2, line 15, strike "certification" and insert "certifications".

Page 2, line 16, strike "subsection".

Page 2, line 16, after "(c)," insert "subsections".

Page 2, line 16, after "(d)," insert "(e), and (f)".



Page 2, line 23, delete "(f)" and insert "(h)".

Page 2, line 27, delete "(g)" and insert "(i)".

Page 2, between lines 31 and 32, begin a new paragraph and insert:

"SECTION 2. IC 6-2.5-2-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: **Sec. 5. (a) The legislative services agency shall evaluate the economic and fiscal impact of exempting from the state gross retail tax the sale of cargo trailers and recreational vehicles to residents of nonreciprocal states and foreign countries under IC 6-2.5-2-4(e). The evaluation report must include the following information:**

**(1) The number of cargo trailers and recreational vehicles sold annually by dealerships located in Indiana from calendar year 2015 through calendar year 2018 to the following individuals:**

**(A) residents of Indiana;**

**(B) residents of states or foreign countries that had a reciprocal agreement with Indiana during calendar year 2015 through calendar year 2018; and**

**(C) residents of states or foreign countries that did not have a reciprocal agreement with Indiana during calendar year 2015 through calendar year 2018.**

**(2) The number of cargo trailers and recreational vehicles sold annually by dealerships located in Indiana from calendar year 2019 through calendar year 2022 to the following individuals:**

**(A) residents of Indiana;**

**(B) residents of states or foreign countries that had a reciprocal agreement with Indiana during calendar year 2019 through calendar year 2022; and**

**(C) residents of states or foreign countries that did not have a reciprocal agreement with Indiana during calendar year 2019 through calendar year 2022.**

**(3) The total amount of state gross retail taxes remitted annually by cargo trailer and recreational vehicle dealerships located in Indiana from calendar year 2015 through calendar year 2018.**

**(4) The total amount of state gross retail taxes remitted annually by cargo trailer and recreational vehicle dealerships located in Indiana from calendar year 2019 through calendar year 2022.**

**(5) The number of cargo trailer and recreational vehicle**



**dealerships located in Indiana as of January 1, 2019.**

**(6) The number of cargo trailer and recreational vehicle dealerships located in Indiana as of January 1, 2023.**

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

**(b) The legislative services agency shall:**

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

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

**before November 1, 2023."**

Renumber all SECTION\S consecutively.

and when so amended that said bill do pass.

(Reference is to SB 131 as printed February 20, 2019.)

HUSTON

Committee Vote: yeas 13, nays 4.

