SENATE BILL No. 281

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-3-7.2.

Synopsis: Business personal property tax exemption. Increases the acquisition cost threshold for the business personal property tax exemption from $80,000 to $250,000.

Effective: January 1, 2024.

Freeman

January 11, 2023, read first time and referred to Committee on Tax and Fiscal Policy.

Introduced

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.

SENATE BILL No. 281

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-1.1-3-7.2, AS AMENDED BY P.L.137-2022, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2024]: Sec. 7.2. (a) This section applies to assessment dates occurring after December 31, 2015.

(b) As used in this section, "affiliate" means an entity that effectively controls or is controlled by a taxpayer or is associated with a taxpayer under common ownership or control, whether by shareholdings or other means.

(c) As used in this section, "business personal property" means personal property that:

(1) is otherwise subject to assessment and taxation under this article;

(2) is used in a trade or business or otherwise held, used, or consumed in connection with the production of income; and

(3) was:

(A) acquired by the taxpayer in an arms length transaction from an entity that is not an affiliate of the taxpayer, if the personal property has been previously used in Indiana before being placed in service in the county; or

(B) acquired in any manner, if the personal property has never been previously used in Indiana before being placed in service in the county.

The term does not include mobile homes assessed under IC 6-1.1-7, personal property held as an investment, or personal property that is assessed under IC 6-1.1-8 and is owned by a public utility subject to regulation by the Indiana utility regulatory commission. However, the term does include the personal property of a telephone company or a communications service provider if that personal property meets the requirements of subdivisions (1) through (3), regardless of whether that personal property is assessed under IC 6-1.1-8 and regardless of whether the telephone company or communications service provider is subject to regulation by the Indiana utility regulatory commission.

(d) Notwithstanding section 7 of this chapter, if the acquisition cost of a taxpayer's total business personal property in a county is less than ~~eighty thousand dollars ($80,000)~~ **two hundred fifty thousand dollars ($250,000)** for that assessment date, the taxpayer's business personal property in the county for that assessment date is exempt from taxation.

(e) Subject to subsection (f), a taxpayer that is eligible for the exemption under this section for an assessment date shall include the following information on the taxpayer's personal property tax return:

(1) A declaration that the taxpayer's business personal property in the county is exempt from property taxation.

(2) Whether the taxpayer's business personal property within the county is in one (1) location or multiple locations.

(3) An address for the location of the property.

If the business personal property is in multiple locations within a county, the taxpayer shall provide an address for the location where the sum of acquisition costs for business personal property is greatest. If two (2) or more addresses contain the greatest equivalent sum of acquisition costs for business personal property within a given county, the taxpayer shall choose only one (1) address to list on the return.

(f) Beginning after December 31, 2022, a taxpayer that has included the information required under subsection (e) on the taxpayer's personal property tax return to claim the exemption under this section is not required to file a personal property return for the taxpayer's business personal property for an assessment date that occurs after the assessment date for which the information is first provided under subsection (e), unless or until the taxpayer no longer qualifies for the exemption under subsection (d) for a subsequent assessment date.