

SENATE BILL No. 315

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 8-3-1.5-20.5.

Synopsis: Taxation of railcar companies. Provides that, after June 30, 2023, the department of state revenue shall deposit all property tax amounts collected that are derived from indefinite-situs distributable property of railcar companies in the state treasury for credit to the state general fund. Makes changes to the property tax credit amounts for railroad car maintenance and interest. Provides that property tax credits for railroad car maintenance and interest expire on January 1, 2036.

Effective: Upon passage; January 1, 2022 (retroactive).

Walker K

January 12, 2023, read first time and referred to Committee on Appropriations.



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. 315

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 6-1.1-8-35, AS AMENDED BY P.L.38-2021,
2 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 35. (a) Each year the department of local
4 government finance shall tax:
5 (1) the indefinite-situs distributable property of railcar companies;
6 and
7 (2) the distributable property of a railroad company that provides
8 service within a commuter transportation district established
9 under IC 8-5-15 and utilizes electricity to power substantially all
10 of its railroad passenger cars.
11 The department of local government finance shall compute the tax on
12 a railcar company's indefinite-situs distributable property based upon
13 the average property tax rate in this state. The average property tax rate
14 in this state for a year equals (A) the total of the property taxes in this
15 state that will come due during that year divided by (B) the total net
16 assessed valuation of property in this state for the preceding year's
17 assessment. The department of local government finance shall base its



1 computation of the average property tax rate for a year upon
 2 information which is available to the department as of December 31 of
 3 the preceding year. The department of local government finance shall
 4 compute the tax on a railroad company's distributable property based
 5 upon the average property tax rate that is imposed by taxing districts
 6 that are located in any county in which a railroad company, that is
 7 taxed under this section, provides railroad services. The average
 8 property tax rate of taxing districts that are located in any county in
 9 which a railroad company that is taxed under this section equals (i) the
 10 total of the property taxes in those taxing districts that will come due
 11 during that year divided by (ii) the total net assessed valuation of
 12 property in those districts for the preceding year's assessment. The
 13 department of local government finance shall base its computation on
 14 the average property tax rate for a year upon information which is
 15 available to the board as of December 31 of the preceding year.

16 (b) The department of local government finance shall certify the tax
 17 it imposes on indefinite-situs distributable property of railcar
 18 companies and a railroad company's distributable property taxed under
 19 this section to the department of state revenue. Each of those
 20 companies shall pay the tax to the department of state revenue on or
 21 before December 31 of the year the assessment is made. If one (1) of
 22 those companies does not pay the tax when it is due, the company shall
 23 pay a penalty, in addition to the tax, equal to twenty-five percent (25%)
 24 of the delinquent tax. When the tax imposed on indefinite-situs
 25 distributable property of railcar companies by this chapter becomes
 26 delinquent, the department of state revenue shall proceed with the
 27 collection of the delinquent tax and penalty in accordance with the
 28 provisions of IC 6-8.1-8.

29 (c) The department of state revenue shall promptly deposit all
 30 amounts collected under this section that are derived from
 31 indefinite-situs distributable property of railcar companies in the state
 32 treasury for credit to:

33 **(1) before July 1, 2023**, the commuter rail service fund
 34 established by IC 8-3-1.5-20.5 to be used as provided in
 35 IC 8-3-1.5-20.5(c); **and**

36 **(2) after June 30, 2023, the state general fund.**

37 (d) The department of state revenue shall promptly deposit all
 38 amounts collected under this section from a railroad company in the
 39 state treasury for credit to the electric rail service fund established by
 40 IC 8-3-1.5-20.6.

41 SECTION 2. IC 6-1.1-8.2-5 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JANUARY 1, 2022 (RETROACTIVE)]:



1 Sec. 5. (a) Subject to ~~subsection (b)~~; **subsections (b) through (f)**, the
 2 amount of the credit that a taxpayer is entitled to under section 4 of this
 3 chapter for a particular calendar year is equal to the lesser of:

- 4 (1) twenty-five percent (25%) of the qualified expenditures made
 5 by the taxpayer in the calendar year immediately preceding the
 6 calendar year in which the tax liability is imposed; or
 7 (2) the taxpayer's total tax liability for the calendar year.

8 (b) The total amount of credits **for a calendar year 2023 tax**
 9 **liability** provided under this chapter ~~in a for qualified expenditures~~
 10 **made in the 2022** calendar year may not exceed ~~two four~~ million eight
 11 hundred thousand dollars (~~\$2,800,000~~): **(\$4,800,000)**.

12 (c) **The total amount of credits for a calendar year 2024 tax**
 13 **liability provided under this chapter for qualified expenditures**
 14 **made in the 2023 calendar year may not exceed six million eight**
 15 **hundred thousand dollars (\$6,800,000).**

16 (d) **The total amount of credits for a calendar year 2025 tax**
 17 **liability provided under this chapter for qualified expenditures**
 18 **made in the 2024 calendar year may not exceed eight million eight**
 19 **hundred thousand dollars (\$8,800,000).**

20 (e) **The total amount of credits for the 2026 calendar year, and**
 21 **each calendar year through the 2035 calendar year may not exceed**
 22 **the lesser of the credit entitled under subsection (a)(1) or (a)(2).**

23 (f) If the total amount of credits applied for in a calendar year **2023,**
 24 **2024, or 2025** exceeds the maximum provided under this ~~subsection;~~
 25 **section**, each taxpayer's credit shall be reduced by an amount
 26 determined under the following STEPS:

27 STEP ONE: Divide the maximum amount of credits provided by
 28 this chapter for the year by the total amount of credits applied for
 29 under this chapter for the year.

30 STEP TWO: Multiply the STEP ONE result by the total amount
 31 of credits applied for by the taxpayer for the year.

32 **(g) This section expires January 1, 2036.**

33 SECTION 3. IC 8-3-1.5-20.5, AS AMENDED BY P.L.85-2011,
 34 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 UPON PASSAGE]: Sec. 20.5. (a) A special fund to be known as the
 36 "commuter rail service fund" is established. Any amount earned on
 37 money deposited in the fund is part of the fund, and the money in the
 38 fund at the end of any fiscal year does not revert to any other fund.
 39 However, if the money in the fund at the end of any fiscal year exceeds
 40 the total amount deposited in the fund during that fiscal year and the
 41 immediately preceding fiscal year, the amount of the excess shall be
 42 transferred to the state general fund.



1 (b) The money in the commuter rail service fund is appropriated for
2 distribution to commuter transportation districts. However, before
3 money is distributed to a district under this section, the governor must
4 approve the distribution.

5 (c) A district that receives money under this section may use the
6 money only for the maintenance, improvement, and operation of
7 commuter rail service.

8 **(d) Before July 1, 2023**, money that is deposited in the fund under
9 IC 6-1.1-8-35(c) must be used:

10 (1) to satisfy any annual debt service and required debt service
11 reserves; and

12 (2) if funds remain after all payments under subdivision (1) are
13 made, and subject to the terms of any debt service agreement
14 entered into by the district, to provide state matching funds for
15 federal transportation capital grants.

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

