

# SENATE BILL No. 131

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## DIGEST OF INTRODUCED BILL

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

**Synopsis:** Sales tax on recreational vehicles. Repeals the provision 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. (This provision is also set to expire on June 30, 2019, under current law.) 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. Provides instead that the purchase of a recreational vehicle or cargo trailer that is transported out of Indiana for registration and use in another state or country is exempt from the state gross retail tax regardless of whether the destination state or country provides a similar exemption for Indiana residents.

**Effective:** June 30, 2019; July 1, 2019.

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## Doriot

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January 3, 2019, read first time and referred to Committee on Tax and Fiscal Policy.

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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.

## 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 IC 6-2.5-2-4 IS REPEALED [EFFECTIVE JUNE 30,  
2 2019]. Sec. 4: (a) ~~As used in this section, "cargo trailer" has the~~  
3 ~~meaning set forth in IC 6-2.5-5-39.~~  
4 (b) ~~As used in this section, "recreational vehicle" has the meaning~~  
5 ~~set forth in IC 6-2.5-5-39.~~  
6 (c) ~~Notwithstanding section 2 of this chapter, in the case of a~~  
7 ~~transaction that:~~  
8 (1) ~~is not exempt from taxation under IC 6-2.5-5-39; and~~  
9 (2) ~~involves a cargo trailer or recreational vehicle that:~~  
10 (A) ~~is purchased by a nonresident;~~  
11 (B) ~~the purchaser intends to:~~  
12 (i) ~~transport to a destination outside Indiana within thirty~~  
13 ~~(30) days after delivery; and~~  
14 (ii) ~~title or register for use in another state or country; and~~  
15 (C) ~~will not be titled or registered for use in Indiana;~~  
16 the state gross retail tax rate on the cargo trailer or recreational vehicle  
17 is the rate of the other state or other country (excluding any locally



1 imposed tax rates) in which the cargo trailer or recreational vehicle will  
 2 be titled or registered, as certified by the seller and purchaser in an  
 3 affidavit satisfying the requirements of subsection (d).

4 (d) The department shall prescribe the form of the affidavit required  
 5 by subsection (c). In addition to the certification required by subsection  
 6 (c), the affidavit must include the following:

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

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

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

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

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

18 SECTION 2. IC 6-2.5-5-39, AS AMENDED BY P.L.211-2007,  
 19 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 20 JULY 1, 2019]: Sec. 39. (a) As used in this section, "cargo trailer"  
 21 means a vehicle:

22 (1) without motive power;

23 (2) designed for carrying property;

24 (3) designed for being drawn by a motor vehicle; and

25 (4) having a gross vehicle weight rating of at least two thousand  
 26 two hundred (2,200) pounds.

27 (b) As used in this section, "recreational vehicle" means a vehicle  
 28 with or without motive power equipped exclusively for living quarters  
 29 for persons traveling upon the highways. The term includes a travel  
 30 trailer, a motor home, a truck camper with a floor and facilities  
 31 enabling it to be used as a dwelling, and a fifth wheel trailer.

32 (c) A transaction involving a cargo trailer or a recreational vehicle  
 33 is exempt from the state gross retail tax if:

34 (1) the purchaser is a nonresident;

35 (2) upon receiving delivery of the cargo trailer or recreational  
 36 vehicle, the person transports it within thirty (30) days to a  
 37 destination outside Indiana;

38 (3) the cargo trailer or recreational vehicle will be titled or  
 39 registered for use in another state or country; **and**

40 (4) the cargo trailer or recreational vehicle will not be titled or  
 41 registered for use in Indiana. **and**

42 (5) the cargo trailer or recreational vehicle will be titled or



1 registered in a state or country that provides an exemption from  
 2 sales, use, or similar taxes imposed on a cargo trailer or  
 3 recreational vehicle that is purchased in that state or country by  
 4 an Indiana resident and will be titled or registered in Indiana.

5 A transaction involving a cargo trailer or recreational vehicle that does  
 6 not meet the requirements of subdivision (5) is not exempt from the  
 7 state gross retail tax.

8 (d) A purchaser must claim an exemption under this section by  
 9 submitting to the retail merchant an affidavit stating the purchaser's  
 10 intent to:

11 (1) transport the cargo trailer or recreational vehicle to a  
 12 destination outside Indiana within thirty (30) days after delivery;  
 13 and

14 (2) title or register the cargo trailer or recreational vehicle for use  
 15 in another state or country.

16 The department shall prescribe the form of the affidavit, which must  
 17 include an affirmation by the purchaser under the penalties for perjury  
 18 that the information contained in the affidavit is true. The affidavit  
 19 must identify the state or country in which the cargo trailer or  
 20 recreational vehicle will be titled or registered.

21 (e) The department shall provide the information necessary to  
 22 determine a purchaser's eligibility for an exemption claimed under this  
 23 section to retail merchants in the business of selling cargo trailers or  
 24 recreational vehicles.

25 SECTION 3. IC 6-2.5-10-6 IS REPEALED [EFFECTIVE JULY 1,  
 26 2019]. Sec. 6: The department, with the approval of the governor and  
 27 the budget agency after the review of the state budget committee, may  
 28 enter into an agreement with another state to provide that:

29 (1) Indiana residents who purchase a cargo trailer or recreational  
 30 vehicle in the other state and will title or register the cargo trailer  
 31 or recreational vehicle in Indiana will be exempt from sales, use,  
 32 or similar taxes in the other state on the purchase of the cargo  
 33 trailer or recreational vehicle; and

34 (2) the residents of the other state who purchase a cargo trailer or  
 35 recreational vehicle in Indiana and will title or register the cargo  
 36 trailer or recreational vehicle in the other state will be exempt  
 37 from sales, use, or similar taxes in Indiana on the purchase of the  
 38 cargo trailer or recreational vehicle.

39 SECTION 4. [EFFECTIVE JULY 1, 2019] (a) **IC 6-2.5-5-39, as**  
 40 **amended by this act, applies only to retail transactions occurring**  
 41 **after June 30, 2019.**

42 (b) Except as provided in subsection (c), a retail transaction is



1 considered to have occurred after June 30, 2019, if the property  
2 whose transfer constitutes selling at retail is delivered to the  
3 purchaser or to the place of delivery designated by the purchaser  
4 after June 30, 2019.

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

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

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

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

