

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 2008 be amended to read as follows:

- 1 Page 50, between lines 16 and 17, begin a new paragraph and insert:
2 "SECTION 28. IC 6-2.5-5-39 IS ADDED TO THE INDIANA
3 CODE AS A NEW SECTION TO READ AS FOLLOWS
4 [EFFECTIVE JULY 1, 2003]: **Sec. 39. (a) As used in this section,**
5 **"product" includes a pilot model, a process, a formula, an**
6 **invention, a technique, a patent, or a similar property. The term**
7 **includes property to be used in a taxpayer's trade or business and**
8 **property to be held for sale, lease, or license, regardless of whether**
9 **the property is ultimately placed in service, sold, leased, or**
10 **licensed.**
11 **(b) As used in this section, "research and development" means**
12 **laboratory or experimental activity to develop or improve a**
13 **product or to discover information that would eliminate**
14 **uncertainty concerning the development or improvement of a**
15 **product.**
16 **(c) The term "research and development" does not include any**
17 **of the following:**
18 **(1) The ordinary testing or inspection of materials or products**
19 **for quality control. The quality control testing to which this**
20 **subdivision applies includes testing or inspection to determine**
21 **whether particular units of materials or products conform to**
22 **specified parameters. Quality control testing does not include**
23 **testing to determine if the design of a product is appropriate.**
24 **(2) Efficiency surveys.**

- 1 **(3) Management studies.**
 2 **(4) Consumer surveys.**
 3 **(5) Advertising or promotions.**
 4 **(6) The acquisition of another's patent, model, production,**
 5 **process, or other product.**
 6 **(7) Research in connection with literary, historical, or similar**
 7 **projects.**
 8 **(8) Activities to ascertain the existence, location, extent, or**
 9 **quality of any deposit of oil, gas, ore, or other mineral.**
 10 **(9) Assembly, construction, or installation of property that is**
 11 **placed in service or held for sale, lease, or license.**

12 **(d) As used in this section, "uncertainty" means the**
 13 **unavailability to the taxpayer of information necessary to establish**
 14 **the capability or method for developing or improving the product**
 15 **or the appropriate design of the product.**

16 **(e) Transactions involving tangible personal property are**
 17 **exempt from the state gross retail tax if the person acquiring the**
 18 **property acquires it for direct use in research and development."**

19 Page 82, between lines 27 and 28, begin a new paragraph and insert:

20 **"SECTION 65. [EFFECTIVE JULY 1, 2003] For purposes of**
 21 **IC 6-2.5-5-39, as added by this act, all transactions shall be**
 22 **considered as having occurred after June 30, 2003, to the extent**
 23 **that delivery of the property or services constituting selling at**
 24 **retail is made after that date to the purchaser or to the place of**
 25 **delivery designated by the purchaser. However, a transaction shall**
 26 **be considered as having occurred before July 1, 2003, to the extent**
 27 **that the agreement of the parties to the transaction was entered**
 28 **into before July 1, 2003, and payment for the property or services**
 29 **furnished in the transaction is made before July 1, 2003,**
 30 **notwithstanding the delivery of the property or services after June**
 31 **30, 2003."**

32 Renumber all SECTIONS consecutively.

(Reference is to HB 2008 as printed February 26, 2003.)

Representative Hinkle