

SENATE BILL No. 532

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-3-23.

Synopsis: Assessment of foundry equipment. Provides that the equipment property tax valuation rules that apply to integrated steel mills and oil refinery/petrochemical companies also apply to foundries.

Effective: January 1, 2005 (retroactive).

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January 20, 2005, read first time and referred to Committee on Tax and Fiscal Policy.

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First Regular Session 114th General Assembly (2005)

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 2004 Regular Session of the General Assembly.

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SENATE BILL No. 532



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 6-1.1-3-23 IS AMENDED TO READ AS
- 2 FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:
- 3 Sec. 23. (a) ~~For purposes of~~ **The following definitions apply**
- 4 **throughout** this section:
- 5 (1) "Adjusted cost" refers to the adjusted cost established in 50
- 6 IAC 4.2-4-4 (as in effect on January 1, 2003).
- 7 (2) "Depreciable personal property" has the meaning set forth in
- 8 50 IAC 4.2-4-1 (as in effect on January 1, 2003).
- 9 (3) **"Foundry" means a person that engages in an activity that**
- 10 **qualifies for inclusion in any of the following NAICS codes:**
- 11 (A) **331511 iron foundries.**
- 12 (B) **331512 steel investment foundries.**
- 13 (C) **331513 steel foundries (except investment foundries).**
- 14 (D) **331524 aluminum foundries (except die-casting).**
- 15 (E) **331525 copper foundries (except die-casting).**
- 16 (F) **331528 other nonferrous foundries (except die-casting).**
- 17 (3) (4) **"Integrated steel mill" means a person that produces steel**



1 by processing iron ore and other raw materials in a blast furnace.
 2 **(5) "NAICS code" refers to the North American industry**
 3 **classification system identification number for and definition**
 4 **of an industry, as specified in the document published by the**
 5 **United States Department of Commerce and entitled "2002**
 6 **US NAICS Manual North American Industry Classification**
 7 **System-United States, 2002".**
 8 ~~(4)~~ **(6) "Oil refinery/petrochemical company"** means a person that
 9 produces a variety of petroleum products by processing an annual
 10 average of at least one hundred thousand (100,000) barrels of
 11 crude oil per day.
 12 ~~(5)~~ **(7) "Permanently retired depreciable personal property"** has
 13 the meaning set forth in 50 IAC 4.2-4-3 (as in effect on January
 14 1, 2003).
 15 ~~(6)~~ **(8) "Pool"** refers to a pool established in 50 IAC 4.2-4-5(a) (as
 16 in effect on January 1, 2003).
 17 ~~(7)~~ **(9) "Special integrated steel mill or oil refinery/petrochemical**
 18 **equipment"** means depreciable personal property, other than
 19 special tools and permanently retired depreciable personal
 20 property:
 21 (A) that:
 22 (i) is owned, leased, or used by an integrated steel mill or an
 23 entity that is at least fifty percent (50%) owned by an
 24 affiliate of an integrated steel mill; and
 25 (ii) falls within Asset Class 33.4 as set forth in IRS Rev.
 26 Proc. 87-56, 1987-2, C.B. 647; or
 27 (B) that:
 28 (i) is owned, leased, or used as an integrated part of an oil
 29 refinery/petrochemical company or its affiliate; and
 30 (ii) falls within Asset Class 13.3 or 28.0 as set forth in IRS
 31 Rev. Proc. 87-56, 1987-2, C.B. 647.
 32 ~~(8)~~ **(10) "Special tools"** has the meaning set forth in 50
 33 IAC 4.2-6-2 (as in effect on January 1, 2003). ~~and~~
 34 ~~(9)~~ **(11) "Year of acquisition"** refers to the year of acquisition
 35 determined under 50 IAC 4.2-4-6 (as in effect on January 1,
 36 2003).
 37 (b) Notwithstanding 50 IAC 4.2-4-4, 50 IAC 4.2-4-6, and 50
 38 IAC 4.2-4-7, a taxpayer may elect to calculate the true tax value of the
 39 taxpayer's **foundry**, special integrated steel mill, or oil
 40 refinery/petrochemical equipment by multiplying the adjusted cost of
 41 that equipment by the percentage set forth in the following table:
 42

Year of Acquisition	Percentage
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1	1	40%
2	2	56%
3	3	42%
4	4	32%
5	5	24%
6	6	18%
7	7	15%
8	8 and older	10%

9 (c) The department of local government finance shall designate the
10 table under subsection (b) as "Pool No. 5" on the business personal
11 property tax return.

12 (d) The percentage factors in the table under subsection (b)
13 automatically reflect all adjustments for depreciation and obsolescence,
14 including abnormal obsolescence, for **foundry**, special integrated steel
15 mill, or oil refinery/petrochemical equipment. The equipment is
16 entitled to all exemptions, credits, and deductions for which it qualifies.

17 (e) The minimum valuation limitations under 50 IAC 4.2-4-9 do not
18 apply to **foundry**, special integrated steel mill, or oil
19 refinery/petrochemical equipment valued under this section. The value
20 of the equipment is not included in the calculation of that minimum
21 valuation limitation for the taxpayer's other assessable depreciable
22 personal property in the taxing district.

23 (f) An election to value **foundry**, special integrated steel mill, or oil
24 refinery/petrochemical equipment under this section:

- 25 (1) must be made by reporting the equipment under this section on
26 a business personal property tax return;
- 27 (2) applies to all of the taxpayer's **foundry**, special integrated steel
28 mill, or oil refinery/petrochemical equipment located in the state
29 (whether owned or leased, or used as an integrated part of the
30 equipment); and
- 31 (3) is binding on the taxpayer for the assessment date for which the
32 election is made.

33 The department of local government finance shall prescribe the forms
34 to make the election beginning with the March 1, 2003, assessment
35 date **for special integrated steel mill or oil refinery/petrochemical**
36 **equipment and beginning with the March 1, 2004, assessment date**
37 **for foundry equipment**. Any **foundry**, special integrated steel mill, or
38 oil refinery/petrochemical equipment acquired by a taxpayer that has
39 made an election under this section is valued under this section.

40 (g) If fifty percent (50%) or more of the adjusted cost of a taxpayer's
41 property that would, notwithstanding this section, be reported in a pool
42 other than Pool No. 5 is attributable to **foundry**, special integrated steel

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1 mill, or oil refinery/petrochemical equipment, the taxpayer may elect
2 to calculate the true tax value of all of that property as **foundry**, special
3 integrated steel mill, or oil refinery/petrochemical equipment. The true
4 tax value of property for which an election is made under this
5 subsection is calculated under subsections (b) through (f).
6 SECTION 2. [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]
7 **(a) IC 6-1.1-3-23, as amended by this act, applies only to property**
8 **taxes first due and payable after December 31, 2005.**
9 **(b) This SECTION expires January 1, 2007.**
10 SECTION 3. **An emergency is declared for this act.**

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