



March 27, 2007

**ENGROSSED
HOUSE BILL No. 1193**

DIGEST OF HB 1193 (Updated March 27, 2007 11:21 am - DI 84)

Citations Affected: IC 6-2.5.

Synopsis: Sales tax exemption for wastewater utility. Defines "public utility", "collection plant and expenses", "system pumping plant and expenses", and "treatment and disposal plant and expenses" in the statute that exempts certain expenditures by a wastewater utility from sales tax.

Effective: July 1, 2007.

Crawford

(SENATE SPONSORS — MILLER, BREAUX)

January 11, 2007, read first time and referred to Committee on Environmental Affairs.
February 1, 2007, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.
February 15, 2007, reported — Do Pass.
February 19, read second time, ordered engrossed. Engrossed.
February 20, 2007, read third time, passed. Yeas 95, nays 0.

SENATE ACTION

February 27, 2007, read first time and referred to Committee on Energy and Environmental Affairs.
March 12, 2007, reported favorably — Do Pass; reassigned to Committee on Tax and Fiscal Policy.
March 27, 2007, reported favorably — Do Pass.

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March 27, 2007

First Regular Session 115th General Assembly (2007)

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 2006 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1193

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 6-2.5-5-12 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. ~~(a)~~ Transactions
3 involving tangible personal property are exempt from the state gross
4 retail tax if:

5 (1) the property is classified as source of supply plant and
6 expenses, the pumping plant and expenses, or water treatment
7 plant and expenses according to the uniform system of accounts
8 which was adopted and prescribed for the utility by the Indiana
9 utility regulatory commission; and

10 (2) the person acquiring the property is a public utility that
11 furnishes or sells water in a retail transaction described in
12 IC 6-2.5-4-5.

13 ~~(b)~~ Transactions involving tangible personal property are exempt
14 from the state gross retail tax if:

15 ~~(1)~~ the property is classified as collection plant and expenses;
16 treatment and disposal plant and expenses; or system pumping
17 plant and expenses; and

EH 1193—LS 6775/DI 113+



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1 (2) the person acquiring the property is a public utility that
2 collects, treats, or processes wastewater.

3 SECTION 2. IC 6-2.5-5-12.5 IS ADDED TO THE INDIANA
4 CODE AS A NEW SECTION⁷⁵ TO READ AS FOLLOWS
5 [EFFECTIVE JULY 1, 2007]: **Sec. 12.5. (a) As used in this section,**
6 **"collection plant and expenses" includes the following:**

7 (1) Expenditures for collection plant, which include the
8 following:

- 9 (A) Land and land rights.
- 10 (B) Structures and improvements.
- 11 (C) Power generation equipment.
- 12 (D) Collection sewers and special collecting structures.
- 13 (E) Receiving wells.
- 14 (F) Pumping equipment.
- 15 (G) Transportation equipment.
- 16 (H) Other collection plant expenditures.

17 (2) Expenditures for collection expenses, which include the
18 following:

- 19 (A) Operation supervision and engineering.
- 20 (B) Purchased power or fuel for power production.
- 21 (C) Chemicals.
- 22 (D) Materials and supplies.
- 23 (E) Maintenance supervision and engineering.
- 24 (F) Rental of real property or equipment.
- 25 (G) Maintenance of power generation equipment.
- 26 (H) Maintenance of structures and improvements.
- 27 (I) Maintenance of transportation equipment.
- 28 (J) Maintenance of collection plant equipment.

29 (b) As used in this section, "public utility" means a public utility
30 (as defined in IC 8-1-2-1(a)) or any person that contracts with a
31 municipality to operate, manage, or control any plant or
32 equipment owned by the municipality for the collection, treatment,
33 or processing of wastewater.

34 (c) As used in this section, "system pumping plant and
35 expenses" includes the following:

36 (1) Expenditures for pumping plant, which include the
37 following:

- 38 (A) Land and land rights.
- 39 (B) Structures and improvements.
- 40 (C) Boiler plant equipment.
- 41 (D) Other power production equipment.
- 42 (E) Steam pumping equipment.

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- 1 (F) Electric pumping equipment.
- 2 (G) Diesel pumping equipment.
- 3 (H) Hydraulic pumping equipment.
- 4 (I) Other pumping equipment.
- 5 (2) Expenditures for pumping expenses, which include the
- 6 following:
- 7 (A) Operation supervision and engineering.
- 8 (B) Fuel for power production.
- 9 (C) Power production labor and expenses.
- 10 (D) Fuel or power purchased for pumping.
- 11 (E) Pumping labor and expenses.
- 12 (F) Miscellaneous expenses.
- 13 (G) Rents.
- 14 (H) Maintenance supervision and engineering.
- 15 (I) Maintenance of power production equipment.
- 16 (J) Maintenance of pumping equipment.
- 17 (d) As used in this section, "treatment and disposal plant and
- 18 expenses" includes the following:
- 19 (1) Expenditures for treatment and disposal plant, which
- 20 include the following:
- 21 (A) Land and land rights.
- 22 (B) Structures and improvements.
- 23 (C) Power generation equipment.
- 24 (D) Pumping equipment.
- 25 (E) Flow measuring devices and installations.
- 26 (F) Reuse meters and meter installations.
- 27 (G) Reuse transmission and distribution systems.
- 28 (H) Treatment and disposal equipment.
- 29 (I) Sewers and sewer lines.
- 30 (J) Transportation equipment.
- 31 (2) Expenditures for treatment and disposal expenses, which
- 32 include the following:
- 33 (A) Operation supervision and engineering.
- 34 (B) Purchased wastewater treatment.
- 35 (C) Sludge removal expenses.
- 36 (D) Purchased power or fuel for power production.
- 37 (E) Chemicals.
- 38 (F) Materials and supplies.
- 39 (G) Maintenance supervision and engineering.
- 40 (H) Rental of real property or equipment.
- 41 (I) Maintenance of power generation equipment.
- 42 (J) Maintenance of structures and improvements.

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- 1 **(K) Maintenance of transportation equipment.**
- 2 **(L) Maintenance of treatment and disposal plant**
- 3 **equipment.**
- 4 **(e) Transactions involving tangible personal property are**
- 5 **exempt from the state gross retail tax if:**
- 6 **(1) the property is classified as collection plant and expenses,**
- 7 **treatment and disposal plant and expenses, or system**
- 8 **pumping plant and expenses; and**
- 9 **(2) the person acquiring the property is a public utility that**
- 10 **collects, treats, or processes wastewater.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Environmental Affairs, to which was referred House Bill 1193, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

DVORAK, Chair

Committee Vote: yeas 12, nays 0.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1193, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

CRAWFORD, Chair

Committee Vote: yeas 23, nays 0.



COMMITTEE REPORT

Madam President: The Senate Committee on Energy and Environmental Affairs, to which was referred House Bill No. 1193, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS and be reassigned to the Senate Committee on Tax and Fiscal Policy.

(Reference is made to House Bill 1193 as printed February 16, 2007.)

GARD, Chairperson

Committee Vote: Yeas 9, Nays 0.

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COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1193, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to House Bill 1193 as printed March 13, 2007.)

KENLEY, Chairperson

Committee Vote: Yeas 8, Nays 0.

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