

Adopted	Rejected
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COMMITTEE REPORT

YES:	12
NO:	0

MR. SPEAKER:

*Your Committee on Commerce, Small Business and Economic Development, to which was referred House Bill 1171, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Page 1, delete lines 1 through 17, begin a new paragraph and insert:
- 2 "SECTION 1. IC 6-2.5-5-40, AS ADDED BY P.L.193-2005,
- 3 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 4 JULY 1, 2013]: Sec. 40. (a) As used in this ~~chapter~~, **section**, "research
- 5 and development activities" does not include any of the following:
- 6 (1) Efficiency surveys.
- 7 (2) Management studies.
- 8 (3) Consumer surveys.
- 9 (4) Economic surveys.
- 10 (5) Advertising or promotions.
- 11 (6) Research in connection with literary, historical, or similar
- 12 projects.
- 13 (7) Testing for purposes of quality control.

- 1 (b) As used in this section, "research and development equipment"
 2 means tangible personal property that:
- 3 (1) consists of or is a combination of:
 - 4 (A) laboratory equipment;
 - 5 (B) computers;
 - 6 (C) computer software;
 - 7 (D) telecommunications equipment; or
 - 8 (E) testing equipment;
 - 9 (2) has not previously been used in Indiana for any purpose; and
 - 10 (3) is acquired by the purchaser for the purpose of research and
 11 development activities devoted directly to experimental or
 12 laboratory research and development for:
 - 13 (A) new products;
 - 14 (B) new uses of existing products; or
 - 15 (C) improving or testing existing products.
- 16 **(c) As used in this section, "research and development**
 17 **property" means tangible personal property that:**
- 18 **(1) has not previously been used in Indiana for any purpose;**
 19 **and**
 - 20 **(2) is acquired by the purchaser for the purpose of research**
 21 **and development activities devoted to experimental or**
 22 **laboratory research and development for:**
 - 23 **(A) new products;**
 - 24 **(B) new uses of existing products; or**
 - 25 **(C) improving or testing existing products.**
- 26 ~~(c)~~ **(d) A retail transaction:**
- 27 (1) involving research and development equipment; and
 - 28 (2) occurring after June 30, 2007, **and before July 1, 2013;**
- 29 is exempt from the state gross retail tax.
- 30 **(e) A retail transaction:**
- 31 **(1) involving research and development property; and**
 - 32 **(2) occurring after June 30, 2013;**
- 33 **is exempt from the state gross retail tax.**
- 34 **(f) The exemption provided by subsection (e) applies:**
- 35 **(1) regardless of whether the research and development**
 36 **property is used directly or indirectly in the research and**
 37 **development activities described in subsection (c)(2); and**
 - 38 **(2) regardless of whether the person who acquires the**

1 research and development property is a manufacturer or
 2 seller of the new or existing products specified in subsection
 3 (c)(2).

4 (g) For purposes of this section, as amended by HEA 1171-2013,
 5 a retail transaction shall be considered as having occurred after
 6 June 30, 2013, to the extent that delivery of the property
 7 constituting selling at retail is made after that date to the
 8 purchaser or to the place of delivery designated by the purchaser.
 9 However, a transaction shall be considered as having occurred
 10 before July 1, 2013, to the extent that the agreement of the parties
 11 to the transaction was entered into before July 1, 2013, and
 12 payment for the property furnished in the transaction is made
 13 before July 1, 2013, notwithstanding the delivery of the property
 14 after June 30, 2013. This subsection expires January 1, 2017.

15 SECTION 2. IC 6-2.5-6-16 IS REPEALED [EFFECTIVE JULY 1,
 16 2013]. Sec. 16: (a) As used in this section, "research and development
 17 equipment" has the meaning set forth in IC 6-2.5-5-40:

18 (b) A person is entitled to a refund equal to fifty percent (50%) of
 19 the gross retail tax paid by the person under this article in a retail
 20 transaction occurring after June 30, 2005, and before July 1, 2007, to
 21 acquire research and development equipment:

22 (c) To receive the refund provided by this section, a person must
 23 claim the refund under IC 6-8.1-9 in the manner prescribed by the
 24 department."

25 Delete pages 2 through 3.

(Reference is to HB 1171 as introduced.)

and when so amended that said bill do pass.

Representative Messmer