

HOUSE BILL No. 1171

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-2.5.

Synopsis: Research and development property. Expands the sales tax exemption for research and development equipment to include any tangible personal property used for research and development.

Effective: July 1, 2013.

Heuer, Kubacki, Truitt

January 10, 2013, read first time and referred to Committee on Commerce, Small Business and Economic Development.

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First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

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HOUSE BILL No. 1171



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 6-2.5-5-40, AS ADDED BY P.L.193-2005,
- 2 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2013]: Sec. 40. (a) As used in this ~~chapter~~, **section**, "research
- 4 and development activities" does not include any of the following:
- 5 (1) Efficiency surveys.
- 6 (2) Management studies.
- 7 (3) Consumer surveys.
- 8 (4) Economic surveys.
- 9 (5) Advertising or promotions.
- 10 (6) Research in connection with literary, historical, or similar
- 11 projects.
- 12 (7) Testing for purposes of quality control.
- 13 (b) As used in this section, "research and development ~~equipment~~"
- 14 **property"** means tangible personal property that:
- 15 (1) consists of or is a combination of:
- 16 (A) laboratory equipment;
- 17 (B) computers;



- 1 (C) computer software;
 2 (D) telecommunications equipment; ~~or~~
 3 (E) testing equipment; **or**
 4 **(F) any other tangible personal property;**
 5 (2) has not previously been used in Indiana for any purpose; and
 6 (3) is acquired by the purchaser for the purpose of research and
 7 development activities devoted directly to experimental or
 8 laboratory research and development for:
 9 (A) new products;
 10 (B) new uses of existing products; or
 11 (C) improving or testing existing products.
 12 (c) A retail transaction:
 13 (1) involving research and development ~~equipment~~ **property**
 14 **described in subsection (b)(1)(A), (b)(1)(B), (b)(1)(C),**
 15 **(b)(1)(D), or (b)(1)(E); and**
 16 (2) occurring after June 30, 2007;
 17 is exempt from the state gross retail tax.
 18 **(d) A retail transaction:**
 19 **(1) involving research and development property that is not**
 20 **described in subsection (b)(1)(A), (b)(1)(B), (b)(1)(C),**
 21 **(b)(1)(D), or (b)(1)(E) but is described in subsection (b)(1)(F);**
 22 **and**
 23 **(2) occurring after June 30, 2013;**
 24 **is exempt from the state gross retail tax.**
 25 **(e) For purposes of this section, a retail transaction shall be**
 26 **considered as having occurred after June 30, 2013, to the extent**
 27 **that delivery of the property constituting selling at retail is made**
 28 **after that date to the purchaser or to the place of delivery**
 29 **designated by the purchaser. However, a transaction shall be**
 30 **considered as having occurred before July 1, 2013, to the extent**
 31 **that the agreement of the parties to the transaction was entered**
 32 **into before July 1, 2013, and payment for the property furnished**
 33 **in the transaction is made before July 1, 2013, notwithstanding the**
 34 **delivery of the property after June 30, 2013.**
 35 SECTION 2. IC 6-2.5-6-16, AS ADDED BY P.L.193-2005,
 36 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2013]: Sec. 16. **(a) As used in this section, "research and**
 38 **development activities" does not include any of the following:**
 39 **(1) Efficiency surveys.**
 40 **(2) Management studies.**
 41 **(3) Consumer surveys.**
 42 **(4) Economic surveys.**

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- 1 **(5) Advertising or promotions.**
- 2 **(6) Research in connection with literary, historical, or similar**
- 3 **projects.**
- 4 **(7) Testing for purposes of quality control.**
- 5 ~~(a)~~ **(b)** As used in this section, "research and development
- 6 equipment" ~~has the meaning set forth in IC 6-2.5-5-40.~~ **means tangible**
- 7 **personal property that:**
- 8 **(1) consists of or is a combination of:**
- 9 **(A) laboratory equipment;**
- 10 **(B) computers;**
- 11 **(C) computer software;**
- 12 **(D) telecommunications equipment; or**
- 13 **(E) testing equipment;**
- 14 **(2) has not previously been used in Indiana for any purpose;**
- 15 **and**
- 16 **(3) is acquired by the purchaser for the purpose of research**
- 17 **and development activities devoted directly to experimental**
- 18 **or laboratory research and development for:**
- 19 **(A) new products;**
- 20 **(B) new uses of existing products; or**
- 21 **(C) improving or testing existing products.**
- 22 ~~(b)~~ **(c)** A person is entitled to a refund equal to fifty percent (50%)
- 23 of the gross retail tax paid by the person under this article in a retail
- 24 transaction occurring after June 30, 2005, and before July 1, 2007, to
- 25 acquire research and development equipment.
- 26 ~~(c)~~ **(d)** To receive the refund provided by this section, a person must
- 27 claim the refund under IC 6-8.1-9 in the manner prescribed by the
- 28 department.

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