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**TITLE 50 DEPARTMENT OF LOCAL
GOVERNMENT FINANCE**

LSA Document #03-157

To: The Honorable Jerry Denbo, Chair
Administrative Rules Oversight Committee

From: Heather A. Scheel
General Counsel

Date: February 11, 2004

Re: Notice of Delay in Adoption of Rule defining procedures that will allow local assessing officials to establish a substantial relationship between property and use for exempt purposes; that establishes guidelines for the Department to use when reviewing approved exemption applications and reporting to the Indiana Legislative Services Agency and provides a means for county's *[sic.]* to provide the Department with a list of certain exempt properties lessee information /LSA Document #03-157.

Notice of Delay

This is to notify you that pursuant to IC 4-22-2-25, the Department of Local Government Finance has determined that it may not be able to adopt, and obtain the Governor's approval of, the proposed rule governing standards for determining exemptions and whether tangible property used by an exempt organization in a trade or business is substantially related to the exercise or performance of the organization's exempt purpose. The rule will also govern the process by which the Department will review approved exemption applications and report findings to LSA, as well as provide the counties with a way to capture certain lessee information on specified exempt properties. IC 6-1.1-36.5; 6-1.1-11-3.8; 6-1.1-11-8 (LSA Document #03-157) within one (1) year of the date of notice of intent to adopt the rule as published under IC 4-22-2-23.

Reasons for Delay

This rule requires that provisions be established to govern the standard of determining whether tangible property is exempt from taxation and the procedures governing the capturing and reporting of certain data. While the Department of Local Government Finance considers it prudent to attempt to adopt a rule the department wanted to better understand the needs of the assessing community subsequent to new the *[sic.]* codified provisions being enacted as well as new court decisions being decided. The Department has researched some of the consequences and is now better equipped to address the outstanding questions and concerns.

Expected Adoption Date

The Department of Local Government Finance expects to forward a proposed rule to LSA Document #03-157 in the near future. It is anticipated that we will be able to adopt the rule and obtain the Governor's approval before the end of 2004. Because the stated "expected date" will control the validity of the rule, we present this notice and state that we now expect to adopt and obtain the Governor's approval of the rules governing assessment *[sic., of]* tangible property as used for exempt purposes (LSA Doc. #03-157) before December 1, 2004.

Your understanding of these circumstances is greatly appreciated. If you need additional information please do not hesitate to contact me at 232-5895. Thank you.

Copy to: Senator Luke Kenley
Sarah Burkman, Attorney for the Committee
Chuck Mayfield, Fiscal Analyst for Committee