State Distributable Assessment and Renewable Energy

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Assessment Division – Utility Specialists

January 2025

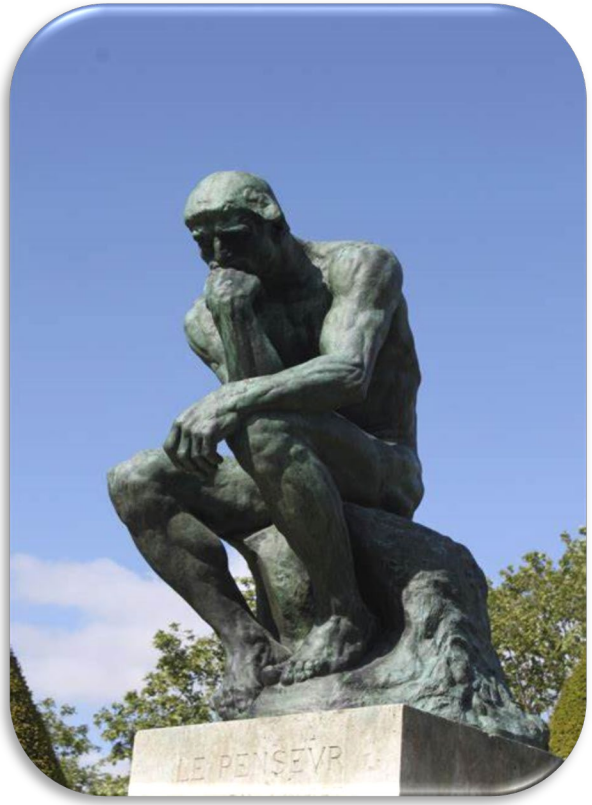
Agenda

- State Distributable Property
- Railcar
- Renewable Energy
- Alternative Energy
- Questions

State Distributable Property

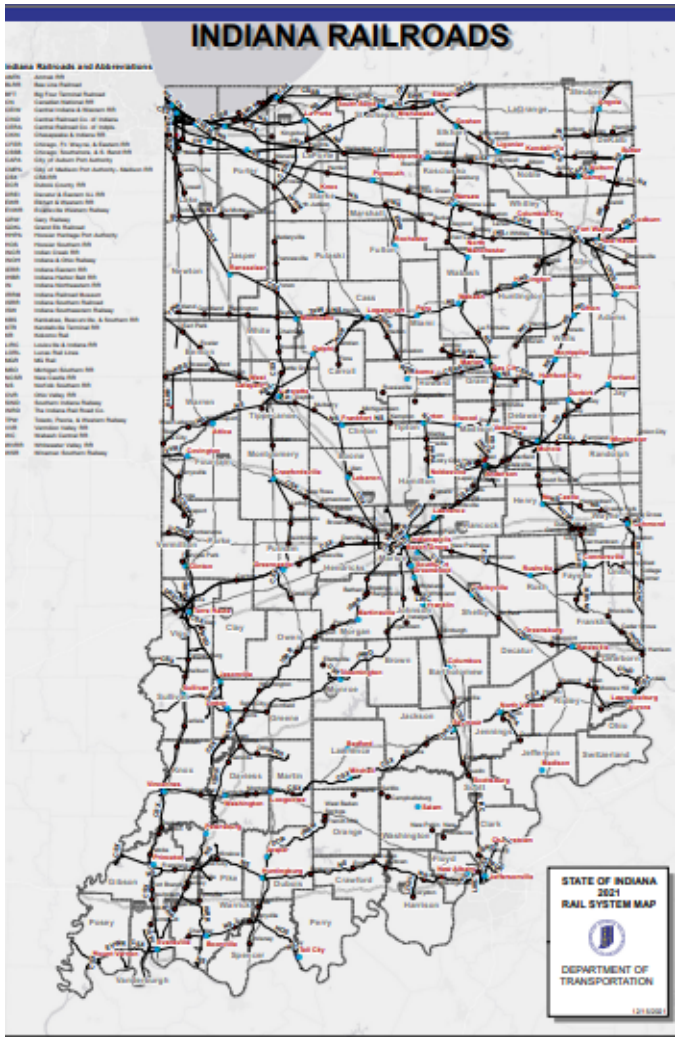
Question?

- What is state assessed distributable property?
- Property owned or used by public utilities or railroads used to manufacture a public utility service.

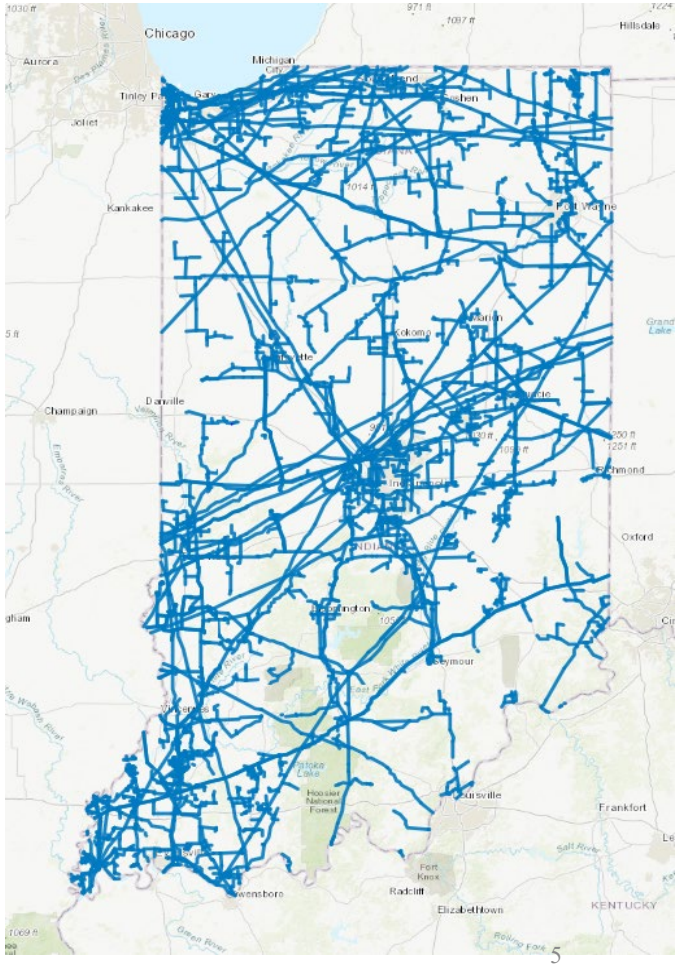


State Distributable Property – Utilities & Railroads

- Public utilities and railroads often cross township and county lines.
- The Department is charged with assessing the value of public utilities and railroads in Indiana.



Oil/Gas Pipelines in Indiana



State Distributable Property – How do we do it?

- The Department values a company's entire enterprise statewide and then distributes the assessed value to each county in which the company operates.

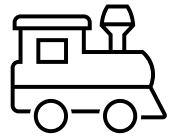
- The distribution is allocated based on a percentage of the company's total operation in the county by township/taxing district.



Petersburg Generating Station, AES Indiana

Which companies are subject to taxation and are considered distributable?

- Companies in the business of transporting persons or property.
- Companies in the business of selling or distributing electricity, gas, steam, or water.
- Companies in the business of transmitting messages for the general public by wire or airwaves.
- Companies in the business of operating a sewage system or a sewage treatment plant.









State Distributable Property

- Persons subject to taxation, including but not limited to:
  - Bridge companies
  - Bus companies
  - Express companies
  - Light, heat, or power companies
  - Pipeline companies
  - Railroad companies
  - Railcar companies
  - Sleeping car companies
  - Street railway companies
  - Telephone, telegraph, or cable companies;
  - Tunnel companies
  - Water distribution companies.



CenterPoint Energy –
Natural Gas Pipelines in Indiana

More Recent Additions to State Distributable Property

- Cell towers and microwave towers are now part of state distributable property.
- Assessment information on towers can be found on pages 7 and 8 of Chapter 9 of the 2021 Real Property Assessment Guidelines.
- Towers were assessed as Locally Assessed Personal Property, reported by the utility in the taxing unit where located. The value used to report it is the Federal Tax Cost.
- Although identified as Locally Assessed Personal Property, these towers are now reported with their distributable property report to the Department if they were formerly reported on a Form 1 as owned by a utility company. Other towers not owned by a utility are still Locally Assessed Personal Property.



Types and Numbers of Distributable Utilities in Indiana

Utility Type	# in State
Gas & Electric (light, heat, power)	69
Buses (regularly scheduled routes)	2
Pipelines (gas or oil)	32
Rural Electric Membership Corporations (REMCs)	46
Railroads	39
Telecoms (land line, cellular, VOIP, satellite, paging company)	105
Water & Sewer	29
TOTAL (not including railcars)	322
Railcar Taxpayers (varies based on route they choose)	366

- State Distributable Utilities are not necessarily regulated utilities for rate purposes and some may not sell to the public.

We know which public utilities are subject to taxation, but who is not?

- Aviation companies.
- Broadcasting companies.
- Television companies.
- Water transportation companies.
- Companies operated by a municipality or a municipal corporation, except those utility companies owned or held in trust by a first-class city.



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Distributable, Locally Assessed Real Property, Dual Use

- If the property is land, a building that houses employees rather than only equipment, or a building improvement, it is locally assessed real property, with the exception of railroad companies' operating improvements (and portable equipment sheds)

- The remaining property is considered to be distributable property.

- Some items or units of property may have dual uses. A portion may be used to produce or provide utility service, while the remainder is specifically attributable to a building or structure.

How Can You Distinguish?

- To determine whether a central system is locally assessed real property or distributable property, the following standards apply:
  - The portion of the central system that is specifically attributable to the building or structure is locally assessed real property.
  - The portion of the central system that was installed to specifically accommodate the utility process or activity conducted in the facility is distributable property.
  - What used to be locally assessed personal property (if any) now has become a part of the distributable property.

  - For further guidance on distinguishing locally assessed real property or distributable property, refer to Book 2 of the Real Property Guidelines, Chapter 9 (available on www.in.gov/dlgf)

Dual Use (Continued)

- If the central system has a dual purpose, an allocation is made based on the specific facts and circumstances surrounding the use of the system.

  - For example, the allocation of a central system would be a plumbing system that was installed both to serve the occupants of a building and also to supply water to cool an item of distributable property. In this case, an allocation is made to account for the portion of the central system that is locally assessed real property, and the portion of the central system that is attributable to the distributable property. The Department would need to confer with the taxpayer in this type situation to determine what the split would be based on percentage.

State Distributable Property

- With the exception of obsolescence, the property is subject to the 30 percent (30%) floor value. State distributable assessments are done on a federal cost less depreciation basis.
  - Hence, a $100,000,000 investment could have a wide range for the assessed value based on depreciation. At a minimum, the 30% floor would apply (i.e., $100,000,000 x 30% = $30,000,000)
- Property is taxed at the same tax rate as any other business personal property.
- Studies are done by the Legislative Services Agency (LSA) each year to review exemptions for business personal property –Legislation passed in 2022 exempts property with a value under $80,000 including telecom property assessed by the Department (but excluding IURC regulated utilities).

A Few Provisions and Exemptions…

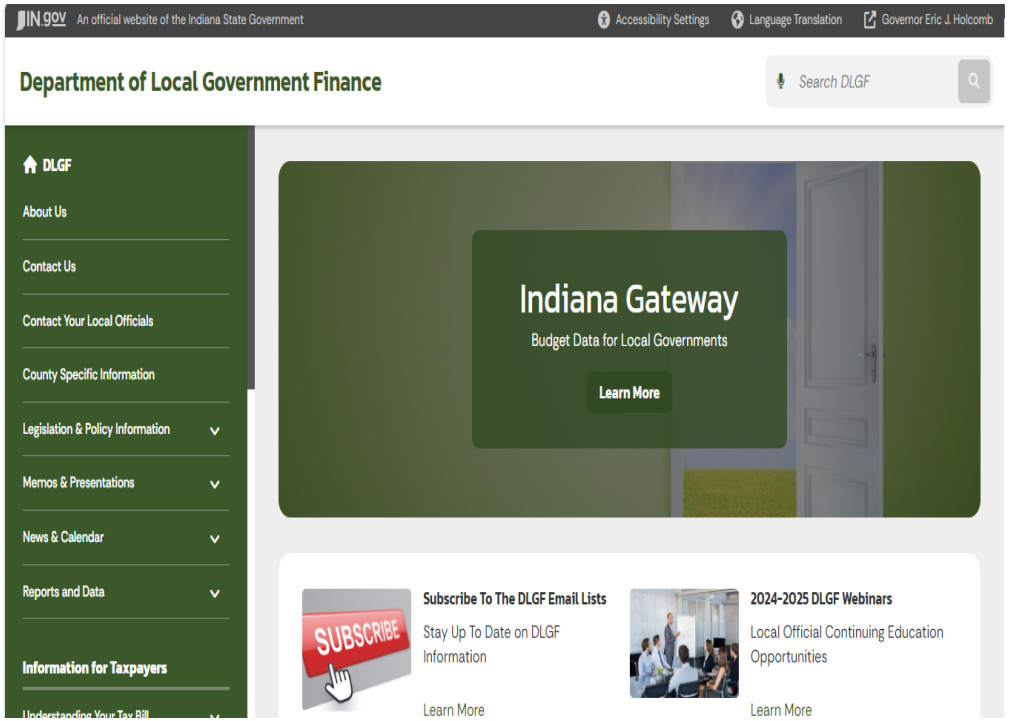
- A taxpayer may elect to file a personal property tax return with the county assessor or, if applicable, the township assessor if:
  - They own definite situs property located in one taxing district and/or
  - They are a taxpayer participating in a net metering or feed-in tariff program.
- Municipal and governmental properties.
- P.I.L.O.T. (Payments in Lieu of Taxes) –such as the Indiana Municipal Power Agency (IMPA).
  - Taxes figured based on Department methods (using the UD-45) and then AV reported directly to the taxing jurisdictions or county, but these will never be on the state distribution because they are NOT state assessed.

State Assessed Distributables and Statutory Deadlines

- April 1: UD-45 (Utilities) and UD-32 (Railroads) without extensions due to the Department.
- May 1: for UD-45 and UD-32 with extensions– very rarely will the Department will extend past May 1, but only in the most extraordinary of circumstances.
- June 1: All returns reviewed including abnormal obsolescence, values set and mailed to taxpayers (10 days to appeal to the Department from receipt – 45 days to appeal to IBTR). Appeals to IBTR would be handled on a case-by-case basis. The Department has none pending currently.
- June 30: Send certified distributable property assessed values to counties electronically– Late filers or corrections made after this date will require a redistribution to the affected counties.
- Taxpayers have sixty (60) days to amend for distribution or reasons other than obsolescence codified.
- One year to provide actual return after omitted is placed in file.

How the Department Prepares

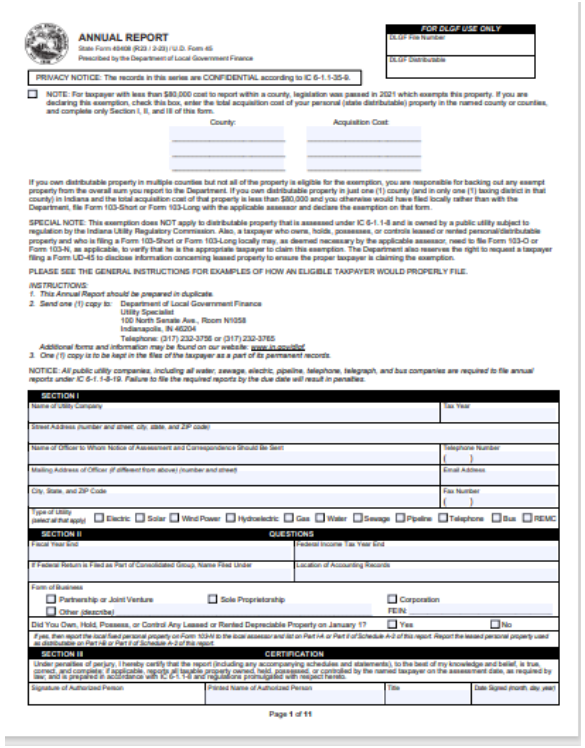
- Each year, the Department updates forms based on legislative or processing changes.
- Makes sure the Department website is current.
- Updates the pipeline values and The Wisconsin Blue Chip study for railroads.
- Collaborates with counties to update parcel numbers.



Annual Return AND the Pre-Assessment Analysis Survey

- A taxpayer is responsible for completing an annual return (UD-45 for Utilities and UD-32 for Railroads) including the allocation distribution of the company's investment in the county by township/taxing district and submitting it to the Department by the deadline.

- In addition, the Pre-Assessment Analysis Survey is to be completed online annually (available on DLGF website).



ANNUAL REPORT

FOR DLGF USE ONLY

PRIVACY NOTICE: The records in this series are CONFIDENTIAL according to IC 6-1.1-35-9.

NOTE: For taxpayer with less than $80,000 cost to report within a county, legislation was passed in 2021 which exempts this property. If you are declaring this exemption, check this box, enter the total acquisition cost of your personal (state distributable) property in the named county or counties, and complete only Section I, II, and III of this form.

County: Acquisition Cost:

If you own distributable property in multiple counties but not all of the property is eligible for the exemption, you are responsible for backing out any exempt property from the overall sum you report to the Department. If you own distributable property in just one (1) county (and in only one (1) taxing district in that county) in Indiana and the total acquisition cost of that property is less than $80,000 and you otherwise would have filed locally rather than with the Department, file Form 103-Short or Form 103-Long with the applicable assessor and declare the exemption on that form.

SPECIAL NOTE: This exemption does NOT apply to distributable property that is assessed under IC 6-1.1-8 and is owned by a public utility subject to regulation by the Indiana Utility Regulatory Commission. Also, a taxpayer who owns, holds, possesses, or controls leased or rented personal/distributable property and who is filing a Form 103-Short or Form 103-Long locally may, as deemed necessary by the applicable assessor, need to file Form 103-CI or Form 103-N, as applicable, to verify that he is the appropriate taxpayer to claim this exemption. The Department also reserves the right to request a taxpayer filing a Form UD-45 to disclose information concerning leased property to ensure the proper taxpayer is claiming the exemption.

PLEASE SEE THE GENERAL INSTRUCTIONS FOR EXAMPLES OF HOW AN ELIGIBLE TAXPAYER WOULD PROPERLY FILE.

INSTRUCTIONS:
1. *This Annual Report should be prepared in duplicate.*
2. *Send one (1) copy to:* Department of Local Government Finance, Utility Specialist, 100 North Senate Ave., Room N1058, Indianapolis, IN 46204, Telephone: (317) 232-3756 or (317)232-3765
   Additional forms and information may be found on our website: www.in.gov/dlgf
3. *One (1) copy is to be kept in the files of the taxpayer as a part of its permanent records.*

NOTICE: *All public utility companies, including all water, sewage, electric, pipeline, telephone, telegraph, and bus companies are required to file annual reports under IC 6-1.1-8-19. Failure to file the required reports by the due date will result in penalties.*

SECTION I

Name of Utility Company | Tax Year

Street Address (number and street, city, state, and ZIP code)

Name of Officer to Whom Notice of Assessment and Correspondence Should Be Sent | Telephone Number ( )

Mailing Address of Officer (if different from above) (number and street) | Email Address

City, State, and ZIP Code | Fax Number ( )

Type of Utility (select all that apply) ☐ Electric ☐ Solar ☐ Wind Power ☐ Hydroelectric ☐ Gas ☐ Water ☐ Sewage ☐ Pipeline ☐ Telephone ☐ Bus ☐ REMC

SECTION II QUESTIONS

Fiscal Year End | Federal Income Tax Year End

If Federal Return is Filed as Part of Consolidated Group, Name Filed Under | Location of Accounting Records

Form of Business
☐ Partnership or Joint Venture ☐ Sole Proprietorship ☐ Corporation FEIN
☐ Other (describe)

Did You Own, Hold, Possess, or Control Any Leased or Rented Depreciable Property on January 1? ☐ Yes ☐ No

If yes, then report the local fixed personal property on Form 103-N to the local assessor and list on Part I-A or Part II of Schedule A-3 of this report. Report the leased personal property used as distributable on Part I-B or Part II of Schedule A-3 of this report.

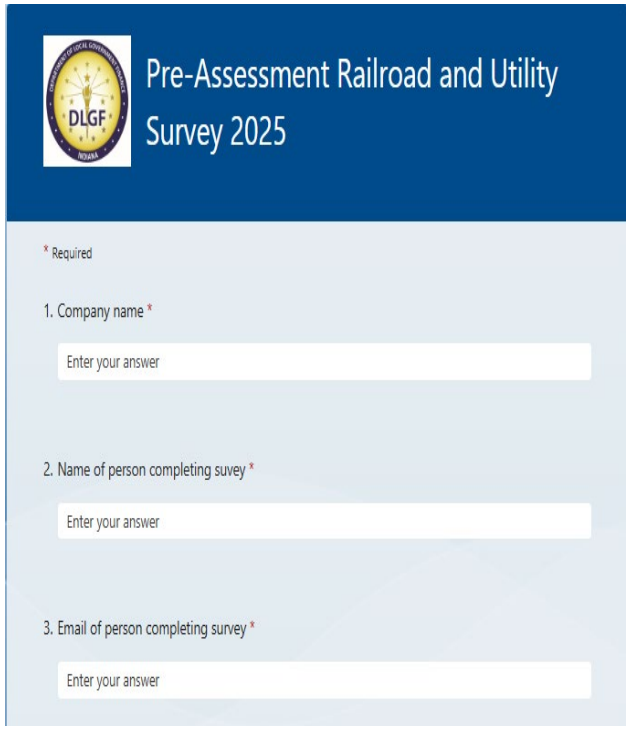
SECTION III CERTIFICATION

Under penalties of perjury, I hereby certify that the report (including any accompanying schedules and statements), to the best of my knowledge and belief, is true, correct, and complete. If applicable, reports all taxable property owned, held, possessed, or controlled by the named taxpayer on the assessment date, as required by law, and is prepared in accordance with IC 6-1.1-8 and regulations promulgated with respect hereto.

Signature of Authorized Person | Printed Name of Authorized Person | Title | Date Signed (month, day, year)

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Pre-Assessment Railroad and Utility Survey 2025

* Required

1. Company name *

Enter your answer

2. Name of person completing suvey *

Enter your answer

3. Email of person completing survey *

Enter your answer

Included In The Annual Report

- Companies report historical or original cost of their property including intangibles.
  - The intangibles and any locally assessed property are removed from the assessment.
  - The property is then subject to federal tax depreciation.

- Gross additions deduction
  - 60 percent of the taxable value of the property.
  - The first-year distributable equipment is placed in service.

- Construction work in process is added to the assessment at 10 percent of the depreciated value.

- It is not Market Value, but it makes the administration easier based on the Indiana Code and Administrative Code.

Obsolescence – Normal and Abnormal

- 50 IAC 5.1-11-1 Definitions
- Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
- Affected: IC 6-1.1-8-26
- Sec. 1. The following definitions apply throughout this section:
  1. "Abnormal obsolescence" means that obsolescence which occurs as a result of factors over which the taxpayer has no control and is unanticipated, unexpected, and cannot reasonably be foreseen by a prudent businessperson prior to the occurrence. Abnormal obsolescence is of a nonrecurring nature and includes:
     A. unforeseen changes in market values;
     B. adverse governmental action;
     C. exceptional technological obsolescence; or
     D. destruction by catastrophe;
     E. that have a direct effect upon the value of the property of the taxpayer at the tax situs in question on a going concern basis.

Obsolescence – Normal and Abnormal (Continued)

2. "Normal obsolescence" means the anticipated or expected reduction in the value of property that can be foreseen by a reasonable, prudent businessperson when property is acquired and placed into service. In general, it includes the:

A. expected, declining value through use;
B. gradual decline in value because of expected technological improvements;
C. gradual deterioration or obsolescence through the mere passage of time; and
D. general assumption that such property will have a minimum value at the end of its useful life. Normal obsolescence is considered through the use of historical cost, short useful life, and accelerated federal tax depreciation in computing true tax value.

3. "Obsolescence" means the reduction in value of property that occurs through use, technological improvements, passage of time, changes in market values, and physical deterioration or destruction.

Obsolescence – Normal and Abnormal (Continued)

- 50 IAC 5.1-11-3 Abnormal obsolescence claim
- Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
- Affected: IC 6-1.1-8
- Sec. 3. (a) An adjustment for abnormal obsolescence will be permitted to the extent that the property qualifies for the adjustment and the public utility company is able to substantiate the facts, circumstances, and amount of the claim in order to properly determine the true tax value of the subject property.
- (b) A taxpayer wishing to claim an adjustment for abnormal obsolescence must provide documentation of the resulting valuation of the personal property at the tax situs in question on the assessment date on a going concern basis.
- (c) The books and records of the public utility company must not have reflected the abnormal obsolescence on the assessment date.

Who Claims Obsolescence?

- Most obsolescence claims are on telecoms, water companies, gas and electric companies.
- Most REMCs are compared against investor-owned utilities in a special annual study by the Indiana Statewide Association of REMCs.
- On railroads (the income approach and the Wisconsin Blue Chip Method)
- And the occasional pipeline company that has non-operating property.

Obsolescence – more fun facts!

- Due to the size, complexity and intricacy of the calculations and appraisals that are reviewed in short period of time, the Department gives fair consideration.
- Some cases have spanned years for appeals.
- The company must qualify and quantify their obsolescence under the Department's definition and to the Department's satisfaction.
- If mutual agreement cannot be made, the Department's assessment is final. Company can appeal through Indiana Board of Tax Review.
- Final step for resolution is the Indiana Tax Court.



From Our Office To Yours...

- As part of the assessment process, the Department emails the county assessor and the county auditor. Any additional personnel in your office can be added (email utilities@dlgf.in.gov to have someone added) to the list of county personnel who will receive the following:
  - .txt files and Excel files for Distributable utilities.
  - .txt files and Excel files for Railroads (if applicable)
  - A copy of the Equalized Distributable Report so large changes or missing taxpayers can be easily identifiable.



County Responsibilities

Assessor	Auditor
❑ Review distributable property assessed value sent by Department, determine if any taxpayers are missing. If so, let the Department know!	❑ Enter for taxation the assessed valuation of a taxpayer's distributable property which the Department distributes to a taxing district of the county.
❑ Exempt designated infrastructure development zone broadband assets.	❑ Reduce certified values from Department for each state assessed personal property record card that qualifies for exemption prior to the certification of the county's net assessed values to Department. This shall include certified values for centrally assessed telephone company or cable company.
❑ Keep open communication with large taxpayers in your county so that you are aware of major changes, if any, in the years to come.	❑ Set parcel numbers for state distributable assessed values for corresponding townships.

Railcars



Railcars – What are they and why should I care?

- A railroad car company is a company (other than a railroad company) which owns or operates cars for the transportation of property on railroads.



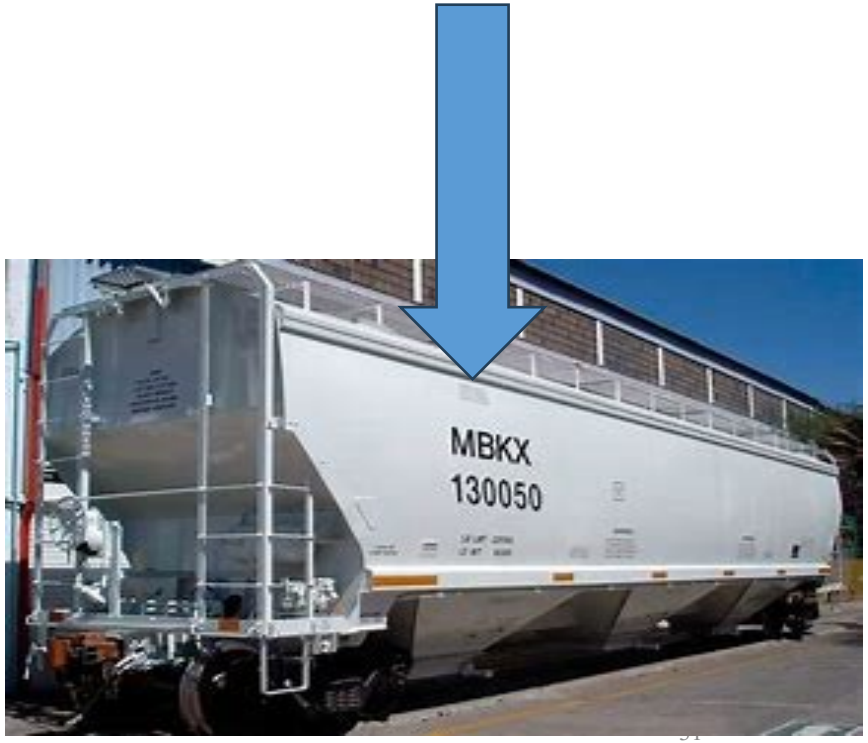
Railcars continued...

- Railroad car companies (railcar companies) are state assessed but are NOT distributable. They are indefinite situs property taxes.
- They pay their tax to the Indiana Department of Revenue.
- The funds are deposited in the state treasury for credit to the commuter rail service fund.



Railcar Mileage Review

- The Department assembles mileage data, by car mark, provided by the 5 major railroads.
- Each Rail Car Return (RC-1) compares mileage claimed by the taxpayer to the data received from the railroads.
- If there is a discrepancy, the Department will take the higher of the two reported values (usually the RR report, but occasionally that may be from the taxpayer).
- One calendar year to provide documentation on original filing to replace omitted.



Railcar Mileage Review (Continued)

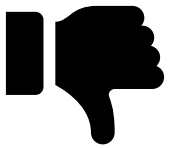
- Mileage comparison and allocation is important because the Department identifies non-filers through unallocated miles and the mileage allocation affects the allocation factor and thus the maintenance credit factoring.
- Chicago SouthShore and South Bend: This company files a UD-32 as a railroad but is billed as a railcar company with a special rate which is the average of the rates for the taxing districts through which their track runs.
- All other railcar companies are billed on a statewide average tax rate.
- A mistake on one taxpayer can mean having to rework all taxpayers with a maintenance credit claim.
- Out of 366 taxpayers, 157 claimed the maintenance credit.

Railcar Deadlines

- July 1: Railcar returns RC-1 due to the Department.
- September 1: All returns reviewed, including mileage discrepancies, and entered into the Department database. All tentative assessments mailed to taxpayers.
- December 31: Railcar tax bills are due to Department of Revenue.

Omitted Filers

- Missing taxpayers may be late or what the Department calls omitted filers. Omitted filers are those who fail to file, and the Department places an assessment on their behalf.



- If a company does not file, and information has not been received that they have been sold or are out of business, a letter is sent to the company requesting information. Usually, the Department attempts at least 2 contacts and often more, including email and telephone calls as well as mailing letters.

- No response = the Department prepares the filing for them.

- This is applicable to all utilities, including railcar companies. (IC 6-1.1-8-22)

- Unfortunately, there is no easy way to set a value on a company that has no filing history – the Department typically marks up the last year by 10 percent (multiply by 1.1.)

Penalties On Omitted or Late Filings

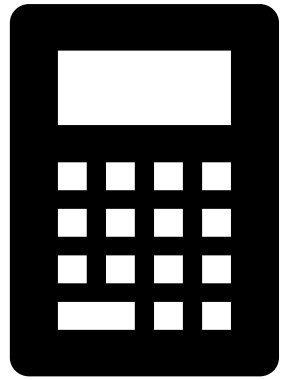
- Capped penalties for omitted or late filing at $1000 (which equates to 10 days late under the old code provision which was $100 per day late or until the Department filed the omitted value).

- Capping penalties alleviates setting a standard date for placing omitted orders in the file and allows flexibility while still giving the taxpayer relief from potentially harmful penalties for failure to file or late filing.

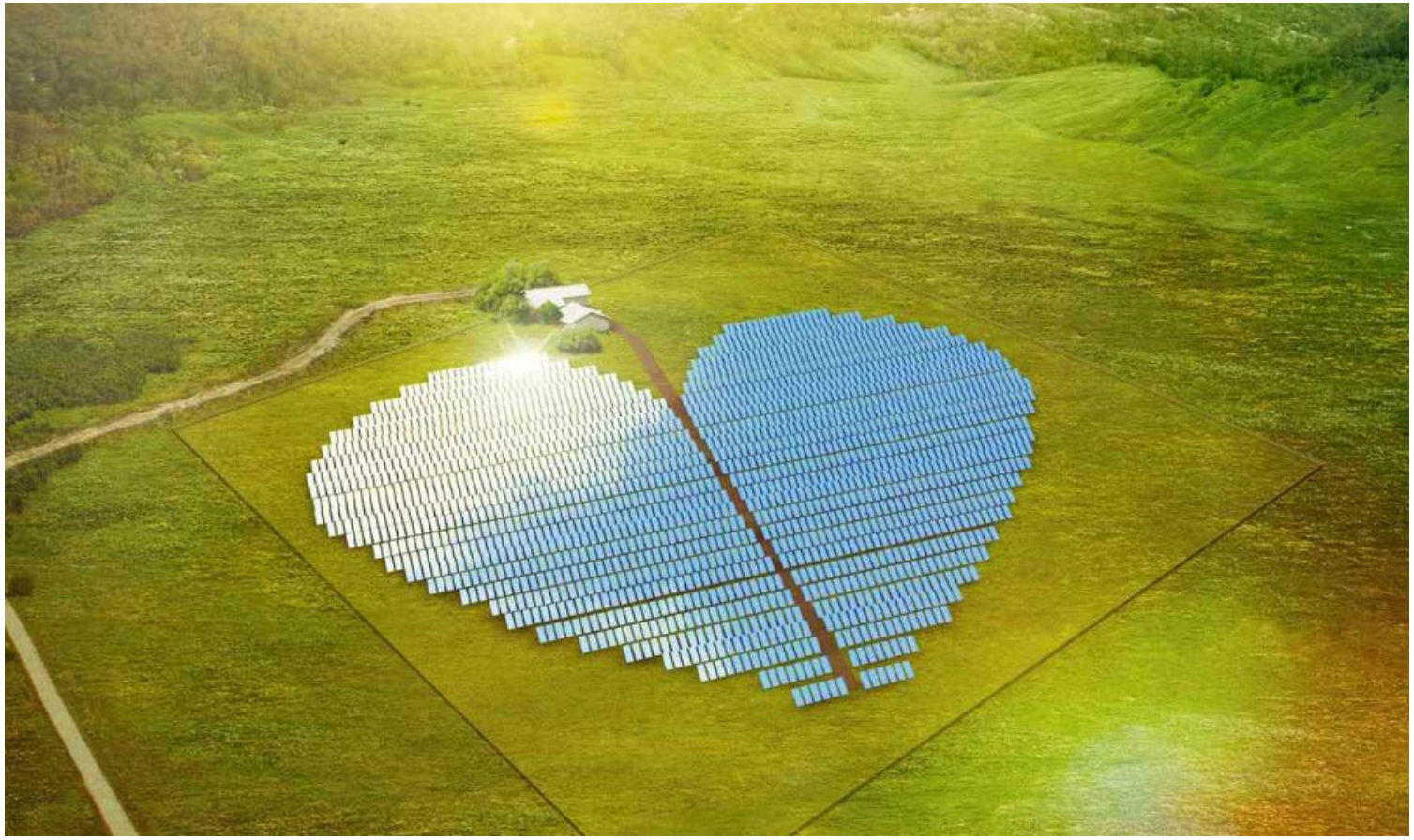


Results are in…State Distributable and Railcars

- 2024 for non-railcar total AV to the reported taxing districts: $19,026,900,168
- 2024 for railcar total tax: $16,826,883



Assessing Renewable Energy



"Heart of Caledonia" - Proposed solar farm project, Grand Terre, Caledonia

Assessing Renewable Energy

- Solar Projects

- On April 29, 2021, Governor Holcomb signed into law House Enrolled Act 1348-2021 (“HEA 1348”). Section 1 of HEA 1348, effective January 1, 2022, amends Ind. Code § 6-1.1-8-2 by updating and adding definitions used in Ind. Code § 6-1.1-8, which provides how property owned or used by a public utility company shall be taxed.



Assessing Renewable Energy: Solar

- Section 1 of HEA 1348 states that the term “light, heat or power company” now includes a utility grade solar energy installation facility.
- The term “solar land base rate” means the solar land base rates determined under Ind. Code §6-1.1-8-24.5.
- The term “utility grade solar energy installation facility” means a renewable utility grade solar electricity facility that is used for purposes of generating solar electricity for resale to consumers.
- Section 1 of HEA 1348 also provides definitions for the terms “north region,” “central region,” and “south region” – dividing the 92 counties into one of these three (3) regions as shown on the next slide:

Assessing Renewable Energy: Solar



[1] North District Adams, Allen, Benton, Blackford, Carroll, Cass, DeKalb, Elkhart, Fulton, Grant, Howard, Huntington, Jasper, Jay, Kosciusko, LaGrange, Lake, LaPorte, Marshall, Miami, Newton, Noble, Porter, Pulaski, St. Joseph, Starke, Steuben, Wabash, Wells, White, Whitley

[2] Central District Boone, Clay, Clinton, Delaware, Fayette, Fountain, Franklin, Hamilton, Hancock, Hendricks, Henry, Johnson, Madison, Marion, Montgomery, Morgan, Owen, Parke, Putnam, Randolph, Rush, Shelby, Tippecanoe, Tipton, Union, Vermillion, Vigo, Warren, Wayne

[3] South District Bartholomew, Brown, Clark, Crawford, Daviess, Dearborn, Decatur, Dubois, Floyd, Gibson, Greene, Harrison, Jackson, Jefferson, Jennings, Knox, Lawrence, Martin, Monroe, Ohio, Orange, Perry, Pike, Posey, Ripley, Scott, Spencer, Sullivan, Switzerland, Vanderburgh, Warrick, Washington

Assessing Renewable Energy: Solar

- Section 2 of HEA 1348, effective upon passage, amends Ind. Code § 6-1.1-8-24 by providing new guidelines for the assessment of the land underneath the fixed property of a utility grade solar energy installation facility. The provisions state that the township or county assessors will determine the assessed value of the land underneath the fixed property of a utility grade solar energy installation facility at an amount that does not exceed the solar land base rate for the region in which the property is located. Beginning December 1, 2021, the solar land base rates for each region will be calculated by the Department and it will serve as the assessment cap, unless the facility was in existence and assessed on the January 1, 2021 assessment date. Assessing officials are still instructed to follow the normal guidelines and procedures as are applicable under Ind. Code § 6-1.1-20.6.

- (The land base rate will apply to the land underneath a solar panel, as well as the land in between and immediately surrounding the solar panels.)

Assessing Renewable Energy: Solar

- Section 2 of HEA 1348 specifies that the amendment to Ind. Code § 6-1.1-8-24 applies to a utility grade solar energy installation facility:

  1) that had the land portion of its fixed property assessed and valued on January 1, 2021, property taxes first due and payable in 2022; and
  2) for assessment dates after December 31, 2021, but only until the next planned reassessment of the property during the county's four (4) year reassessment cycle.

Assessing Renewable Energy: Solar

- Section 2 of HEA 1348 carves out a limited exception for a utility grade solar energy installation facility that had the land underneath the fixed property assessed and valued on the January 1, 2021, assessment date. For these facilities with assessments that have been set for the January 1, 2021, assessment date, the assessed value cannot be changed until the next cyclical reassessment if the assessed value of the facility is less than the solar base rate.

Assessing Renewable Energy: Solar

- Section 3 of HEA 1348, effective upon passage, added Ind. Code § 6-1.1-8-24.5 and provides that the Department will determine and release the solar land base rates for the north, central, and south regions of the State. In calculating the base rate, the Department will determine the median true tax value (TTV) per acre of land in the region classified under the utility property class codes of the Department for the immediately preceding year.

The following 2024 median solar land base rates[2] will apply to the January 1, 2025, assessment date:

North – Utility (800 Property Class Codes)

	2022	2023	2024
Median	$13,000.00	$13,000.00	$13,700.00

Central – Utility (800 Property Class Codes)

	2022	2023	2024
Median	$13,000.00	$14,201.00	$13,726.00

South – Utility (800 Property Class Codes)

	2022	2023	2024
Median	$5,400.00	$6,535.00	$7,701.00

Assessing Renewable Energy: Solar

- Beginning July 1, 2021, the amended portion of Ind. Code § 6-1.1-8-24 is as follows:

- IC 6-1.1-8-24 Township assessor or county assessor determination of assessed values . . .
  - (c) This subsection applies to assessment dates after December 31, 2021. The land portion of the fixed property of a utility grade solar energy installation facility shall be assessed at an amount that does not exceed the solar land base rate for the region in which the property is located.
  - (d) Assessing officials shall follow the normal guidelines and procedures as are applicable under IC 6-1.1-20.6.

Assessing Renewable Energy: Solar

- (e) This subsection applies to a utility grade solar energy installation facility:
  1. that had the land portion of its fixed property assessed and valued on January 1, 2021, for property taxes first due and payable in 2022; and
  2. for assessment dates after December 31, 2021, but only until the next planned reassessment of the property during the county's four (4) year reassessment cycle under IC 6-1.1-4-4.2.
- If, for an assessment date described in subdivision (2), the assessed value of the land portion of the fixed property of a utility grade solar energy installation facility described in this subsection for the January 1, 2021, assessment date is less than the solar land base rate for the region in which the property is located on a particular assessment date, the land portion of the fixed property of a utility grade solar energy installation facility shall be assessed at an amount equal to the assessed value determined for the January 1, 2021, assessment date.

Assessing Renewable Energy: Solar

- Section 3 of HEA 1348, effective upon passage, adds Ind. Code § 6-1.1-8-24.5 and provides that the Department will determine and release the solar land base rates for the north, central, and south regions of the State. In calculating the base rate, the Department will determine the median true tax value (TTV) per acre of land in the region classified under the utility property class codes of the Department for the immediately preceding year. The Department will release its annual determination of the solar land base rates on or before December 1 of each year.

Assessing Renewable Energy: Solar

- The solar land base rates annually determined by the Department will apply to the ensuing assessment date. For example, if the Department releases its annual determination on the solar land base rates on December 1, 2022, those rates will apply to the January 1, 2023 assessment date.

Mammoth Solar Project

- Largest solar farm in the U.S
- 13,000 acres
- Spread over Starke, Pulaski Counties
- 1,000 times the size of Lucas Oil Stadium
- Will contain 2.85 million solar panes
- Will power 247,000 households
- 3 phase project, Mammoth North came online July, 2024



Mammoth North, Starke County

Assessing Renewable Energy: Wind Power and Wind Towers

- IC 6-1.1-8-9 – Light, heat, or power companies
- The fixed property of a light, heat, or power company consists of:
  - automotive and other mobile equipment;
  - office furniture and fixtures;
  - other tangible personal property which is not used as part of the company's production plant, transmission system, or distribution system; and
  - real property which is not part of the company's rights-of-way, transmission system, or distribution system.



Meadow Lake Wind Farm – Brookston, Indiana

Wind Power

- A light, heat, or power company's property which is not described as fixed property (see previous slide) is definite-situs distributable property. This property includes, but is not limited to, turbo-generators, boilers, transformers, transmission lines, distribution lines, and pipelines.
- Ind. Code § 6-1.1-8-9(b)

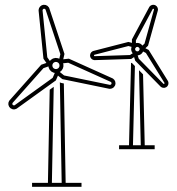


Fowler Ridge Wind Farm, Benton County

Wind Power Defined

- A wind power device is defined as a device, such as a windmill or a wind turbine, that is designed to utilize the kinetic energy of moving air to provide mechanical energy or to produce electricity.
  - However, the General Assembly has now specifically excluded from that definition a device that is owned or operated by a public utility (as defined by IC 8-1-2-1(a)) or another entity that provides electricity at wholesale or retail for consideration, other than a person who participates in a net metering program offered by an electric utility.
  - Ind. Code § 6-1.1-12-29

Wind Tower Assessments



- The Wind Tower, but not the land upon which it rests, is to be assessed as state distributable property.
- The company is required to file an Annual Report (UD-45) with the Department on March 1 (IC 6-1.1-8-19).
- The Department will review the assessment and allocate the value to the appropriate taxing district(s) as reported on the UD-45 by the taxpayer.
- The assessment will be based on federal cost less federal depreciation, at tax basis per 50 IAC 5.1-6-3.
- Specific information can be found at: https://www.in.gov/dlgf/assessments/state-assessed-distributable-property/

Assessing Land Used for Wind Towers

- Land Assessments
  - The portion of the land used for the Wind Tower is classified as Industrial land.
  - The Industrial land rate is county specific. It would be assessed comparable to a cell phone tower.
  - Typically, the land area that is utilized for the individual Wind Tower ranges from 0.25 acres to 0.50 acres. This would NOT include any roads used to construct and service the tower.

Assessing Land Used for Wind Towers

- Land Assessments
  - Depending on the parcel and its use, it could be assessed as “Secondary Industrial” land.
  - Defined as land used for purposes that are secondary to the primary use of the land.
    - See http://www.in.gov/dlgf/files/bk1ch2.pdf for guidelines for valuing Commercial and Industrial Acreage.

State Distributable and Renewable Energy

- Wind powered companies would most likely be considered state distributable property (https://www.in.gov/dlgf/assessments/state-assessed-distributable-property/), but if they are in one taxing district or in a net metering/feed-in-tariff program with another company (regardless of the number of taxing districts they are in) they can file locally.

State Distributable and Renewable Energy

- Senate Enrolled Act 390-Commercial solar and wind energy ready communities--became effective July 1, 2023. This law includes the establishment of the Commercial Solar and Wind Energy Ready Communities Development Center within the Indiana Office of Energy Development (OED).

- https://www.in.gov/oed/indianas-energy-policy/energy-ready-communities-development-center/

- It currently includes basic information about the designation and the voluntary standards for commercial solar and wind projects. This is an ongoing effort, and more content will be added to the site over time.

State Distributable and Renewable Energy

- The law requires the Center to create and administer a program to certify counties and municipalities as commercial solar energy ready communities and wind energy ready communities. It requires the OED to certify a county or municipality as a commercial solar energy ready community or a wind energy ready community if the county or municipality meets certain requirements, including the adoption of a commercial solar regulation or wind power regulation that includes standards that are not more restrictive than the default standards established by Indiana law.

- A Commercial Solar and Wind Energy Ready Communities Incentive Fund (Fund) may be established by the OED.

State Distributable and Renewable Energy

- It provides that if:
  A. a county or municipality receives certification as a commercial solar energy ready community or a wind energy ready community; and
  B. a project owner constructs a commercial solar project or wind power project in the county or municipality;
  C. the Fund is established; and
  D. there is a sufficient balance in the Fund; the OED may authorize the county or municipality to receive from the Fund for a period of 10 years, $1 per megawatt hour of electricity generated by the commercial solar project.

Alternative Energy Projects

Alternative Energy Projects – Hydrogen (continued)

- New projects of various kinds can be seen across the state. Some of these include the following.
  - In 2021, Phoenix-based Nikola Corp. announced it was investing $50 million into a clean hydrogen project in Vigo County. The project, being developed by Wabash Valley Resources LLC, aims to convert solid waste byproducts into clean hydrogen for transportation fuel and electricity generation.



Alternative Energy Projects – Hydrogen (continued)

- Nikola manufactures zero-emission battery-electric and hydrogen-electric vehicles, as well as hydrogen station infrastructure.

- The project plans to use solid waste byproducts such as petroleum coke combined with biomass to produce clean, sustainable hydrogen for transportation fuel and base-load electricity generation while capturing CO2 emissions for permanent underground sequestration.





Alternative Energy Projects – Hydrogen (continued)

- The completed facility may have the capability to produce up to 336 tons per day of hydrogen, enough to generate approximately 285 megawatts of clean electricity.
- The U.S. Department of Energy concludes that by 2050, the U.S. hydrogen economy could lead to an estimated $750 billion per year in revenue and a cumulative 3.4 million jobs.
- The first Nikola Tre hydrogen fuel-cell prototype builds have begun in Arizona and Ulm, Germany, with testing and validation of the vehicles planned into 2022. Production commenced in 2023.



Alternative Energy Projects – Carbon Sequestration



- Another project focused on alternative energy includes one in Wabash Valley focused on carbon sequestration of ammonia fertilizer at a former coal gasification plant. Wabash Valley Resources (WVR) intends to pipe and inject 1.67 million tons of carbon dioxide annually a mile below the area's surface as part of its plan to produce "green" anhydrous ammonia fertilizer at a former coal gasification plant in Vigo County.
- The Vigo County Council voted to give the property a 10-year abatement from property tax.

Questions?


Thank
You!

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