
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Assessing Officials
FROM: Wes Bennett, Commissioner
RE: Assessment of Airport Property
DATE: May 9, 2022

During the 2022 session, the General Assembly repealed an older Department rule regarding the assessment of airport property because it contained references to regulatory entities no longer in existence. Senate Enrolled Act 382 repealed 50 IAC 1-3-2, a rule more than 30 years old. All statutes regulating property tax and airports remained unchanged.

With approximately 140 airports in Indiana, the Department provides this memo to assist in referencing and applying the many various statutory references found throughout the Indiana code.

Airports are Municipal Property & Airport Zones are Municipal Corporations

Ind. Constitution, Article 10, Section 1 (a) allows the General Assembly to exempt certain property from tax, including municipal property. The General Assembly specifically designated airport authorities as municipal corporations in Ind. Code § 36-1-2-10.

Further, the Indiana Supreme Court held that a district in which an airport authority is established is a municipal corporation. *Bailey v. Evansville-Vanderburgh County Airport Authority District*, 240 Ind. 401 (1960).

Property Owned by Either Municipalities or Private Owners May be Exempt if Used for a Municipal Airport Purpose

The property owned by a political subdivision or municipal corporation, if used for a municipal purpose, is exempt from property tax. (See Ind. Code § 6-1.1-10-4 and Ind. Code § 6-1.1-10-5.) Additionally, the legislature specifically granted an exemption when the property is used by the public as an airport for a municipal purpose, regardless of whether the airport or maintenance facility is owned and operated by the municipality. Ind. Code § 6-1.1-10-15

Thus, the owner may be a private person or entity. To qualify for an exemption, the owner must have a current and valid public airport certificate granted by the Indiana Department of Transportation (“INDOT”) to operate an airport. The exemption extends only to the land necessary to and reasonably used for public airport purposes. On the other hand, not all property

owned or associated with an airport is exempt. If a property *is not used for a municipal purpose, it is not exempt.* (See Ind. Code § 6-1.1-10-15)

“The owner of any airport . . . who holds a valid and current public airport certificate issued by INDOT, may claim an exemption for only so much of the land as is reasonably necessary to and used for public airport purposes.” (See Ind. Code § 8-21-1-10 et. seq.)

Indiana Code provides for various iterations and configurations of airport ownership and structure. (See Ind. Code § 8-22-2 et. seq.)

Airport Associated Property

When a property is directly used for a purpose that supports public aviation, the property is exempt. (See Ind. Code § 6-1.1-10-15) Examples listed in the statute include:

- (1) Runways, lighting, access roads, car and aircraft parking areas, and all buildings associated with basic facilities for the traveling public
- (2) Leased property used for agricultural purposes located within the area that federal law and FAA regulations restricts to aviation activities.
- (3) Airport/aviation easements
- (4) Safety areas such as those regulated to prohibit tall structures and concerning safe use of navigable airspace (14 CFR Part 77)
- (5) Land bought with FAA or INDOT funds
- (6) Real property and improvements for shelter, storage, and care of aircraft and hangars
- (7) Housing for weather and signaling equipment, navigational aids, radios, and other aviation related equipment.

Additionally, Ind. Code § 8-22-2-12 is instructive. It provides that:

- (a) The acquisition, establishment, construction, improvement, equipment, maintenance, control, and operation of municipal airports and landing fields for aircraft under this chapter is considered to be a governmental function of general public necessity and benefit and is for the use and general welfare of all the people of Indiana, including the people residing in the eligible entity.
- (b) . . . the leasehold estate of any lessee created pursuant to a lease by the board of aviation related property . . . together with any permanent structure constructed by the lessee on the property is exemption from property tax.

Form 136 Property Tax Exemption Applications: (See Ind. Code § 6-1.1-11-4 and Ind. Code § 6-1.1-11-9)

Municipal owners (cities and towns) do not file a Form 136 exemption application. Private owners of airports **must** file a Form 136 exemption application.

Additional Reading & References

For additional reading and reference, the Indiana Board of Tax Review has issued several cases over the years, interpreting, and applying airport exemption statutes.

Please see:

Montgomery v. Boone County PTABOA (2009) (Private owner and operator)

Steinle v. Newton County (Private owner and operator)

Lake County Trust Company v. Lake County (A determination that a restaurant at the airport was exempt from property tax)

Davidson v. Jefferson County PTABOA (Private owner and operator)

If you have any questions, please contact your [Assessment Field Representative](#).