

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO:** County Assessors, PTBOA Members, and County Auditors  
**FROM:** Barry Wood, Assessment Division Director *JBW*  
**RE:** Exemption Ruling  
**DATE:** August 6, 2009

The purpose of this memorandum is to inform County Assessors, Property Tax Assessment Board of Appeals (PTABOA) members, and County Auditors of a recent Tax Court ruling on exemptions.

On July 24, 2009, the Indiana Tax Court published a decision regarding the tax exemption of Oaken Bucket Partners, LLC, and Heartland Church, Inc. in Hamilton County (see <http://www.in.gov/judiciary/opinions/pdf/07240902tgf.pdf>). The decision was also recently publicized in an *Indianapolis Star* article (see <http://www.indystar.com/article/20090801/LOCAL/908010430/1001/NEWS>). The *Indianapolis Star* article summarized the decision as follows:

“..the Tax Court said landlords who rent property to nonprofits at a reduced rate can qualify for property tax exemptions. Previously, properties leased by nonprofits were not granted exemptions. Nonprofits that rent will benefit because most leases require the nonprofits -- not the landlords -- to pay the taxes, attorneys say. The state's attorney general, who plans to fight the ruling in the Indiana Supreme Court, believes the legislature never intended to exempt these nonprofits.”

Although the Attorney General's office is apparently planning on appealing the ruling to the Indiana Supreme Court, there is a strong possibility that landlords, who rent to non-profits, and/or non-profit organizations, will use this ruling in seeking a property tax exemption. **While there is a possibility that the Indiana Supreme Court may overturn this decision, until a decision is rendered, the Tax Court ruling may be referenced.**

**The Department of Local Government Finance (“Department”) directs the county PTABOA to thoroughly review each property tax exemption application.** While the Tax Court ruling may be used as a basis for filing a property tax exemption, each situation stands on its own merits (i.e. the applicant's situation may not be analogous to the recent ruling). Indiana Code 6-1.1-10-16 (a) provides that: “All or part of a building is exempt from property taxation if it is owned, occupied, and used by a person for educational, literary, scientific, religious, or charitable purposes.”

The Department also recently issued a memorandum on changes to the exemption process as promulgated by the Indiana General Assembly in the Special Session (see [http://www.in.gov/dlgf/files/090720 - Rushenberg Memo - HEA 1001\(ss\) Guidance - Exemptions.pdf](http://www.in.gov/dlgf/files/090720_-_Rushenberg_Memo_-_HEA_1001(ss)_Guidance_-_Exemptions.pdf) ).

If you have any questions, please contact your Assessment Division Field Representative or Assessment Division Director, Barry Wood at [bwood@dlgf.in.gov](mailto:bwood@dlgf.in.gov) or 317.232.3762.