



Property Tax Exemptions

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General Overview

- This presentation and other Department of Local Government Finance materials are not a substitute for the law! This is not legal advice, just an informative presentation. The Indiana Code always governs.
- Most importantly, if you're not sure about something, ask first! The Department will do its best to answer your questions. If the Department can't help, it will either refer you to the right agency or to your county attorney. Please do not rely on rumors or third party information.



Exemptions

- Definitions
- The Oaken Bucket Case
- Legislation
- Frequently Asked Questions
- Questions



Definitions



Deductions, Exemptions & Credits, Oh My!

- What's the difference between a deduction, an exemption, and a credit?
 - A ***deduction*** reduces the assessed value being taxed.
 - An ***exemption*** excludes property from assessment and/or taxation.
 - A ***credit*** reduces the tax bill.



Examples

- Exemption → property that is not taxable (to whatever extent).
 - E.g., churches, charitable organizations
 - IC 6-1.1-10; IC 6-1.1-11
- Deduction → reduces the taxable AV of a property by a fixed dollar amount.
 - E.g., Homestead, Mortgage, Over 65, Disabled Veteran
 - IC 6-1.1-12
- Credit → reduces the net tax bill by a designated percentage or prevents a tax bill from exceeding a certain percentage.
 - Circuit Breaker, Over 65, Local Homestead
 - IC 6-1.1-20.4; IC 6-1.1-20.6



Exemptions

- Article 10, Section 1 of the Indiana Constitution permits the Legislature to exempt certain classes of property from property taxation.
- **IC 6-1.1-10** contains most of the exemptions available, but other exemptions may be found throughout the Code.
- Exemption procedures are found in IC 6-1.1-11. The procedures include application requirements, deadlines, etc.



Exemptions

- An exemption is a privilege which may be waived by a person who owns tangible property that would qualify for the exemption. IC 6-1.1-11-1.
- The burden is on the applicant to show that the predominant part of the property claimed to be exempt is substantially related to the exercise or performance of the applicant's exempt purpose. IC 6-1.1-11-3(d).



Exemptions

- For Pay 2017
 - \$19.7 Billion in Total Real Property Exemptions.
 - \$3 Billion in Total Personal Property Exemptions.



Exemptions

- **Application (Form 136)** must be filed with the county assessor on or before April 1 of the assessment year.
 - e.g. April 1, 2019, for the 2019-pay-2020 property taxes.
 - IC 6-1.1-11-3 (a).
- If the Property Tax Assessment Board of Appeals (“PTABOA”) denies the application, it has no later than April 25 to provide notice to the taxpayer. IC 6-1.1-11-3 (f)
- However, the exemption application is not required if the exempt property is owned by: (1) the United States; (2) the state; (3) an agency of this state; or (4) a political subdivision (as defined in IC 36-1-2-13).
- This exception applies only when the property is used, and, in the case of real property, occupied, by the owner.



What is Form 136?



APPLICATION FOR PROPERTY TAX EXEMPTION

State Form 92B4 (R10 / 11-16)

Prescribed by Department of Local Government Finance

FORM 136

Assessment date
January 1, 20__

County

- INSTRUCTIONS:**
- Two copies of this form must be filed with the County Assessor of the county where the property is located.
 - This application must be filed on or before April 1 of the assessment year and must be re-filed every even year unless the exempt property is owned, occupied, and used for educational, literary, scientific, religious, or charitable purposes and continues to meet the requirements of IC 6-1.1-10-16 or IC 6-1.1-10-21, or is owned by a fraternity or sorority and continues to meet the requirements of IC 6-1.1-10-24. An application should be filed in any year in which an appeal to the Indiana Board of Tax Review or to a court for an exemption determination on the property is pending from any preceding year.
 - There is no filing fee.
 - All questions on page 1, 2, and 3 must be answered. If the question does not apply, write N/A in the space provided. **FAILURE TO PROVIDE THE REQUESTED INFORMATION MAY RESULT IN A DENIAL OF THE APPLICATION FOR EXEMPTION.** See page 5 for additional information.

Name of owner claiming exemption		Type of filing: First-time filing <input type="checkbox"/> Yes <input type="checkbox"/> No Re-filing on same property <input type="checkbox"/> Yes <input type="checkbox"/> No Re-filing with changes <input type="checkbox"/> Yes <input type="checkbox"/> No Describe these changes:
Address (number and street, city, state, and ZIP code)		
Telephone number ()	E-mail address	

Hereby petitions for exemption from taxation of the following described real estate and improvements and / or personal property:

LAND		IMPROVEMENTS (BUILDINGS)	
Legal Description	Assessed Value	Description of Improvements (Name or describe each building)	Assessed Value
	\$	1.	\$
Parcel Number		2.	\$
		3.	\$

Assessed property assessment Date of assessment Township / County / District located in No. of water district number Map number



Who is Required to File?

- The owner of property who wishes to obtain an exemption must file a certified application (Form 136) in duplicate.



Where Are Applications Filed?

- The certified application (Form 136) must be filed with the county assessor of the county where the property is located.



What if the Ownership or Use Changes?

- If an exempt property is transferred or its use is changed *after* an assessment date, the transfer or change of use will *not* affect the property's eligibility for an exemption for that assessment date – *if the property remains eligible for an exemption under IC 6-1.1-10.*



What if the Ownership or Use Changes?

- However, for the following assessment date, the person that obtained the exemption or the current owner of the property (as applicable) is required to file a certified application in duplicate with the county assessor of the county where the property is located.



What if the Ownership or Use Changes?

- In all cases, the person that obtained the exemption or the current owner of the property **must** notify the county assessor for the county where the tangible property is located of the change in ownership or use in the year that the change occurs.
- This notice is provided under Form 136-CO/U.



What if the Ownership or Use Changes?

- Since IC 6-1.1-11-1.5 requires the exemption to be left in place for an assessment date despite a change in use or ownership following the assessment date, the Form 136-CO/U submission is more about helping the assessor know whether or not to pull the exemption in the original owner's name for the following assessment date.
- The new owner would have to apply for the exemption in its own name for the following assessment date.



What Happens After Form 136 is Filed?

- The application is considered by the county PTABOA. If the application is rejected in whole or in part, notice of that action must be given to the applicant on Form 120.
- Form 120 can be located at:
<https://forms.in.gov/Download.aspx?id=5600>



What Happens After Form 136 is Filed?

- An applicant may appeal to the Indiana Board of Tax Review within forty-five (45) days from the date the notice of rejection (Form 120) is given by the county PTABOA. (IC 6-1.1-11-7)
- The appeal must be filed with the Indiana Board of Tax Review on Form 132 and a copy must be mailed to the county assessor. (IC 6-1.1-15-3)



Exemptions

IC 6-1.1-11-4(d):

- Ordinarily, the exemption must be re-filed every even year unless:
 - (A) the exempt property is:
 - (1) tangible property used for religious purposes described in IC 6-1.1-10-21;
 - (2) tangible property owned by a church or religious society used for educational purposes described in IC 6-1.1-10-16;
 - (3) other tangible property owned, occupied, and used by a person for educational, literary, scientific, religious, or charitable purposes described in IC 6-1.1-10-16; or
 - (4) other tangible property owned by a fraternity or sorority (as defined in IC 6-1.1-10-24).
 - (B) the exemption application was filed properly at least once for a religious use under IC 6-1.1-10-21, an educational, literary, scientific, religious, or charitable use under IC 6-1.1-10-16, or use by a fraternity or sorority under IC 6-1.1-10-24; and
 - (C) the property continues to meet the requirements for an exemption under IC 6-1.1-10-16, IC 6-1.1-10-21, or IC 6-1.1-10-24.
- **NOTE: The exemption application is not required if the exempt property is owned by the United States, the state, an agency of this state, or a political subdivision. However, this is true only when the property is used, and in the case of real property occupied, by the owner!**



Exemptions

- An exemption may include real property, personal property, or both.
- An exemption amount may be up to 100%, or a certain percentage, depending on the circumstances.
- The taxpayer must submit evidence that the property qualifies for exemption under a specific statute.
- Failure to provide documentation such as Articles of Incorporation, By-laws, and Income and Expense Statements, may result in the denial of the exemption sought.



Political Subdivision & Municipal Property

IC 6-1.1-10-4

Political subdivision property

- Sec. 4. Except as otherwise provided by law, the property owned by a political subdivision of this state is exempt from property taxation.

IC 6-1.1-10-5

Municipal property

- Sec. 5. (a) Property is exempt from property taxation if it is owned by a city or town and is used to provide a municipal service.
- (b) For purposes of this section, property used to provide a municipal service includes:
 - (1) a public school or library;
 - (2) a municipally owned park, golf course, playground, swimming pool, hospital, waterworks, electric utility, gas or heating plant, sewage treatment or disposal plant, cemetery, auditorium, or gymnasium; and
 - (3) any other municipally owned property, utility, or institution.



Political Subdivision & Municipal Property

- And remember...
 - An exemption application is *not* required if the exempt property is owned by the United States, the state, an agency of the state, or a political subdivision (which includes municipal property).



Urban Homesteading Property

IC 6-1.1-10-5.5

Urban homesteading property

- Sec. 5.5. Real property that is held under IC 36-7-17 or IC 36-7-17.1 and that is conveyed by contract with retention of the deed by the city is deemed to be the property of the city held for municipal purposes and is exempt from property taxation.
- **IC 36-7-17** – Urban Homesteading
- **IC 36-7-17.1** – Alternative Urban Homesteading Program for Qualified Individuals



Municipally Owned Water Company Property

IC 6-1.1-10-6

Municipally owned water company property

- Sec. 6. (a) Property which is owned by a domestic corporation of this state is exempt from property taxation if:
 - (1) the corporation owns a water system or waterworks;
 - (2) the corporation is, pursuant to a contract, supplying its entire output of water at wholesale rates to a city or town of this state; and
 - (3) the city or town which receive the water owns at least ninety-five percent (95%) of the corporation's capital stock.



Nonprofit Water & Sewage Disposal Co.

IC 6-1.1-10-7

Nonprofit water companies

- Sec. 7. Property is exempt from property taxation if it is owned by a non-profit corporation which is engaged in the sale and distribution of water. However, this exemption only applies if the corporation is operated on a not-for-profit basis.

IC 6-1.1-10-8

Nonprofit sewage disposal company

- Sec. 8. Property is exempt from property taxation if it is owned by a non-profit corporation which is engaged in a sewage disposal service within a rural area of this state. However, this exemption only applies if the corporation is operated on a not-for-profit basis.



Industrial Waste Control Facilities

IC 6-1.1-10-9

Industrial waste control facilities

- Sec. 9. (a) For purposes of this section, “industrial waste control facility” means personal property which is:
 - (1) included either as a part of or an adjunct to a privately owned manufacturing or industrial plant or coal mining operation; and
 - (2) used predominantly to:
 - (A) prevent, control, reduce, or eliminate pollution of a stream or a public body of water located within or adjoining this state by treating, pretreating, stabilizing, isolating, collecting, holding, controlling, or disposing of waste or contaminants generated by the plant; or
 - (B) meet state or federal reclamation standards for a coal mining operation.



Industrial Waste Control Facilities

- The term includes personal property that is under construction or in the process of installation and that will be used for the purposes described in this subsection when placed in service. The term also includes spare parts held exclusively for installation in or as part of personal property that qualifies for the exemption under this section.

(b) An industrial waste control facility is exempt from property taxation if it is not used in the production of property for sale.



Miscellaneous Organizations

IC 6-1.1-10-25

Miscellaneous organizations

- So long as the property is exclusively used, and in the case of real property actually occupied, for the purposes and objectives of the organization the following are exempt from property taxation:
 - 1) YMCA
 - 2) The Salvation Army, Inc.
 - 3) The Knights of Columbus
 - 4) The Young Men's Hebrew Association
 - 5) The Young Women's Christian Association
 - 6) A chapter or post of Disabled American Veterans of WWI or WWII
 - 7) A chapter or post of the Veterans of Foreign Wars
 - 8) A post of the American Legion
 - 9) A post of the American War Veterans
 - 10) The Boys Scouts of America
 - 11) The Girl Scouts of the U.S.A.



Other Exemptions – IC 6-1.1-10

- Public Airports (IC 6-1.1-10-15)
- Public Libraries (IC 6-1.1-10-19)
- Churches or Religious Societies (IC 6-1.1-10-21)
- Fraternal Benefit Associations (IC 6-1.1-10-23)
- College Fraternities or Sororities (IC 6-1.1-10-24)
- County or District Agricultural Associations (IC 6-1.1-10-26)
- Cemetery Corporations (IC 6-1.1-10-27)
- Free Medical Clinics (IC 6-1.1-10-28)



Exemptions – Outside of IC 6-1.1-10

- **Ports**
- IC 8-10-1-27

(b) As the operation and maintenance of a port or project by the ports of Indiana will constitute the performance of essential governmental functions, the ports of Indiana shall not be required to pay any taxes or assessments upon any port or project or any property acquired or used by the ports of Indiana...



Exemptions – Outside of IC 6-1.1-10

- **War Monuments**
 - IC 10-18-1-36
 - All property constituting a memorial or used in connection with a memorial.
 - IC 10-18-2-22
 - All property that is: (1) part of a county world war memorial; (2) part of a joint county & city world war memorial; (3) used in connection with a world war memorial; or (4) acquired by a county or city for any purpose authorized under IC 10-18-2.
 - IC 10-18-3-12
 - Property used for the erection, establishment, management, maintenance, repair, improvement, and extension of a county memorial.



Exemptions – Outside of IC 6-1.1-10

- **War Monuments**
 - IC 10-18-4-21
 - All property: (1) constituting a city World War memorial; (2) constituting a joint county and city World War memorial; or (2) used or acquired in connect with joint county and city World War memorial.
 - IC 10-18-7-9
 - Stock and property of a memorial corporation.
 - IC 23-7-7-3
 - Battlegrounds or other historic sites acquired for the purpose of maintaining or improving for historical purposes.



Exemptions – Outside of IC 6-1.1-10

- **Hospital Facilities**
 - IC 5-1-4-26 (Hospital Bonding Authorities)
 - Authorities not required to pay any taxes or assessment upon or in respect of a project or any property acquired or used by authority.
 - IC 16-22-6-34 (County Hospital Building Authority)
 - Property owned by the authority is exempt from taxation.



Exemptions – Outside of IC 6-1.1-10

- **Water Supply District**
 - IC 14-33-20-27
 - Water property and facilities of the district are exempt from taxation by the state.
- **Toll Roads**
 - IC 8-15-2-12
 - Toll road authority not required to pay any taxes or assessments upon any toll road project or any property acquired or used by the authority or upon income derived therefrom.



Exemptions – Outside of IC 6-1.1-10

- **Educational Entities**
 - State Educational Facilities (IC 21-34-8-3)
 - State Educational Facilities, Construction and Operation of Fieldhouses, Gymnasiums, Student Unions, and Halls of Music (IC 21-35-2-19)
 - State Educational Facilities, Certain Support Facilities and Research Facilities (IC 21-35-3-20)



Exemptions – Outside of IC 6-1.1-10

- **Certain Boards, Commissions, & Authorities**
 - Redevelopment Authority (IC 36-7-14-37)
 - *Real property acquired.*
 - Redevelopment Areas in Marion Co. (IC 36-7-15.1-25)
 - *Real property acquired – while owned by district.*
 - Urban Mass Transportation Systems (IC 36-9-4-52)
 - *Property acquired by a municipality or public transportation corporation under IC 36-9-4.*



Exemptions – Outside of IC 6-1.1-10

- **Certain Boards, Commissions, & Authorities**
 - County Building Authority (IC 36-9-13-36)
 - *All property and revenues of authority.*
 - County Capital Improvement Board (IC 36-10-8-18)
 - *All property owned or used and all income and revenues received by the board.*
 - Marion Co. Capital Improvement Board (IC 36-10-9-18)
 - *All property owned or used and all income and revenues received by the board.*



Common Area Exemption

IC 6-1.1-10-37.5

Common areas; exemption from property taxation

- Defines “common area” as a parcel of land in a residential development that:
 - (1) is legally reserved for the exclusive use and enjoyment of all lot owners;
 - (2) is owned by the developer, or each lot owner, or a person or entity that holds title to the land in a fiduciary capacity for the benefit of the lot owners;
 - (3) cannot be transferred for value to another party without approval of the lot owners;
 - (4) does not include a Class 2 structure; and
 - (5) is no designed or approved for the construction of a Class 2 structure.



Common Area Exemption

- **How is exemption applied?**
 - A common area is exempt from property taxation, provided that the common area easement and covenants restricting the use and conveyance of common areas to lot owners are recorded, and notice is provided, to the appropriate county or township assessor.
 - If an assessor determines that the area is not a common area, or determines that the area fails to the requirements under statute, the assessor must send a written statement to the owner ***not later than 30 days after receiving notice from the owner.***



Common Area Exemption

IBTR Decision (Dec. 21, 2018)

North Shore Club Homeowner's Association

- County argued that the parcels were not legally reserved for the exclusive use of the association's member and therefore should not be exempt from taxation.
- Petitioner argued that two parcels under appeal met the definition of "common area" and should be exempt from taxation. Additionally, the county failed to oppose the "common area" designation within 30 days of the Petitioner's notice.
- IBTR held that the Petitioner's Form 130 submissions were adequate to meet the notice requirements, and the Petitioner was entitled to the common area exemption for both parcels.



Exemptions Meet Deductions

IC 6-1.1-12-46

For an assessment date in 2011 or later, if:

1. Real property is not exempt on the assessment date;
 2. The title is transferred before December 31; and
 3. The new owner applies for an exemption for the next assessment date and the PTABOA determines the new owner qualifies for the exemption;
- for the non-exempt assessment date, any deductions and related tax cap credits should be applied to the property such that the exempt property will benefit.



Exemptions Meet Deductions - Example

- John Smith owns a property as of January 1, 2018, and is eligible to receive the homestead and mortgage deductions on this property. The property is not exempt for the January 1, 2018, assessment date. John Smith sells his property to a church on or before December 31, 2018. The church applies for an exemption for the January 1, 2019, assessment date and the PTABOA determines it is exempt for the January 1, 2019, assessment date. The church will receive the benefit of John Smith's deductions for the 2018-pay-2019 property taxes, as well as the property tax cap that would have been applied to the property under John Smith's ownership. The church's exemption will apply for the 2019-pay-2020 property taxes.
- (DLGF's May 19, 2011, memo: [http://www.in.gov/dlgf/files/110519 - Stanley Memo - Exemptions HEA 1004-2011.pdf](http://www.in.gov/dlgf/files/110519_-_Stanley_Memo_-_Exemptions_HEA_1004-2011.pdf))



Lease of Exempt Property

IC 6-1.1-10-37

Leases of exempt property; effect

In general:

- If *real property* that is exempt from taxation is leased to another whose property is not exempt and the leasing of the real property does not make it taxable, the leasehold estate and the appurtenances to the leasehold estate shall be assessed and taxed as if they were real property owned by the lessee or his assignee.
- If *personal property* that is exempt from taxation is leased to another whose property is not exempt and the leasing of the personal property does not make it taxable, the leased personal property shall be assessed and taxed as if it were personal property owned by the lessee or his assignee.



Leases & Contracts

IC 6-1.1-11-3.8

- The lessor of exempt State or political subdivision property leased to an entity other than a nonprofit entity, governmental entity, or an individual who leases a dwelling unit in a public housing project, specified nursing facility, assisted living facility, or an affordable housing development must notify the county assessor of the county in which the real property is located in writing of:
 - (1) the existence of the lease;
 - (2) the terms of that lease; and
 - (3) the name and address of the lessee.
- Each county assessor must annually notify the DLGF in writing of this information.



Leases & Contracts

IC 6-1.1-10-41

If exempt State or political subdivision real or personal property:

- (1) is being purchased under a contract of sale by another person:
 - (A) whose real or personal property is not exempt from taxation; and
 - (B) who is not engaged in an exempt purpose with the real or personal property; and
- (2) the contract of sale does not make the real or personal property taxable;
 - the real or personal property shall be assessed and taxes as if the real or personal property were owned by the purchaser or the purchaser's assignee.



Leases & Contracts - Examples

IC 20-47-2-21 (School Corporations & Public Holding Companies)

- Property owned by a lessor corporation entering into a lease with a school corporation and all stock and other securities issued by a lessor corporation are exempt from all taxes – except financial institutions tax (IC 6-5.5)

IC 20-47-3-15 (School Corporations & Private Holding Companies)

- School buildings leased by a lessor corporation entering into a lease with a school corporation are exempt from all taxes – however, the rental payments to the lessor corporation under terms of a lease are subject to applicable taxes.



Leases & Contracts - Examples

IC 8-1.5-2-31 (Leased Waterworks Facilities)

- All waterworks facilities leased by a lessor contracting with a municipality are exempt from all taxes – *however*, the rental payments to the lessor under terms of a lease are subject to applicable taxes.

IC 36-1-10-18 (Structures, Systems & Transportation Projects)

- Structures, transportation projects, and systems leased by a lessor contracting with the political subdivision or agency are exempt from all taxes – *however*, the rental payments to the lessor under terms of a lease are subject to applicable taxes.



Leases & Contracts - Examples

- State Educational Institutions (IC 21-31-4-3)
 - All of the following are exempt from property taxation on any real estate leased under IC 21-31-4:
 - (1) Ball State University;
 - (2) Indiana University;
 - (3) Indiana State University;
 - (4) Purdue University; and
 - (5) University of Southern Indiana.
 - However, the lessee is liable for property taxes on the leased real estate as if it were owned in fee simple, unless the lessee is a student living in facilities owned by the state educational institution.



The Oaken Bucket Case



The Oaken Bucket Case

- ***Hamilton County Property Tax Assessment Board of Appeals & Hamilton County Assessor v. Oaken Bucket Partners, LLC, 938 N.E.2d 654 (Ind. 2010)***
- An Indiana Supreme Court decision specifying that counties should take heed of when reviewing property tax exemption applications filed by landlords who rent to religious or charitable organizations.



What's in this Oaken Bucket?

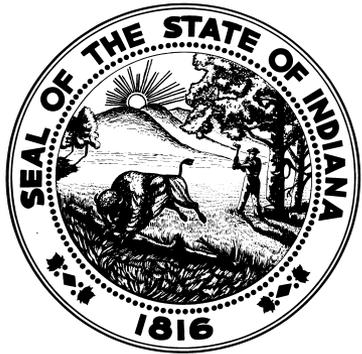
Key Points:

- (1) In order to qualify for an exemption, the landlord must demonstrate a unity of ownership, occupancy, and use. That is, that the property:
 - (a) is owned for exempt purposes,
 - (b) occupied for exempt purposes, and
 - (c) predominantly used for exempt purposes.When unity of ownership, occupancy, and use is lacking, both the landlord and tenant must demonstrate that they possess their own exempt purpose.
- (2) Charging below market rent for part of a building rented to a church or other religious or charitable organization is insufficient, standing alone, to justify a religious or charitable purpose property tax exemption.
- (3) Although the fact that a landlord charges below market rent to a charitable or religious organization may demonstrate some indicia of the landlord's beneficent motives, more is required to show the landlord has its own exempt purpose.



What's in this Oaken Bucket?

- In essence, charging below market rent to an exempt entity does not, without more, establish an exempt purpose on the part of the property owner.



2017 Legislation



2017 Legislation

Section 10 of HEA 1450 (2017 Session) created an exemption for certain medical providers:

IC 6-1.1-10-47

- For assessment dates starting in 2018, tangible property owned by a nonprofit corporation is exempt if the following apply:
 - (1) The owner is a 501(c)(3) organization.
 - (2) The owner is a federally-qualified health center and a primary medical provider that:
 - (a) accepts all patients and provides care regardless of a patient's ability to pay;
 - (b) is located in a geographically underserved area; and
 - (c) has received a grant at any time from the Indiana health care trust account under IC 4-12-5.



2017 Legislation

IC 6-1.1-10-47 (cont'd)

- (3) The owner has granted an exemption under IC 6-1.1-10-16 for a comparable facility in a contiguous county.
 - (4) The owner applied for an exemption under IC 6-1.1-10-16 for a previous assessment date and was denied.
- The exempt property includes the following:
 - Storage or parking property.
 - Any part of the property that is leased or rented by the owner to another nonprofit corporation providing services or assistance to participants in the Special Supplemental Nutrition Program for the Women, Infants, and Children Nutrition Program under IC 16-35-1.5.
 - The exemption must be reduced proportionately if part of the exempt property is used by a for-profit enterprise.
 - Effective upon passage.



2017 Legislation

- Section 7 of SEA 386 (2017 Session) added IC 6-1.1-11-3(h), which provides that a taxpayer who misses the deadline for filing an appeal may file a Form 136 for up to 3 years after the missed deadline. The following must apply:
- The property on which the person seeking an exemption was exempt from taxation for the tax year immediately before the deadline (May 15 for assessment years in 2015 and prior, or April 1 for assessment years 2016 and after).
- The person seeking an exemption would have been eligible for the exemption on the deadline.



2017 Legislation

For example, a taxpayer wanted to apply for an exemption for 2018 but missed the April 1 deadline. In order to apply for the exemption despite missing the deadline, the taxpayer must have had the property receive the exemption for 2017 and had to have it remain eligible for the exemption for 2018. The taxpayer would then have until April 1, 2021 to apply for the exemption.

- Effective July 1, 2017.
- Note: This did not extend the deadline for when an exemption application is denied.



Frequently Asked Questions



Exemptions - FAQs

Question: Why are some properties automatically exempt from taxation, and why do some have to fill out Form 136?

Answer: Properties that are exempt by law, such as those owned by federal, state, or local units of government are exempt and do not require an exemption application. Other entities, that are exempt by filing (e.g., those that are owned, used, or occupied for educational, literary, scientific, religious or charitable purposes) must file and receive approval for their exemption application. IC 6-1.1-11-4.



Exemptions - FAQs

Question: I have a taxpayer that is going to lease a portion of an office building to an Indiana state entity which would make this portion of his office building exempt. My question is how often does he need to file for exempt status? I cannot seem to find where it states how often someone has to file if a portion of their property is leased to a state entity.

Answer: Assuming the property you referenced met the provisions of IC 6-1.1-10-2, the exemption application must be filed every even year, unless the provisions of IC 6-1.1-11-4 (d)(1-3) apply.



Exemptions - FAQs

Question: Habitat for Humanity is selling a property on contract, do we remove the exempt status?

Answer: In 2016, the General Assembly passed legislation impacting organizations like Habitat for Humanity ([http://in.gov/dlgf/files/pdf/160330 - Schaafsma Memo - 2016 Legislative Changes Affecting Property Tax Exemptions.pdf](http://in.gov/dlgf/files/pdf/160330_Schaafsma_Memo_-_2016_Legislative_Changes_Affecting_Property_Tax_Exemptions.pdf)). Article IV (“Sunset of and Restriction of Certain Exemptions”) of the memo explains the changes.



Exemptions - FAQs

Question: I have a church that has farm ground and the farmer gives a donation for the use of the farm ground (they do not charge him rent), does the church get exempt status on the farm ground?

Answer: If the land is owned by the church, and it is being used for an exempt purpose (or held for the purpose of erecting a building – see IC 6-1.1-10-16 (d)), then I believe it would be exempt. If the land/owner/use did not meet that purpose, then I do not believe it would be exempt. Of course, it would be up to the taxpayer (church) to file an exemption proving the property is exempt, and the PTABOA to make the ultimate decision.



Exemptions - FAQs

Question: Does a Form 136 exemption application have to be approved in an open PTABOA meeting? Normally we send the applications to PTABOA members via e-mail to examine and make an informed decision and then hold a meeting to officially approve/deny the applications. We had one that wasn't timely filed and it is not cost-effective to hold a meeting (for just one point of business) in time to properly notify the taxpayer of a decision.

Answer: They would most likely need to meet in an open session; however, you should check with your county attorney for specific guidance/advice.



Exemptions - FAQs

Question: Is there a waiver of some sort if a form is not timely filed?

Answer: No. If a Exemption Application is not timely filed, a waiver may not be granted.



Exemptions - FAQs

Question: A property is owned by a school and it is going to be sold around April 1, 2018. The buyer is planning on filing for tax exemptions in 2019 due to buying the property after the deadline for filing exemptions. What year would the tax exemption fall off for the school.

Answer: If an exempt property (as of the January 1, 2018 assessment date) is sold in April 2018, the exemption would remain in place for the 2018 pay 2019 assessment/tax cycle. The current owner should notify your office of the change in ownership (<https://forms.in.gov/Download.aspx?id=7564>). The new owner could apply by April 1, 2019 for an exemption for the January 1, 2019 assessment date. If the exemption was approved, it would be applicable for the January 1, 2019 assessment date.



Exemptions - FAQs

Question: I received a letter from an attorney requesting a copy of Form 136 that was filed in 2013. Is this a confidential form or can I give it to him?

Answer: You should contact the State's Public Access Counselor for an official opinion. However, the Form 136 per se is disclosable, but the Public Access Counselor could contemplate some instances of the form containing information related to earnings, income, profits, losses, or expenditures contained in the Form 136 or its attachments, which could be confidential. But only the confidential information (if any) would have to be redacted.



Exemptions

Question: By the taxpayer check marking the charitable box it has the IC 6-1.1-10-16 beside it. Wouldn't that mean that is the Code they fall under? Same with them check marking the educational & religious box. Also is vacant land to be considered exempt even if they don't plan on building on it but they have picnics, etc. on it? In the case of a church.

Answer: Yes, if the taxpayer cited/checked IC 6-1.1-10-16, that would be the reason they are claiming their tax exemption. As far as vacant land, please see IC 6-1.1-10-16 (c), (d), and (i); IC 6-1.1-10-21 (b); and IC 6-1.1-10-24 (a). If it meets the criteria, it would be exempt.



Exemptions - FAQs

Question: I need some guidance on the 136 and the 136 CO/U. If someone is already exempt and builds an addition onto their church or adds a utility shed, which form do we request. I have two different opinions about this and want to do it correctly. Since the deadline is coming, please clarify this for me.

Answer: In the situation you described a Form 136 should be used. Typically the 136 CO/U would be used in situation where there is a change of ownership or a use change on property already exempted.



Questions?



Thank you!

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