



Deductions & Exemptions

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Overview

- Introduction
- Deductions – The Universe
- Less Common Deductions
- Exemptions
- Recent Legislation
- Questions



Introduction



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Deductions



Deductions – Most Common

- Homestead Deduction – IC 6-1.1-12-37
- Mortgage Deduction – IC 6-1.1-12-1 through 7
- Veteran Deductions
 - Partially Disabled Veterans - IC 6-1.1-12-13, 15
 - Totally Disabled Veterans - IC 6-1.1-12-14, 15
 - Surviving Spouse of World War I Veteran - IC 6-1.1-12-16, 17
- Over 65 Deduction – IC 6-1.1-12-9 through 10.1
- Enterprise Zone Investment Deduction – IC 6-1.1-45
- Economic Revitalization Area Deduction – IC 6-1.1-12.1-4.5
- Heritage Bar Deduction – IC 6-1.1-12-26.2
- Blind or Disabled Deduction – IC 6-1.1-12-11, 12



Deductions – Other

- Energy Systems Deductions
 - Solar Energy Heating or Cooling System Deduction – IC 6-1.1-12-26, 27.1
 - Solar Power Device Deduction – IC 6-1.1-12-26.1, 27.1
 - Wind Powered Device Deduction – IC 6-1.1-12-29, 30
 - Hydro-electric Power Device Deduction – IC 6-1.1-12-33, 35.5
 - Geothermal Energy Heating or Cooling Device Deduction – IC 6-1.1-12-34, 35.5



Deductions – Other

- Rehabilitation & Economic Revitalization Area Deductions
 - Rehabilitated Residential Property Deductions – IC 6-1.1-12-18 through 21
 - Rehabilitated Property Deductions – IC 6-1.1-12-21 through 24
 - Economic Revitalization Area for Real Property Deduction – IC 6-1.1-12.1-4
 - Economic Revitalization Area for Real Property in a Residentially Distressed Area Deductions – IC 6-1.1-12.4-4.1
- Residence in Inventory Deduction – IC 6-1.1-12.8
- Model Residence Deduction – IC 6-1.1-12.6
- Fertilizer and Pesticide Storage Deduction – IC 6-1.1-12-38
- Supplemental Homestead Deduction – IC 6-1.1-12-37.5



Deductions vs. Exemptions vs. Credits

- 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



Homestead Deduction

- An individual may have the lesser of \$45,000 or 60% of the gross AV of the property deducted from the assessed value of the individual's homestead if...
 - (1) The property is the individual's principal place of residence;
 - (2) The property is located in Indiana; and
 - (3) The individual owns, is buying under a contract recorded with the county recorder's office, occupies as a tenant-stockholder, or is a trust property under IC 6-1.1-12-17.9.

IC 6-1.1-12-37



Homestead Deduction

- Applies to the dwelling (and those structures, such as decks and patios attached to the dwelling) and the surrounding acre (even if the acre straddles multiple parcels).
- Applications must be completed and dated in the calendar year for which the person wishes to obtain the deduction and filed with the county on or before January 5 of the immediately succeeding calendar year.

IC 6-1.1-12-37



HEA 1427 – Homestead Deduction

- Under HEA 1427-2017, homeowners were required to reapply for the Homestead Deduction in the case of divorce, marriage, or joint ownership. Section 24 of House Enrolled Act 1427 removed this reapplication requirement.
- If a Homestead Deduction was terminated between July 1, 2017 and April 30, 2019, for failure to reapply for the deduction after a divorce, marriage, or subsequent joint ownership, the county auditor must retroactively reinstate the deduction if the taxpayer provides proof they would have been eligible and is not currently claiming the deduction for any other property.

IC 6-1.1-12-17.8; IC 6-1.1-12-37



Mortgage Deduction

- An individual may have the lesser of **\$3,000, the balance of the mortgage, or 1/2** of the AV of the property deducted from the assessed value of the individual's real property if...
 - (1) The mortgage or installment loan instrument is recorded with the county recorder's office;
 - (2) The contract or a memorandum of the contract is recorded in the county recorder's office; or
 - (3) The home equity line of credit is recorded in the county recorder's office.

IC 6-1.1-12-1



Mortgage Deduction

- A person may not have more than one mortgage deduction in his or her name.
 - However, if a married couple owns two pieces of property and each property is mortgaged in the spouses' names, one spouse could have a mortgage deduction in his name on one property while the other spouse has a mortgage deduction in her name on the other property.
 - Likewise, if a person owns a business (e.g., LLC), the person could have a mortgage deduction in his name and the business could have a mortgage deduction in its name.

IC 6-1.1-12-1



Mortgage Deduction Question

- *Question: If a person has a line of credit and has applied for the Mortgage Deduction, does the individual have to currently owe anything on the line of credit?*
- To receive the full deduction amount (\$3,000), the taxpayer would have to have a balance on the line of credit that is at least \$3,000.
- If the line of credit has a \$0 balance on the assessment date, the property owner could still apply for the deduction for that assessment date; however, the deduction amount would be \$0.



Deduction for Veterans with Service – Connected Disability

- An individual may have **\$24,960** deducted from the assessed value of the taxable tangible property that the individual owns [real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property that the individual is buying under a contract (the contract or a memorandum of the contract must be recorded in the county recorder's office)] if ...

IC 6-1.1-12-13



Deduction for Veterans with Service – Connected Disability

- (1) The individual served in the military or naval forces of the United States during any of its wars;
- (2) The individual received an honorable discharge;
- (3) The individual has a disability with a service connected disability of 10% or more;
- (4) The individual's disability is evidenced by:
 - (A) a pension certificate, an award of compensation, or a disability compensation check issued by the United States Department of Veterans Affairs; or
 - (B) a certificate of eligibility issued to the individual by the Indiana Department of Veterans' Affairs ("IDVA") after IDVA has determined that the individual's disability qualifies the individual to receive a deduction; and
- (5) The individual:
 - (A) owns the real property, mobile home, or manufactured home; or
 - (B) is buying the real property, mobile home, or manufactured home under contract;
 - (C) on the date the deduction application is filed.

IC 6-1.1-12-13



Deduction for Veterans with Service – Connected Disability

- A person who receives this deduction may not receive the deduction provided by IC 6-1.1-12-16, which is the deduction for the surviving spouse of a World War I veteran.
- An individual who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim this deduction against that real property, mobile home, or manufactured home.

IC 6-1.1-12-13



Deduction for Totally Disabled Veteran or Partially Disabled Veteran Age 62 and Over

- An individual may have the sum of **\$14,000** deducted from the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property that the individual owns (or is buying under a contract that provides that the individual is to pay property taxes on the real property, mobile home, or manufactured home if the contract or a memorandum of the contract is recorded in the county recorder's office) if ...

IC 6-1.1-12-14



Deduction for Totally Disabled Veteran or Partially Disabled Veteran Age 62 and Over

- (1) the individual served in the military or naval forces of the United States for at least 90 days;
- (2) the individual received an honorable discharge;
- (3) the individual either:
 - (A) has a total disability; or
 - (B) is at least 62 years old and has a disability of at least 10% (need not be service-connected);
- (4) the individual's disability is evidenced by:
 - (A) a pension certificate or an award of compensation issued by the United States Department of Veterans Affairs; or
 - (B) a certificate of eligibility issued to the individual by the IDVA after it has determined that the individual's disability qualifies him or her to receive this deduction; and
- (5) the individual:
 - (A) owns the real property, mobile home, or manufactured home; or
 - (B) is buying the real property, mobile home, or manufactured home under contract;

on the date the deduction application is filed.

IC 6-1.1-12-14



Deduction for Totally Disabled Veteran or Partially Disabled Veteran Age 62 and Over

- No one is entitled to this deduction if the assessed value of the individual's real property, mobile home, or manufactured home, as shown by the tax duplicate, exceeds **\$200,000**.
- An individual who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim this deduction.

IC 6-1.1-12-14



SEA 280 – Disabled Veteran Deduction

- For the Totally Disabled Veteran or Partially Disabled Veteran Age 62 and Over Deduction, Senate Enrolled Act 280 made the following changes:
 - Increased the limitation on the assessed value (from \$175,000 to \$200,000) of an individual's real property.
 - Increased the deduction amount from \$12,480 to \$14,000.
 - Specified that for purposes of determining the assessed value of the real property, increases due solely to an annual adjustment are not considered.

IC 6-1.1-12-14



Applying for the Veteran Deductions

- An individual who desires to claim the partially or totally disabled veteran deductions must file a statement with the auditor of the county in which the individual resides (more appropriately, the individual should apply to the auditor of the county in which the property is located). Application should preferably list all of the vet's Indiana property.
- The statement must be completed and signed on or before December 31 and filed or postmarked on or before the following January 5.

IC 6-1.1-12-15



Applying for the Veteran Deduction

- In addition to the statement, the individual shall submit to the county auditor for the auditor's inspection:
 - (1) a pension certificate, an award of compensation, or a disability compensation check issued by the United States Department of Veterans Affairs if the individual claims the partially disabled veteran deduction;
 - (2) a pension certificate or an award of compensation issued by the United States Department of Veterans Affairs if the individual claims the totally disabled veteran; or
 - (3) the appropriate certificate of eligibility issued to the individual by IDVA if the individual claims either deduction.

IC 6-1.1-12-15



Veteran Deductions – Surviving Spouses

- SEA 280
 - Beginning with taxes due in 2021, surviving spouses of service members killed while engaged in military duties will be entitled to the same deduction as disabled veterans.
 - The service requirements for a surviving spouse's eligibility to receive the Disabled Veteran Deduction will now include...

IC 6-1.1-12-15



Veteran Deductions – Surviving Spouses

- (1) The surviving spouse owns or is buying property on the date that the deduction application is due; and
- (2) The individual's spouse either:
 - (A) Met the following requirements at the time of death:
 - (i) Served in the military or naval forces of the United States for at least 90 days;
 - (ii) Received an honorable discharge;
 - (iii) Either:
 - (a) Had a total disability; or
 - (b) Was at least 62 years old and had a disability of at least 10%; and
 - (iv) Had a disability that was evidenced by:
 - (a) A pension certificate or an award of compensation issued by the United States Department of Veterans Affairs; or
 - (b) A certificate of eligibility issued by the Indiana Department of Veterans' Affairs; or
 - (B) Was killed while engaged in military or naval duties

IC 6-1.1-12-14



Veteran Deductions Question

- When does the new max AV threshold take effect?
When does the new deduction amount take effect?
- Section 2 of SEA 280 specifies that the new max AV threshold of \$200,000 will impact assessments beginning January 1, 2020 (20 Pay 21).
- The new Disabled Veteran Deduction amount of \$14,000 applies to assessment dates after December 31, 2019, and will therefore apply to 20 Pay 21.

IC 6-1.1-12-14



Veteran Deductions Question

- *Question: Under the old law the AV max for Disabled Veteran Deduction was \$175,000. Now the AV mas is \$200,000. Does the old application qualify the individual for the \$200,000 AV or will they need to refile?*
- Answer: IC 6-1.1-12-17.8 provides for any of the veteran's deductions (among other deductions) to be carried over to the following assessment date if the taxpayer remains eligible for that deduction. If a taxpayer was eligible for the disabled veteran deduction when the AV cap was set at \$175,000, then as long as the property's AV remains below the new threshold of \$200,000 and the taxpayer is otherwise eligible to keep the deduction, then the taxpayer does not need to refile.



Veteran Deductions Question

- *Question: If there is one property that is jointly owned by two sisters in which both are disabled veterans, do they both receive the Disabled Veteran Deduction on their tax bill?*
- **Answer:** The Disabled Veteran Deduction, unlike the Homestead Deduction or the Mortgage Deduction, is tied to the individual and not the property. Hence, two individuals that jointly own property may each receive a Disabled Veteran Deduction and apply it to that property.



Veteran Deductions Question

- *Question: A taxpayer is a veteran and sold her house to her grandson on contract. Should the auditor remove the Disabled Veteran Deduction?*
- *Answer: Assuming the deduction was validly in place for the assessment date, it should remain on the property for that assessment date. Unless the new owner can show eligibility for the deduction, the deduction would come off for the following assessment date.*

IC 6-1.1-12-14(e)



Over 65 Deduction

- An individual may have the lesser of one-half of the **gross AV** of the property or **\$14,000** deducted from the assessed value of the individual's real property or mobile or manufactured home if...

IC 6-1.1-12-9



Over 65 Deduction

- (1) The individual owned (or was buying) the property for at least one year before claiming the deduction;
- (2) The individual is at least sixty-five (65) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;
- (3) The applicant and any joint tenants or tenants in common reside on the property;
- (4) The adjusted gross income for the preceding two (2) calendar years does not exceed:
 - (A) \$30,000 for individuals who filed a single income tax return;
 - (B) \$40,000 for individuals who filed a joint income tax return; or
 - (C) \$40,000 for individuals who share ownership or are purchasing property under a contract as joint tenants or tenants in common; and
- (5) The assessed value of the property does not exceed \$200,000.



Over 65 Deduction

- The **same person** cannot have the Over 65 Deduction in conjunction with any other deduction, except for:
 - Homestead Deduction (IC 6-1.1-12-37)
 - Mortgage Deduction (IC 6-1.1-12-1)
 - Fertilizer Storage Deduction (IC 6-1.1-12-38)
- The deduction cannot be denied on the basis that the recipient is away from the property while in a hospital or nursing home.
- If any joint tenants or tenants in common are not at least 65, the deduction is reduced by a fraction.

IC 6-1.1-12-9



SEA 280 – Over 65 Deduction

- For the Over 65 Deduction, Senate Enrolled Act 280 made the following changes:
 - Increased the limitation on the assessed value (from \$182,420 to \$200,000) of an individual's real property.
 - Increased the deduction amount from \$12,480 to \$14,000.
 - Increased the adjusted gross income limitation from \$25,000 to:
 - (1) Single Return (\$30,000)
 - (2) Joint Return (\$40,000)
 - (3) Sharing Ownership of Property as Joint Tenants (\$40,000)
 - Specified that for purposes of determining the assessed value of the real property, increases due solely to an annual adjustment are not considered.

IC 6-1.1-12-9



Over 65 Deduction Question

- *Question: When does the new max AV threshold take effect? When does the new deduction amount take effect? When does the new income limitation take effect?*
- Answer: Section 1 of SEA 280 specifies that the new max AV threshold of \$200,000 will impact assessments beginning January 1, 2020 (20 Pay 21).
- The new Over 65 Deduction amount of \$14,000 applies to assessment dates after December 31, 2019, and will therefore apply to 20 Pay 21.
- The new income limitation will impact assessments beginning January 1, 2020 (20 Pay 21).

IC 6-1.1-12-9



Over 65 Deduction Question

- *Question: An applicant was over 65 and signed the form. There is a spouse. The applicant is now deceased. Do we remove the deduction?*
- **Answer:** A surviving spouse is entitled to an Over 65 deduction under IC 6-1.1-12-9(f) if (1) the surviving spouse is at least 60 years old on or before December 31 of the year preceding the year the deduction is claimed; (2) the deceased spouse was at least 65 years old at the time of death; (3) the surviving spouse has not remarried; and (4) the surviving spouse otherwise fulfills all other requirements of the deduction. However, the surviving spouse must still apply for the deduction. If the deceased spouse died after January 1, the deduction remains on the property until the next assessment date. The surviving spouse must file for the deduction for the next assessment date. If the deceased spouse died on January 1, the surviving spouse would have to timely file for that assessment date to retain the deduction.



Over 65 Deduction Question

- *Question: Can two people each have their own Over 65 Deduction on the same property if they qualify separately?*
- **Answer: No.** Indiana Code 6-1.1-12-9(e) states that for real property, a mobile home, or a manufactured home owned by any of the following may only have one Over 65 Deduction: (1) tenants by the entirety (i.e., a married couple); (2) joint tenants; or (3) tenants in common. Check the deed or title document to determine which of the above fit with respect to the applicants.

IC 6-1.1-12-9(e)



Over 65 Deduction Question

- *Question: If there is a husband and a wife, and one is eligible for a Disabled Veteran Deduction, can the other spouse claim the Over 65 Deduction?*
- **Answer: Yes.** State law prohibits the same person from receiving an Over 65 Deduction and certain other deductions, but it does not prohibit one spouse or owner from receiving an Over 65 Deduction and the other spouse or owner receiving a disability or veteran deduction.



Heritage Barn Deduction

- An individual may have **100% of the assessed value of the structure and foundation** deducted from the assessed value of a heritage barn if ...
 - (1) The barn was constructed before 1950;
 - (2) The barn retains sufficient integrity of design, materials, and construction to clearly identify the building as a barn;
 - (3) The structure cannot be a dwelling; and
 - (4) The applicant is the owner of the heritage barn or is purchasing the barn under contract that has been recorded with the county recorder.

IC 6-1.1-12-26.2



Heritage Barn Deduction

- Statute requires the applicable township or county assessor to verify that the barn was constructed before 1950.
- The auditor must apply the deduction to a heritage barn that received the deduction in the preceding year ***unless*** the auditor determines that the property is no longer eligible for the deduction because the barn was not constructed before 1950.
- A county fiscal body may adopt an ordinance requiring applicants to pay an annual public safety fee not to exceed \$50.

IC 6-1.1-12-26.2



Heritage Barn Question

- *Question: In 2017, we had six (6) people apply for the Heritage Barn Deduction. They were approved by the assessor, paid the \$50 fee, and received the deduction for Pay 2018. Do we need to annually notify the recipients of this deduction and require them to reapply each year?*
- *Answer: IC 6-1.1-12-26.2(e) states in part that “A person that receives a deduction . . . and that remains eligible for the deduction in the following year is not required to file an application for the deduction in the following year.” Unless the auditor determines that the deduction should be taken off the property, the law requires the deduction to remain on as long as the property remains eligible.*



Heritage Barn Question

- *Question: How do we disperse the collected public safety fee?*
- Answer: IC 6-1.1-12-26.2(f) requires that the auditor apply the fee money “equitably among the police and fire departments in whose territories each heritage barn is located.” So if, for example, the territory in which a heritage barn is located has a police department and a fire department, the fee for that heritage barn is divided evenly (that is, \$25 to each department).



Energy Deductions

- Solar Energy Heating or Cooling System Deduction
 - An individual may have a deduction equal to:
 - (1) The cost associated with the components that are need to collect, store, or distribute solar energy; and
 - (2) The labor associated with the installation.
 - Expenditures by the current or former owners can be demonstrated by invoices or other evidence of the purchase or installation.
 - The solar thermal air system or solar energy heating or cooling system should be used for hot water or space heat (including pool water) or preheating for industrial processes.

IC 6-1.1-12-26; IC 6-1.1-12-27.1



Energy Deductions

- Solar Power Device Deduction
 - An individual may have a deduction equal to
 - (1) The AV of the property with the device;
minus
 - (2) The AV of the property without the device.
 - Deduction for devices installed in 2012 or later.
 - For a solar power device assessed as distributable or personal property, the deduction equals the AV of the device.

IC 6-1.1-12-26.1; IC 6-1.1-12-27.1



Energy Deductions

- Wind Powered Device Deduction
 - An individual may have a deduction equal to
 - (1) The AV of the property with the device;
minus
 - (2) The AV of the property without the device.
 - Defined as a device, such as a windmill or wind turbine, designed to utilize the kinetic energy of moving air to produce electricity.

IC 6-1.1-12-29; IC 6-1.1-12-30



Energy Deductions

- Hydro-Electric Power Device Deduction
 - An individual may have a deduction equal to
 - (1) The cost associated with the components that are need to collect, store, or distribute solar energy; and
 - (2) The labor associated with the installation.
 - Deduction is for a device installed in 1982 or later.
 - IDEM must certify the system – however, if certified, the subsequent owner does NOT need to seek certification again.
 - Only applies if the property owner owns or is under contract to purchase the property on the date the certified statement is filed with the auditor.

IC 6-1.1-12-33; IC 6-1.1-12-35.5



Energy Deductions

- Geothermal Energy Heating or Cooling Device Deduction
 - An individual may have a deduction equal to
 - (1) The cost associated with the components that are need to collect, store, or distribute solar energy; and
 - (2) The labor associated with the installation.
 - Deduction is for a device installed in 1982 or later.
 - IDEM must certify the system – however, if certified, the subsequent owner does NOT need to seek certification again.
 - Only applies if the property owner owns or is under contract to purchase the property on the date the certified statement is filed with the auditor.



Exemptions



Exemptions

- Article 10, Section 1 of the Indiana Constitution permits the General Assembly 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.
 - **IC 6-1.1-11** contains the exemption procedures – including 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

- **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, used and occupied 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).



Exemptions – Most Common

- State Property – IC 6-1.1-10-2
- Political Subdivision Property – IC 6-1.1-10-4
- Municipal Property – IC 6-1.1-10-5
- Public Airports – IC 6-1.1-10-15
- Educational, Religious, or Charitable Property – IC 6-1.1-10-16
- Public Libraries – IC 6-1.1-10-19
- Church or Religious Property – IC 6-1.1-10-21
- Business Personal Property – IC 6-1.1-3-7.2



Exemptions – Outside of IC 6-1.1-10

- Ports – IC 8-10-1-27
- War Monuments
 - War Memorials Commission – IC 10-18-1-36
 - World War Memorials – IC 10-18-2-22
 - City & County War Memorials – IC 10-18-3-12
 - City War Memorials – IC 10-18-4-21
- Hospital Bonding Authorities – IC 5-1-4-26
- County Hospital Building Authority – IC 16-22-6-34
- Water Supply District – IC 14-33-20-27
- Toll Roads – IC 8-15-2-12
- Housing Authorities – IC 36-7-18-25



State Property

IC 6-1.1-10-2

State property

- Sec. 2. (a) Except as otherwise provided by law, the property owned by this state, a state agency, or the bureau of motor vehicles commission is exempt from property taxation.

(b) Real property leased to a state agency is exempt from property taxes if the lease, regardless of the commencement date, ***requires the state agency to reimburse the owner for property taxes***. If a state agency leases less than all of a parcel of real property, the exemption provided by this subsection is a partial exemption that is equal to the part of the gross assessed value of the real property attributable to the part of the real property leased by the state agency.



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

IC 6-1.1-10-15

Public airports

- The acquisition and improvement of land for use by the public as an airport and the maintenance of commercial passenger aircraft is a municipal purpose regardless of whether the airport or maintenance facility is owned or operated by a municipality.
- The owner of any airport located in this state, who holds a valid and current public airport certificate issued by the Indiana department of transportation, may claim an exemption for only so much of the land as is reasonably necessary to and used for public airport purposes.
- “Land used for public airport purposes” includes: (1) land used for taking off or landing, taxiways, runways and taxiway lighting, access roads, auto and aircraft parking areas, and all buildings providing basic facilities for the traveling public; (2) real property owned by the airport owner and used for operation and maintenance purposes; (3) real property used for shelter, storage, or care of aircraft; and (4) housing for weather and signaling equipment, navigational aids, radios, or other electronic equipment.



Non-Profit, Religious, or Library Property

IC 6-1.1-10-16

Educational, literary, scientific, religious, or charitable property

- 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.

IC 6-1.1-10-19

Public libraries

- Tangible property is exempt from property taxation if it is: (1) owned by a corporation which has established a public library; and (2) used exclusively for public library purposes.

IC 6-1.1-10-21

Church or religious societies

- The following tangible property is exempt from property taxation if it is owned by, or held in trust for the use of, a church or religious society: (1) A building that is used for religious worship; (2) The pews and furniture contained within a building that is used for religious worship; (3) The tract of land where a building used for religious worship is situated.



HEA 1427 - Exemptions

- Exemption Filing Grace Period
 - Provides that a person seeking a property tax exemption for property used for a charitable purpose may file an exemption application up to 30 days following the statutory deadline for the exemption application if the person pays a late fee equal to the lesser of:
 - (1) twenty-five dollars (\$25) for each day after the deadline; or
 - (2) two hundred fifty dollars (\$250)

IC 6-1.1-11-3



HEA 1427 - Exemptions

- Non-Profit
 - Provides that a property owner may submit a property tax exemption application before September 1, 2019, for any real and personal property:
 - (1) for which an exemption application was filed after April 1, 2017, and before April 10, 2017; and
 - (2) that would have been eligible for a property tax exemption if an exemption application had been properly and timely filed for the real and personal property.

IC 6-1.1-10-6



HEA 1427 - Exemptions

- Church
 - Provides that a property owner may submit a property tax exemption application before September 1, 2019, for any real and personal property:
 - (1) is owned, occupied, and used by a taxpayer that is a church or religious society; and
 - (2) would have been eligible for a property tax exemption for assessment dates after December 31, 2003, and before March 1, 2015, if an exemption application had been properly and timely filed for the real property.

IC 6-1.1-10-16 or IC 6-1.1-10-21



Political Subdivision & Municipal Property

IC 6-1.1-3-7.2

Business personal property exemption

- If the cost of all business personal property is less than \$40,000, a business or organization is entitled to a business personal property exemption.
- This exemption can be claimed by completing all of the required forms, and marking the check box at the top of the Form 103-Long, Form 103-Short, or Form 102 indicating the cost of assets is less than \$40,000.



BUSINESS TANGIBLE PERSONAL PROPERTY RETURN

State Form 11274 (R37 / 11-19)
Prescribed by the Department of Local Government Finance

FORM 103 - SHORT

PRIVACY NOTICE
This form contains information
confidential pursuant to IC 6-1.1-35-9.

JANUARY 1, 2020

For Assessor's Use Only

NOTE: For taxpayers with less than \$40,000 in acquisition costs to report within the county, legislation was passed in 2015 which exempts this property. If you are declaring this exemption, check this box, enter the total acquisition cost of your personal property in the county, and complete only sections I and IV of this form. If you are declaring this exemption through this form, you do not need to file a Form 104.

\$ _____

RETURN THIS FORM TO THE APPLICABLE ASSESSOR BY MAY 15, 2020.

An exemption granted under IC 6-1.1-10 or any other statute supersedes this exemption. In other words, a taxpayer whose personal property is exempt because the taxpayer applied for and was granted an exemption by the county must follow all applicable procedures for the approved exemption, which may include fully completing the personal property return.



SEA 233 – Exemptions

- Increases, from \$20,000 to \$40,000, the acquisition cost threshold for the business personal property exemption.
- Specifies that a taxpayer who is eligible for a personal property tax exemption must include on the taxpayer's personal property tax return:
 - (1) information concerning whether the taxpayer's business personal property within the county is in one location or multiple locations; and
 - (2) an address for the location of the property.

IC 6-1.1-3-7.2



SEA 233 – Exemptions

- Repeals provisions in current law that allow a county council to impose a local service fee on each person that has exempt business personal property because the business personal property does not exceed the acquisition threshold.

IC 6-1.1-3-7.3 (REPEALED)



HEA 1345 – Exemptions

- Provides a property tax exemption for assessment dates occurring after December 31, 2016, for certain property owned by an Indiana nonprofit public benefit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code if:
 - (1) the property is used in the operation of a nonprofit health, fitness, aquatics, and community center; and
 - (2) the acquisition and development of the property are provided in part under the regional cities initiative of the Indiana economic development corporation.

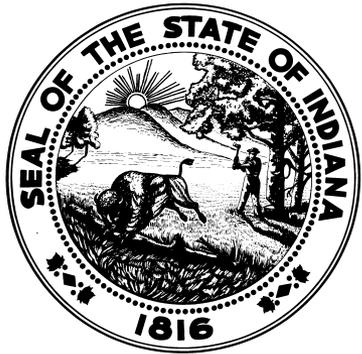
IC 6-1.1-10-48 (NEW)



HEA 1345 – Exemptions

- To the extent the owner of nonprofit public benefit corporation property that is exempt from taxation has paid any property taxes, penalties, or interest with respect to the property for the 2017 assessment date through the 2018 assessment date, the county auditor is required to pay the refund due in one (1) installment.

IC 6-1.1-10-48 (NEW)



2019 Legislation



SEA 171 – Deductions

- Repeal of Certain Tax Incentives
 - Veterans' Mortgage Deduction (IC 6-1.1-12-17.5)
 - Coal Conversion System Deduction (IC 6-1.1-12-31)
 - Coal Combustion Product Deduction (IC 6-1.1-12-34.5)
 - Aircraft Deduction (IC 6-1.1-12.2)
 - Intrastate Aircraft Deduction (IC 6-1.1-12.3)
 - Recycled Coal Combustion Byproduct Personal Property Deduction (IC 6-1.1-44)



HEA 1427 – Homestead Database Updates

- Requires county auditors to submit data on deductions that are applicable to the current tax year to the homestead property data base on or before March 15 of each year, in a manner prescribed by the Department.



HEA 1056 – Property Tax Appeals

- Requires a county or township official—who receives a written appeal notice from a taxpayer—to forward the notice to the county auditor, if the taxpayer raises a claim regarding any matter that is in the discretion of the county auditor.
- Also specifies that the county auditor is a party before the PTABOA and for any appeal of the board's decision in an appeal related to a matter that is in the discretion of the county auditor.

IC 6-1.1-15



HEA 1427 – Personal Property Appeals

- Specifies that personal property assessments may be appealed within 45 days of the date on which a county mails a notice to the taxpayer advising that an assessing official has changed the valuation.

IC 6-1.1-15-1.1



HEA 1427 – County Official Training

- Provides that money in the county elected officials training fund may also be used to provide:
 - (1) travel, lodging, and related expenses associated with any training paid for from the fund; and
 - (2) training of one or more designees of a county elected official if sufficient funds are appropriated by the county fiscal body.
- Specifies that money in the county elected officials training fund may also be used for the newly elected training course expenses.

IC 36-2-7-19



HEA 1427 – County Official Training

- Provides that an individual first elected to the office of county auditor shall complete five (5) hours of newly elected official training courses before the individual first takes office.

IC 36-2-9-2.5



HEA 1427 – Endorsement Fee

- Increases, from \$5 to \$10, the amount of the county fee that a county auditor shall charge for endorsing a real estate conveyance document and provides that the fee revenue must be used for developing or maintaining plat books, in traditional or electronic format.
- The county endorsement fee must be adopted by county ordinance.

IC 36-2-9-18



How We Can Help?

- Research the FAQs, memos, and presentations on Department's website.
- Ask the auditor or other staff.
- Consult with your county attorney.
- The Department cannot provide legal or fiscal advice.
 - Can identify the law.
 - The elected official must apply the facts to the law.



Thank you!

Daniel Shackle, Chief of Staff & General Counsel

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