

REPRESENTATIVE FOR PETITIONER: Alan Galbreth, Interim CEO

REPRESENTATIVE FOR RESPONDENT: Eric Grossman, Tippecanoe County Assessor

**BEFORE THE
INDIANA BOARD OF TAX REVIEW**

Indiana Crop Improvement Association, Inc.)	Petition No.:	79-012-22-2-8-00395-22	
)			
Petitioner,)	Parcel No.:	79-12-33-300-002.000-012
)			
v.)	County:	Tippecanoe
)			
Tippecanoe County Assessor,)	Assessment Year:	2022
)			
Respondent.)		

January 24, 2024

FINAL DETERMINATION

The Indiana Board of Tax Review (“Board”) having reviewed the facts and evidence, and having considered the issues, now finds and concludes the following:

INTRODUCTION

1. Indiana Crop Improvement Association, Inc. (“Indiana Crop”) sought an exemption under the general exemption statute, Indiana Code § 6-1.1-10-16, for real and personal property that it uses to operate a seed testing laboratory. Because Indiana Crop demonstrated that it owned, occupied, and used its laboratory building for scientific purposes, we conclude that the laboratory building, the personal property it contains, and the 6 acres of land that support it are entitled to a 100% exemption.

PROCEDURAL HISTORY

2. On May 3, 2021, Indiana Crop filed a Form 136 exemption application seeking both real and personal property tax exemptions for the January 1, 2020, assessment date for property located at 7700 Stockwell Road, Lafayette, Indiana. On April 18, 2022, the Tippecanoe County Property Tax Assessment Board of Appeals (“PTABOA”) issued a Form 120 determination denying the exemption application for the January 1, 2022, assessment date.¹ Indiana Crop then timely filed a Form 132 petition with the Board challenging the PTABOA’s determination regarding the 2022 assessment year.
3. Following a continuance, the Board scheduled a hearing for July 20, 2023, at which Indiana Crop failed to appear. On August 8, 2023, the Board issued a Notice of Dismissal due to Indiana Crop’s failure to appear. Indiana Crop subsequently requested the dismissal be set aside, which the Board granted on August 22, 2023.²
4. On November 1, 2023, David Smith, our designated administrative law judge (“ALJ”), held a telephonic hearing on Indiana Crop’s petition. Neither he nor the Board inspected the subject property.
5. Interim Chief Executive Officer Alan Galbreth appeared for Indiana Crop. Tippecanoe County Assessor Eric Grossman appeared pro se. Galbreth, Grossman, Kimberley Morisette, and Chris Coakes testified under oath.

RECORD

6. Indiana Crop submitted the following exhibits:

¹Although Indiana Crop applied for an exemption for the January 1, 2020, assessment date, it appears the PTABOA treated Indiana Crop’s exemption application as an appeal of the 2022 assessment year because it missed the statutory deadlines for both 2020 and 2021. *See* Ind. Code § 6-1.1-11-3(a) (requiring property owners to annually file exemption applications on or before April 1 of the year containing the assessment date); *see also*, Ind. Code § 6-1.1-11-3.5(a) (requiring not-for-profit corporations to file exemption applications in the manner (other than the requirement to file annually) prescribed by I.C. § 6-1.1-11-3).

² While the title of the Board’s action describes it as a rehearing, we merely vacated the dismissal and reinstated the appeal. Accordingly, the hearing was not a re-hearing.

Petitioner Ex. 1:	Indiana Certification of Seeds and Plants Act (1935)
Petitioner Ex. 2:	<i>Indiana Crop Improvement Association, Inc. v. Commissioner of Internal Revenue Service</i> , 76 T.C. No. 30 (U.S. Tax Court 1981)
Petitioner Ex. 3:	Internal Revenue Service (“IRS”) § 501(c)(3) letter
Petitioner Ex. 4:	Indiana Code § 6-1.1-10-16
Petitioner Ex. 5:	October 28, 1996 Memorandum of Agreement

7. The Respondent did not submit any exhibits.
8. The official record for this matter also includes the following: (1) all pleadings, briefs, motions, and documents filed in this appeal; (2) all notices and orders issued by the Board or our ALJ; and (3) an audio recording of the hearing.

FINDINGS OF FACT

9. In 1935, the Indiana Legislature passed an Act providing for state certification of seeds and plants. It empowered Purdue University Agricultural Experiment Station n/k/a Purdue University’s Office of Agricultural Research Programs (“Purdue”), to administer the Act and designate agents to conduct the seed certification functions it requires. Purdue designated Indiana Crop as the official seed certification agency for the State of Indiana, and Indiana Crop has continuously carried out that function since 1935. *Galbreth testimony; Pet’r Exs. 1, 5.*
10. Indiana Crop is a non-profit agricultural association incorporated under the laws of the State of Indiana. In 1981, the United States Tax Court issued a decision holding that Indiana Crop is organized for charitable, educational, and scientific purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. Pursuant to the US Tax Court’s decision, the Internal Revenue Service (“IRS”) has recognized Indiana Crop’s exemption from federal income taxation under section 501(c)(3) of the Internal Revenue Code since July 24, 1981. *Galbreth testimony; Pet’r Exs. 2, 3, 5.*
11. Indiana Crop’s property is located at 7700 Stockwell Road, Lafayette, Indiana. It

consists of a large laboratory building, parking lot, lawn area, and a field used for varietal grow-outs/field trials situated on approximately 6 acres of land. Indiana Crop also cash rents 33 acres of tillable land to a farmer, but it is not seeking an exemption for the rented acreage. *Galbreth testimony; Morisette testimony.*

12. Indiana Crop has 13 full-time and about 25 part-time employees. It uses its building as a laboratory where its employees test seed samples sent in by seed companies. Approximately 30-40% of its estimated 100,000 annual tests are for the germination and purity testing that the law requires for seed certification. The remainder of Indiana Crop's work consists of a variety of quality testing for seed companies. In addition to testing for germination and purity, Indiana Crop's quality testing may include vigor and herbicide tests to ensure that farmers are getting a product that will perform in the field. Indiana Crop charges for its testing services and has annual gross revenue of approximately \$3 million. *Galbreth testimony.*

CONCLUSIONS OF LAW

13. Although tangible property in Indiana is generally taxable, the Legislature has exercised its constitutional power to exempt certain types of property. *Hamilton County Prop. Tax Assessment Bd. of App. v. Oaken Bucket Partners, LLC*, 938 N.E.2d 654, 657 (Ind. 2010). Because exemptions relieve properties from bearing their fair share of the cost of government services, they are strictly construed against the taxpayer. A taxpayer therefore bears the burden of proving that its property qualifies for an exemption. *Indianapolis Osteopathic Hospital, Inc. v. Dep't of Local Gov't Fin.*, 818 N.E.2d 1009, 1014 (Ind. Tax Ct. 2004). Worthwhile activities or noble purposes alone do not suffice. Rather, a taxpayer must show that the property is being used to provide a benefit that justifies the loss of tax revenue. *See, e.g., Dep't of Local Gov't Fin. v. Roller Skating Rink Operators Ass'n*, 853 N.E.2d 1262, 1265 (Ind. 2006).
14. All or part of a building is exempt from taxation if it is owned, and exclusively or predominantly used or occupied for educational, literary, scientific, religious, or

charitable purposes. I.C. § 6-1.1-10-16(a); I.C. § 6-1.1-10-36.3(c). The exemption extends to a tract of land on which an exempt building is situated, as well as to parking lots and other structures that serve the exempt building. I.C. § 6-1.1-10-16(c)(1)-(2). Additionally, the legislature has provided for the exemption of personal property if it is owned and used in a way that would qualify as exempt if it were a building. I.C. § 6-1.1-10-16(e)

15. Property is predominantly used for an exempt purpose if it is used for those purposes during more than 50% of the time that it is used in the year that ends on the assessment date. I.C. § 6-1.1-10-36.3. A property is 100% exempt if it is exclusively used or occupied for exempt purposes or if it is predominantly used for exempt purposes by a church, religious society, or nonprofit school. I.C. § 6-1.1-10-36.3(c)(1)-(2). Otherwise, a property qualifies only for an exemption that “bears the same proportion to the total assessment” as the amount of time the property’s exempt use bears to its total use. I.C. § 6-1.1-10-36.3(c)(3). Where a property is not used exclusively for exempt purposes, a taxpayer must offer evidence comparing the relative distribution of time between exempt and non-exempt uses. *See Hamilton Cnty. Ass’r v. Duke*, 69 N.E.3d 567, 572 (Ind. Tax Ct. 2017) (“[F]ailure to provide the Indiana Board with a comparison of the relative amounts of time that a property was used for exempt and non-exempt purposes is fatal to a claim of exemption under Indiana Code § 6-1.1-10-36.3.”).
16. At our hearing, Indiana Crop primarily argued that it should receive an exemption because Indiana Crop is organized for charitable, educational, and scientific purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. While the IRS granted Indiana Crop an exemption from federal income taxation under section 501(c)(3) of the Internal Revenue Code, the grant of a federal or state income tax exemption does not automatically entitle a taxpayer to a property tax exemption. *See Raintree Friends Housing, Inc. v. Ind. Dep’t of State Revenue*, 667 N.E.2d 810, 816 n. 8 (Ind. Tax Ct. 1996) (rejecting the Indiana Department of Revenue’s argument that IRS guidelines represented the appropriate test for determining whether the taxpayer was a charitable

organization for state income tax purposes); *see also*, *National Ass'n of Miniature Enthusiasts v. State Bd. of Tax Comm'rs*, 671 N.E.2d 218, 220-222 (Ind. Tax Ct. 1996) (denying taxpayer a charitable purposes exemption despite the fact that it was exempt under 501(c)(3)).

17. Indiana Crop also repeatedly questioned how the property could be found taxable after having been exempt for many years given that its activities have not changed. As the Tax Court has explained, each tax year and each appeal process stand alone. *Fisher v. Carroll Cnty. Ass'r*, 74 N.E.3d 582, 588 (Ind. Tax Ct. 2017). The historical exemption status of Indiana Crop's property therefore has no bearing on its 2022 exemption claim. We therefore turn to evaluating whether Indiana Crop's remaining evidence was sufficient to prove that it owned, occupied, and used its property for educational, charitable, or scientific purposes.

18. Indiana Crop specifically sought an educational purpose exemption on both its Form 136 application and on its Form 132 petition claiming that it used its property 100% for educational purposes. To receive an educational purpose exemption, a taxpayer must show that it provides a public benefit through educational instruction that is the "substantial equivalent" to instruction offered in Indiana's tax-supported institutions. *Roller Skating Rink Operators*, 853 N.E.2d at 1266. The closer the taxpayer's activity is to traditional educational programs offered in public schools, the more obvious the public benefit. But a taxpayer need not offer courses that are directly analogous to courses taught in public schools; rather, the taxpayer's courses simply need to be related to public-school offerings. *Id.* (citing *Trinity School of Natural Health v. Kosciusko Cnty. Prop. Tax Assessment Bd. of Appeals*, 799 N.E.2d 1234, 1238 (Ind. Tax Ct. 2003)). And the taxpayer need only relieve the state's burden of providing public education to "some limited extent." *Id.* (quoting *Trinity School*, 799 N.E.2d at 1238).

19. Here, however, Indiana Crop did not present any evidence showing that it used its laboratory building to offer educational instruction, much less courses related to those

offered by Indiana’s public schools. We also cannot consider Indiana Crop educational based on its status as an agent of Purdue. As the Tax Court has explained, “one of the hallmarks of Anglo-American law is the status of a corporation as a distinct legal entity” that is “separate and distinct from its shareholders, affiliates, corporate members, parents, and subsidiaries.” *St. Mary’s Bldg. Corp. v. Redman*, 135 N.E.3d 681, 687 (2019). That is not to suggest that if Purdue owned the property, it could not be exempt—tangible property owned by colleges can be exempt under Indiana Code § 6-1.1-10-20. But we cannot disregard the fact that Indiana Crop and Purdue have separate corporate identities simply because the two entities are closely related. *St. Mary’s Bldg. Corp.*, 135 N.E.3d at 687. Consequently, Indiana Crop does not qualify for an educational purpose exemption.

20. The term “charitable purpose” is defined and understood in its broadest constitutional sense. *Knox Cnty. Prop. Tax Assessment Bd. of Appeals v. Grandview Care, Inc.*, 826 N.E.2d 177, 182 (Ind. Tax Ct. 2005). A charitable purpose will generally be found if: (1) there is evidence of relief of human want manifested by obviously charitable acts different from the everyday purposes and activities of man in general; and (2) there is an expectation that a benefit will inure to the general public sufficient to justify the loss of tax revenue. *Id.* In this case, however, Indiana Crop did not meaningfully address how its testing activities relieved human want. Nor did it convince us that performing seed testing is an obviously charitable act. Thus, we conclude Indiana Crop is not entitled to a charitable purpose exemption.

21. We now turn to the scientific purpose exemption. We were unable to find any Indiana authority interpreting “scientific” as that term is used in Indiana Code § 6-1.1-10-16(a), and we note that neither party proposed a definition or a test. Absent such guidance, we must give the term its ordinary and usual meaning. *See Enhanced Telecommunication Corp. v. Dep’t of State Revenue*, 916 N.E.2d 313, 317 (Ind. Tax Ct. 2009) (explaining that, where terms were not defined by statute, court would give them their “plain, ordinary and usual meaning, as defined in the dictionary.”) Scientific is commonly defined as 1) “of, relating to, or exhibiting the methods or principles of science,” or 2) as

“conducted in the manner of science or according to results of investigation by science: practicing or using thorough or systematic methods.” Merriam-Webster.com Dictionary, Merriam-Webster, <https://www.merriam-webster.com/dictionary/scientific>. Accessed 12 Jan. 2024.

22. Here, the Assessor described Indiana Crop’s seed certification testing as serving a governmental purpose that benefits the public and readily admitted that the seed certification testing therefore qualifies as an exempt scientific purpose. Nevertheless, the Assessor maintained that the quality testing Indiana Crop provides to seed companies for *non-certified seed* does not qualify as a scientific purpose because it benefits private corporations (the seed companies) and their business practices. He therefore argued that because only 30-40% of Indiana Crop’s 100,000 annual tests are for the seed certification testing mandated by law, Indiana Crop was not predominantly using its building for an exempt purpose.

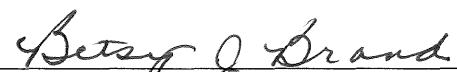
23. However, because Indiana Crop employs scientific methods to perform research for the germination and purity testing that it provides for seed certification *and* the quality testing such as the vigor and herbicide tests it provides for non-certified seed, we find that both categories of testing qualify as scientific. Thus, the question before us is whether the testing Indiana Crop provides for non-certified seed is primarily intended to benefit the private seed companies or the public. *See Roller Skating Rink Operators*, 853 N.E.2d at 1263 (holding that a trade association’s programs intended to help develop the private businesses of its members did not meet the public-benefit test). We acknowledge that Indiana Crop’s testing for non-certified seed likely benefits the private seed companies by relieving them of the burden of developing and staffing their own laboratories and conducting their own testing. However, we find that by ensuring farmers are getting a product that will perform in the field, the benefits Indiana Crop’s testing for non-certified seed confers on the general public ultimately outweigh the benefits to the private business interests of the seed companies. Accordingly, we conclude that Indiana Crop is entitled to a scientific purpose exemption.

CONCLUSION

24. Because Indiana Crop met its burden to show that it owned, occupied, and used its laboratory building for scientific purposes, we conclude that its laboratory building, the personal property it contains, and the 6 acres of land that support it are entitled to a 100% exemption for the 2022 assessment year.

This Final Determination of the above captioned matter is issued by the Indiana Board of Tax Review on the date written above.


Chairman, Indiana Board of Tax Review


Commissioner, Indiana Board of Tax Review


Commissioner, Indiana Board of Tax Review

- APPEAL RIGHTS -

You may petition for judicial review of this final determination under the provisions of Indiana Code § 6-1.1-15-5 and the Indiana Tax Court's rules. To initiate a proceeding for judicial review you must take the action required not later than forty-five (45) days of the date of this notice.

The Indiana Code is available on the Internet at <http://www.in.gov/legislative/ic/code>. The Indiana Tax Court's rules are available at <http://www.in.gov/judiciary/rules/tax/index.html>.