
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

NOVEMBER 13, 2003



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Overview of HEA 2005 – Exemptions

Type of Property Exempt: IC 6-1.1-10-16 exempts buildings owned, occupied, and used for educational, literary, scientific, religious, or charitable purposes. Also, buildings are exempt if owned, occupied, and used by a town, city, township, or county for educational, literary, scientific, fraternal, or charitable purposes.

HEA 2005 Amendments – Effective July 1, 2003:

- IC 6-1.1-10-16 amended eliminating acreage limitations of property seeking certain exempt status.
- Added, parking structures associated with exempt property may be exempt under IC 6-1.1-10-16.
- Added, land used to retain and preserve land and water may be exempt – 500 acre limitation.
- Added, taxpayers receiving an exemption for future improvements must, after three years, show substantial progress and active pursuit toward intent to build.
- IC 6-1.1-10-21 amended to exempt parsonages to a 15-acre limitation.
- IC 6-1.1-10-36.3 amended requiring that “predominant use” must be based on the identification of each part of the property used and occupied for an exempt purpose and each part of the property not used or occupied for an exempt purpose.

Exemption Procedure:

- IC 6-1.1-11-3 amended requiring the DLGF to revise the Application for Property Tax Exemption (Form 136) to include: 1) identification of each part of the property used or occupied for an exempt purpose; 2) identification of each part of the property that is not used or occupied for an exempt purpose; and, 3) informing the taxpayer seeking exempt status that a copy of the property’s record card must be submitted with the application.
 - A county assessor must examine the property record card and decide whether the assessment is correct. If the assessment is incorrect, the assessor must direct the township assessor to: 1) properly assess the property, and 2) notify the county assessor and the county auditor of the correct assessment.
 - If a property record card is not included with the application, a county assessor must defect the application and request a copy of the property record card be included with the application. If the taxpayer fails to provide a copy, the county Property Tax Assessment Board of Appeals (PTABOA) shall deny the application.
- IC 6-1.1-11-3.5 amended making the county assessor responsible for notifying a not-for-profit taxpayer who has not re-filed for their exemption of their need to re-file at the end of their exemption cycle. If a not-for-profit becomes ineligible the county assessor must inform the county assessor of their new status.

- IC 6-1.1-11-3.8 added – after December 31, 2003, lessors of property exempt from property taxes, state agencies and political subdivisions that own exempted property that they lease to entities (other than nonprofit, governmental, a public housing unit, a nursing facility under IC 12-15-14, an assisted living facility, or affordable housing development) must notify the county assessor of the county in which the real property is located in writing of the existence of a lease, the term of the lease, and the name and address of the lessee. The county assessor will annually provide this information to the DLGF. Properties that are leased and used for a non-exempt purposes do not receive exempt status. The DLGF is establishing a timeline for information transfer and forms to implement this section.
- IC 6-1.1-11-5 amended requiring the county auditor to provide the county assessor a list by taxing district of tax-exempt property for the immediately preceding year by May 16 of every even-numbered year. Before July 1 of every even-numbered year the county assessor shall return the list to the auditor with notations of any PTABOA action taken on property. The county assessor must inform the taxpayer by notice if the application is denied.
- IC 6-1.1-11-6 and 7 amended requiring prior to PTABOA hearings the county assessor must provide all board members with copies of Form 136. The county assessor shall notify the county auditor of the PTABOA's decision to approve the exemption allowing the auditor to note the action on the tax duplicate. The county assessor must inform the taxpayer by notice if the application is denied.
- IC 6-1.1-11-8 adds that before August 1 of each assessment year the county auditor shall forward a copy of approved exemption applications to the DLGF. The DLGF shall annually report to LSA the number received, the number reviewed, and the number of applications denied by the DLGF, no later than August 1 of the following pay-year. The DLGF is adopting rules to ensure that all assessments are made and recorded in accordance with the law.
- No filing fees may be collected.

Proposed Timeline:

- December 2003 – DLGF will direct counties on formulating a list of leased property exemptions and draft proposed rules and forms.
- May 1, 2004 – All county auditors shall provide a list by taxing district of pay-2003 tax-exempt property to county assessors.
- May 15, 2004 – Not-for-profits re-file for exempt status; annual deadline for first time filers.
- June 15, 2004 – Lessors seeking exempt status provide a list of lessees to the county assessor.
- June 15, 2004 – County assessor mails notice to property owners who do not re-file for exemption but qualified for one in the preceding year.
- July 1, 2004 – County assessors review 2003 exempt list provided by the auditor and return the list with notation of PTABOA action taken on the property for pay-2003.
- July 15, 2004 – County auditors forward approved 2004-exemption applications to DLGF.
- August 1, 2004 – County auditor of each county forwards a copy of all approved 2004 exemption applications to the DLGF.
- August 1, 2005 – DLGF provides LSA with an exemption report.