TITLE 50 DEPARTMENT OF LOCAL GOVERNMENT FINANCE

Final Rule
LSA Document #19-636(F)

DIGEST

Amends 50 IAC 2.4-1-1 and 50 IAC 2.4-1-2 regarding general reassessment of real property, incorporating the 2021 Real Property Assessment Manual (Manual) and the 2021 Real Property Assessment Guidelines (Guidelines) by reference under IC 4-22-2-21(a)(3). Adds 50 IAC 3.3-2-2.5 defining "department". Amends 50 IAC 3.3-3-1, 50 IAC 3.3-4-1, and 50 IAC 3.3-5-1 regarding mobile home assessments to make numerous technical changes. Adds 50 IAC 3.3-6 defining "vehicle identification number" and outlining procedures for submitting information to the department. Amends 50 IAC 4.2-1-1.1, 50 IAC 4.2-1-2, 50 IAC 4.2-1-5, 50 IAC 4.2-2-1, 50 IAC 4.2-2-2, 50 IAC 4.2-2-4, 50 IAC 4.2-2-5.1, 50 IAC 4.2-2-9, 50 IAC 4.2-2-10, 50 IAC 4.2-3.1-5, 50 IAC 4.2-3.1-6, 50 IAC 4.2-3.1-7, 50 IAC 4.2-3.1-8, 50 IAC 4.2-3.1-9, 50 IAC 4.2-4-3, 50 IAC 4.2-4-6, 50 IAC 4.2-4-8, 50 IAC 4.2-4-10, 50 IAC 4.2-5-7, 50 IAC 4.2-5-13, 50 IAC 4.2-6-1, 50 IAC 4.2-6-2, 50 IAC 4.2-7-1, 50 IAC 4.2-9-7, 50 IAC 4.2-11.1-6, 50 IAC 4.2-14-2, 50 IAC 4.2-15-4, 50 IAC 4.2-15-8, and 50 IAC 4.2-15-14 regarding personal property assessments to remove references to administrative adjudications and to make numerous technical changes reflecting statutory updates. Adds 50 IAC 4.2-15-12.5 regarding outdoor advertising signs and to incorporate legislative changes under HEA 1450-2017. Adds 50 IAC 4.2-17 regarding business personal property exemptions and the procedure for claiming a business personal property exemption. Amends 50 IAC 5.1-1-3, 50 IAC 5.1-1-9, 50 IAC 5.1-1-13, 50 IAC 5.1-1-18, 50 IAC 5.1-1-20, 50 IAC 5.1-1-23, 50 IAC 5.1-1-25, 50 IAC 5.1-2-1, 50 IAC 5.1-2-3, 50 IAC 5.1-2-4, 50 IAC 5.1-3-1, 50 IAC 5.1-3-2, 50 IAC 5.1-3-4, 50 IAC 5.1-3-5, 50 IAC 5.1-3-6, 50 IAC 5.1-3-8, 50 IAC 5.1-3-9, 50 IAC 5.1-4-1, 50 IAC 5.1-4-2, 50 IAC 5.1-4-3, 50 IAC 5.1-4-4, 50 IAC 5.1-4-5, 50 IAC 5.1-5, 50 IAC 5.1-9-4, 50 IAC 5.1-10-2, 50 IAC 5.1-10-3, 50 IAC 5.1-10-4, 50 IAC 5.1-10-5, 50 IAC 5.1-11-2, 50 IAC 5.1-11-4, 50 IAC 5.1-12-1, and 50 IAC 5.1-12-5 regarding the assessment of public utilities to make numerous technical changes. Adds 50 IAC 5.1-1-8.5 defining "department" for purposes of public utility assessments. Adds 50 IAC 5.1-1-31.5 defining "tax situs" for purposes of public utility assessments. Adds 50 IAC 5.1-3-2.5 outlining how yearly tax statements are to be provided to the department. Adds 50 IAC 5.1-5-2.5 regarding the use of other factors for purposes of public utility assessments. Amends 50 IAC 10-1-1, 50 IAC 10-1-6.5, 50 IAC 10-1-9, 50 IAC 10-2-2, 50 IAC 10-2-3, 50 IAC 10-2-5, 50 IAC 10-2-6, 50 IAC 10-3, 50 IAC 10-4-2, and 50 IAC 10-5-1 regarding economic revitalization area deductions and maritime opportunity district deductions to make numerous technical changes. Adds 50 IAC 10-1-1.5 defining "department" for purposes of economic revitalization area deductions and maritime opportunity district deductions. Adds 50 IAC 10-1-2.5 defining "new eligible equipment" to include new information technology equipment, new logistical distribution equipment, new manufacturing equipment, and new research and development equipment. Adds 50 IAC 10-6 relocating provisions previously under 50 IAC 4.2-11.1-9. Amends 50 IAC 15-1, 50 IAC 15-2-1, 50 IAC 15-3-1, 50 IAC 15-3-2, 50 IAC 15-3-3, 50 IAC 15-3-4, 50 IAC 15-3-5, 50 IAC 15-3-6, 50 IAC 15-3-8, 50 IAC 15-4, and 50 IAC 15-5 regarding the certification of assessor-appraisers, professional appraisers, and tax representatives to modify the number of continuing education hours needed for Level 2 and Level 3 assessor appraisers and to make numerous technical changes. Adds 50 IAC 15-1-3.6 defining "Indiana board". Adds 50 IAC 15-1-6 defining "voluntary waiver" for purposes of assessor-appraiser and tax representative certification. Adds 50 IAC 15-3-9 outlining the process to voluntary withdrawal of an assessor-appraiser certification. Adds 50 IAC 15-3-10 outlining the process for assessor-appraiser certification reinstatement. Adds 50 IAC 15-3-11 defining the standards for continuing education courses. Adds 50 IAC 15-5-9 outlining the process for tax representative certification reinstatement. Adds 50 IAC 15-5-10 outlining the process to voluntary withdrawal of a tax representative certification. Amends 50 IAC 18-3-1, 50 IAC 18-3-2, 50 IAC 18-4-3, 50 IAC 19-2-1, and 50 IAC 19-2-2 to clarify the role of county and township assessors for the purposes of industrial facility assessment and to make numerous technical changes. Amends 50 IAC 27 regarding annual adjustments and equalization standards to incorporate latest technical standards from the International Association of Assessing Officers and to make numerous technical changes. Amends 50 IAC 29-3-3 regarding golf course assessments to incorporate a three-year net operating income approach for assessment purposes and to make technical changes. Repeals 50 IAC 4.2-1-4, 50 IAC 4.2-1-6, 50 IAC 4.2-2-3.1, 50 IAC 4.2-2-7, 50 IAC 4.2-3.1-1, 50 IAC 4.2-3.1-2, 50 IAC 4.2-3.1-3, 50 IAC 4.2-3.1-4, 50 IAC 4.2-3.1-10, 50 IAC 4.2-4-9.1, 50 IAC 4.2-11.1-3, 50 IAC 4.2-11.1-4, 50 IAC 4.2-11.1-7, 50 IAC 4.2-11.1-8, 50 IAC 4.2-11.1-9, 50 IAC 4.2-11.1-10, 50 IAC 4.2-11.1-11, 50 IAC 5.1-1-8, 50 IAC 5.1-1-29, 50 IAC 5.1-3-3, 50 IAC 5.1-4-7, 50 IAC 5.1-4-8, 50 IAC 5.1-11-5, 50 IAC 10-1-7, 50 IAC 10-1-8, 50 IAC 10-4-1, 50 IAC 15-1-1.5, and 50 IAC 15-5-4. Effective 30 days after filing with the Publisher.

50 IAC 2.4-1-1; 50 IAC 2.4-1-2; 50 IAC 3.3-2-2.5; 50 IAC 3.3-3-1; 50 IAC 3.3-4-1; 50 IAC 3.3-5-1; 50 IAC 3.3-6; 50 IAC 4.2-1-1.1; 50 IAC 4.2-1-2; 50 IAC 4.2-1-4; 50 IAC 4.2-1-5; 50 IAC 4.2-1-6; 50 IAC 4.2-2-1; 50 IAC 4.2-2-2; 50 IAC 4.2-2-3.1; 50 IAC 4.2-2-4; 50 IAC 4.2-2-5.1; 50 IAC 4.2-2-7; 50 IAC 4.2-2-9; 50 IAC 4.2-2-10; 50 IAC

4.2-3.1-1; 50 IAC 4.2-3.1-2; 50 IAC 4.2-3.1-3; 50 IAC 4.2-3.1-4; 50 IAC 4.2-3.1-5; 50 IAC 4.2-3.1-6; 50 IAC 4.2-3.1-7; 50 IAC 4.2-3.1-8; 50 IAC 4.2-3.1-9; 50 IAC 4.2-3.1-10; 50 IAC 4.2-4-3; 50 IAC 4.2-4-6; 50 IAC 4.2-4-8; 50 IAC 4.2-4-9.1; 50 IAC 4.2-4-10; 50 IAC 4.2-5-7; 50 IAC 4.2-5-13; 50 IAC 4.2-6-1; 50 IAC 4.2-6-2; 50 IAC 4.2-7-1; 50 IAC 4.2-9-7; 50 IAC 4.2-11.1-3; 50 IAC 4.2-11.1-4; 50 IAC 4.2-11.1-6; 50 IAC 4.2-11.1-7; 50 IAC 4.2-11.1-8; 50 IAC 4.2-11.1-9; 50 IAC 4.2-11.1-10; 50 IAC 4.2-11.1-11; 50 IAC 4.2-14-2; 50 IAC 4.2-15-4; 50 IAC 4.2-15-8; 50 IAC 4.2-15-12.5; 50 IAC 4.2-15-14; 50 IAC 4.2-17; 50 IAC 5.1-1-3; 50 IAC 5.1-1-8; 50 IAC 5.1-1-8.5; 50 IAC 5.1-1-9; 50 IAC 5.1-1-13; 50 IAC 5.1-1-18; 50 IAC 5.1-1-20; 50 IAC 5.1-1-23; 50 IAC 5.1-1-25; 50 IAC 5.1-1-29; 50 IAC 5.1-1-31.5; 50 IAC 5.1-2-1; 50 IAC 5.1-2-3; 50 IAC 5.1-2-4; 50 IAC 5.1-3-1; 50 IAC 5.1-3-2; 50 IAC 5.1-3-2.5; 50 IAC 5.1-3-3; 50 IAC 5.1-3-4; 50 IAC 5.1-3-5; 50 IAC 5.1-3-6; 50 IAC 5.1-3-8; 50 IAC 5.1-3-9; 50 IAC 5.1-4-1; 50 IAC 5.1-4-2; 50 IAC 5.1-4-3; 50 IAC 5.1-4-4; 50 IAC 5.1-4-5; 50 IAC 5.1-4-7; 50 IAC 5.1-4-8; 50 IAC 5.1-5-1; 50 IAC 5.1-5-2; 50 IAC 5.1-5-2.5; 50 IAC 5.1-5-3; 50 IAC 5.1-5-4; 50 IAC 5.1-9-4; 50 IAC 5.1-10-2; 50 IAC 5.1-10-3; 50 IAC 5.1-10-4; 50 IAC 5.1-10-5; 50 IAC 5.1-11-2; 50 IAC 5.1-11-4; 50 IAC 5.1-11-5; 50 IAC 5.1-12-1; 50 IAC 5.1-12-5; 50 IAC 10-1-1; 50 IAC 10-1-1.5; 50 IAC 10-1-2; 50 IAC 10-1-2.5; 50 IAC 10-1-3; 50 IAC 10-1-4; 50 IAC 10-1-5; 50 IAC 10-1-6; 50 IAC 10-1-6.5; 50 IAC 10-1-7; 50 IAC 10-1-8; 50 IAC 10-1-9; 50 IAC 10-2-1; 50 IAC 10-2-2; 50 IAC 10-2-3; 50 IAC 10-2-4; 50 IAC 10-2-5; 50 IAC 10-2-6; 50 IAC 10-3-1; 50 IAC 10-3-2; 50 IAC 10-3-3; 50 IAC 10-3-4; 50 IAC 10-4-1; 50 IAC 10-4-2; 50 IAC 10-5-1; 50 IAC 10-6; 50 IAC 15-1-1; 50 IAC 15-1-1.5; 50 IAC 15-1-2; 50 IAC 15-1-2.5; 50 IAC 15-1-2.6; 50 IAC 15-1-3.5; 50 IAC 15-1-3.6; 50 IAC 15-1-4; 50 IAC 15-1-6; 50 IAC 15-2-1; 50 IAC 15-3-1; 50 IAC 15-3-2; 50 IAC 15-3-3; 50 IAC 15-3-4; 50 IAC 15-3-5; 50 IAC 15-3-6; 50 IAC 15-3-8; 50 IAC 15-3-9; 50 IAC 15-3-10; 50 IAC 15-3-11; 50 IAC 15-4-1; 50 IAC 15-4-2; 50 IAC 15-5-1; 50 IAC 15-5-2; 50 IAC 15-5-3; 50 IAC 15-5-4; 50 IAC 15-5-5; 50 IAC 15-5-6; 50 IAC 15-5-8; 50 IAC 15-5-9; 50 IAC 15-5-10; 50 IAC 18-3-1; 50 IAC 18-3-2; 50 IAC 18-4-3; 50 IAC 19-2-1; 50 IAC 19-2-2; 50 IAC 27-1-1; 50 IAC 27-1-2; 50 IAC 27-1-3; 50 IAC 27-1-4; 50 IAC 27-2-1; 50 IAC 27-2-2; 50 IAC 27-2-3; 50 IAC 27-2-4; 50 IAC 27-2-6; 50 IAC 27-2-7; 50 IAC 27-2-8; 50 IAC 27-2-9; 50 IAC 27-2-10; 50 IAC 27-2-11; 50 IAC 27-2-12; 50 IAC 27-2-13; 50 IAC 27-2-14; 50 IAC 27-3-1; 50 IAC 27-3-2; 50 IAC 27-4-1; 50 IAC 27-4-2; 50 IAC 27-4-3; 50 IAC 27-4-4; 50 IAC 27-4-5; 50 IAC 27-4-6; 50 IAC 27-4-7; 50 IAC 27-5-1; 50 IAC 27-5-2; 50 IAC 27-5-3; 50 IAC 27-5-4; 50 IAC 27-5-5; 50 IAC 27-5-6; 50 IAC 27-5-7; 50 IAC 27-5-8; 50 IAC 27-5-9; 50 IAC 27-5-10; 50 IAC 27-6-1; 50 IAC 27-7-1; 50 IAC 27-8-1; 50 IAC 27-9-1; 50 IAC 27-9-2; 50 IAC 27-9-3; 50 IAC 27-10-1; 50 IAC 27-11-1; 50 IAC 27-11-2; 50 IAC 27-12-1; 50 IAC 27-13-1; 50 IAC 29-3-3

SECTION 1. 50 IAC 2.4-1-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 2.4-1-1 Applicability; provisions; procedures

Authority: IC 4-22-2-21; IC 6-1.1-4-26; IC 6-1.1-31; IC 6-1.1-35-1
Affected: IC 5-3-1; IC 6-1.1-4; IC 6-1.1-15; IC 6-1.1-31-5

Sec. 1. (a) This article applies to the assessment of all real property under IC 6-1.1-4.

(b) All real property assessed after ~~February 28, 2011,~~ **December 31, 2020,** must be assessed in accordance with the ~~2011~~ **2021** Real Property Assessment Manual **(Manual)** and the Real Property Assessment Guidelines for ~~2011~~ **2021 (Guidelines),** incorporated by reference under section 2 of this rule.

(c) The purpose of this rule is to accurately determine "true tax value" as defined in the ~~2011~~ **2021** Real Property Assessment Manual and the Real Property Assessment Guidelines for ~~2011~~ **2021,** not to mandate that any specific assessment method be followed. The intent of the department of local government finance is that an assessment determined by an assessing official in accordance with this rule, and the Manual and Guidelines incorporated herein by reference, shall be presumed to be correct. Any evidence relevant to the true tax value of the property as of the assessment date may be presented to rebut the presumption of correctness of the assessment. Such evidence may include an appraisal prepared in accordance with generally recognized appraisal standards; however, there is no requirement that an appraisal be presented either to support or to rebut an assessment. Instead, the validity of the assessment shall be evaluated on the basis of all relevant evidence presented. Whether an assessment is correct shall be determined on the basis of whether, in light of the relevant evidence, it reflects the property's true tax value.

(d) If the county assessor elects, under IC 6-1.1-31-5, to consider additional factors not provided for in this rule or the Manual and Guidelines incorporated herein by reference, the county assessor shall submit a written request for approval of such factors by the department of local government finance at least sixty (60) days before the assessments are made and not later than ~~January 1, 2011.~~ **November 1, 2020.** To be approved, the additional factors must assist in the effort to establish true tax value.

(Department of Local Government Finance; 50 IAC 2.4-1-1; filed Aug 22, 2008, 10:03 a.m.: 20080917-IR-050080054FRA; errata filed Aug 5, 2011, 2:27 p.m.: 20110817-IR-050110451ACA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 2. 50 IAC 2.4-1-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 2.4-1-2 Incorporation by reference

Authority: IC 4-22-2-21; IC 6-1.1-4-26; IC 6-1.1-31; IC 6-1.1-35-1
Affected: IC 6-1.1-4

Sec. 2. (a) As used in this article, ~~"2011~~ **"2021** Real Property Assessment Manual" refers to the Real Property Assessment Manual published by the department of local government finance.

(b) As used in this article, the "Real Property Assessment Guidelines for ~~2011"~~ **2021"** refers to the Real Property Assessment Guidelines published by the department of local government finance.

(c) The ~~2011~~ **2021** Real Property Assessment Manual and the Real Property Assessment Guidelines for ~~2011~~ **2021** are incorporated by reference, which are incorporated by reference under the authority of IC 4-22-2-21.

(Department of Local Government Finance; 50 IAC 2.4-1-2; filed Aug 22, 2008, 10:03 a.m.: 20080917-IR-050080054FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 3. 50 IAC 3.3-2-2.5 IS ADDED TO READ AS FOLLOWS:

50 IAC 3.3-2-2.5 "Department" defined

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1
Affected: IC 6-1.1-7

Sec. 2.5. "Department" means the department of local government finance.

(Department of Local Government Finance; 50 IAC 3.3-2-2.5; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 4. 50 IAC 3.3-3-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 3.3-3-1 Method

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1
Affected: IC 6-1.1-7

Sec. 1. (a) The county assessor or township assessor, if any, shall assess the mobile home for taxation under this article.

(b) A mobile home shall be assessed as real property under the ~~department of local government finance~~ real property assessment rules in effect on ~~March 1~~ **January 1** using ~~residential cost Schedule A~~ **the Residential Cost Schedules** found in the ~~department of local government finance's~~ **department's** Real Property Assessment ~~Guideline~~ **Manual and Real Property Assessment Guidelines incorporated by reference in 50 IAC 2.4-1-2,** if the mobile home meets the definition given in 50 IAC 3.3-2-4.

(c) A mobile home shall be assessed as inventory in accordance with the ~~department of local government finance~~ personal property rules in effect on ~~March 1~~ **January 1** if the mobile home is held for sale in the ordinary course of a trade or business.

(d) A mobile home and all exterior features, yard structures, and improvements owned by the mobile homeowner and located on the same parcel as the mobile home shall be annually assessed under 50 IAC 3.3-

5-1(b) if the mobile home meets the definition given in 50 IAC 3.3-2-2.

(Department of Local Government Finance; 50 IAC 3.3-3-1; filed Aug 15, 2007, 10:12 a.m.: 20070912-IR-050060560FRA; filed Jan 12, 2012, 10:45 a.m.: 20120208-IR-050110567FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 5. 50 IAC 3.3-4-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 3.3-4-1 Assessment dates

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1
Affected: IC 6-1.1-2-1; IC 6-1.1-7-7; IC 6-1.1-22-9

Sec. 1. (a) An annually assessed mobile home shall be assessed on January ~~15~~ **1** and taxed at the current year's tax rate. The owner of an annually assessed mobile home shall pay the tax in accordance with IC 6-1.1-7-7.

(b) A mobile home assessed as real property under 50 IAC 3.3-3-1(b) shall be assessed on ~~March 1~~ **January 1** and taxed at the following year's rate.

(c) A mobile home assessed as personal property under 50 IAC 3.3-3-1(c) shall be assessed on ~~March 1~~ **January 1** and taxed at the following year's rate.

~~(d) A mobile home properly assessed under subsection (a) that becomes real property on or before March 1 of the same assessment year shall be assessed and taxed as real property under subsection (b).~~

(Department of Local Government Finance; 50 IAC 3.3-4-1; filed Aug 15, 2007, 10:12 a.m.: 20070912-IR-050060560FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 6. 50 IAC 3.3-5-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 3.3-5-1 Criteria for valuation

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1
Affected: IC 6-1.1-7-2

Sec. 1. (a) County assessors or township assessors, if any, shall use the standard of true tax value as set forth in the ~~department of local government finance~~ real property assessment rules in the assessment of mobile homes.

(b) All annually assessed mobile homes ~~assessed after January 14, 2007,~~ shall have a true tax value set at the least of the values determined using:
(1) the National Automobile Dealers Association Guide;
(2) the purchase price of the mobile home if the:
(A) sale is of a commercial enterprise nature;
(B) buyer and seller are not related by blood or marriage; and
(C) sale date is within one (1) year prior to or subsequent to the January ~~15~~ **1** valuation date; or
(3) sales data for generally comparable mobile homes.

(Department of Local Government Finance; 50 IAC 3.3-5-1; filed Aug 15, 2007, 10:12 a.m.: 20070912-IR-050060560FRA; filed Jan 12, 2012, 10:45 a.m.: 20120208-IR-050110567FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 7. 50 IAC 3.3-6 IS ADDED TO READ AS FOLLOWS:

Rule 6. Identification Numbers

50 IAC 3.3-6-1 Identification numbers for mobile homes

Authority: IC 6-1.1-7-2
Affected: IC 6-1.1-7-16; IC 9-13-2-75

Sec. 1. (a) For purposes of this section, "vehicle identification number" has the meaning set forth in IC 9-13-2-75.

(b) Assessing officials shall make reasonable efforts to provide the department with the existing vehicle identification number of each mobile home located within the assessing official's jurisdiction as of the assessment date.

(Department of Local Government Finance; 50 IAC 3.3-6-1; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 8. 50 IAC 4.2-1-1.1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-1-1.1 Primary definitions

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-1-11; IC 6-1.1-3-1.5

Sec. 1.1. (a) The definitions in this section apply throughout this article.

(b) "Assessed value" or "valuation" means an amount equal to the true tax value of property rounded to the nearest ten dollars ($10).

(c) "Assessing official" means a:
(1) township assessor, if any;
(2) county assessor; or
(3) member of a county property tax assessment board of appeals.

(d) "Assessment date" means ~~March 1.~~ **January 1.**

(e) "Construction in process" means tangible personal property not placed in service. The term includes tangible personal property that has not been depreciated and is not yet eligible for federal income tax depreciation under the Internal Revenue Code. The term does not include inventory, special tools, leased property, or returnable containers.

(f) "Critical spare parts" means parts that are maintained for possible future replacement of parts in use in operating equipment. Critical spare parts are maintained on-site, sometimes for a considerable period of time, to avoid a disruption of production if replacement of a failed part cannot otherwise be made immediately.

(g) "Department" means the department of local government finance.

~~(g)~~ **(h)** "Depreciable personal property" ~~means all personal property that is used in a trade or business, used for the production of income, or held as an investment that should be or is subject to depreciation for federal income tax purposes, except to the extent that property is treated otherwise in this article.~~ **has the meaning set forth in 50 IAC 4.2-4-1.**

~~(h)~~ **(i)** "Filing date" means the ~~May 15~~ date on which every person owning, holding, possessing, or controlling tangible personal property with a tax situs within the state of Indiana as of ~~March 1~~ **the assessment date** of any year is required to file a personal property tax return. ~~unless an extension of time to file is obtained.~~ **As specified in IC 6-1.1-3-1.5, the filing date is May 15, and shall be considered the filing date for a return regardless of any extension period granted or return filed.** If the filing date falls on a Saturday, a Sunday, a national legal holiday recognized by the federal government, or a statewide holiday, the next succeeding business day that is not a Saturday, Sunday, or federal or state holiday becomes the filing date.

~~(i)~~ **(j)** "Inventory" means:
(1) materials held for processing or for use in production;
(2) finished or partially finished goods of a manufacturer or processor;
(3) property held for sale in the ordinary course of trade or business; and
(4) items that qualify as inventory under 50 IAC 4.2-5-1.
The term excludes items that are or should be subject to federal tax depreciation and that are or should be reported for Indiana property tax purposes at cost per 50 IAC 4.2-2-2 in Pool 1 (50 IAC 4.2-4-5) including rent to own assets; DVD, CD, and video games held for rent; and equipment held for rent that is fully expensed in its first year.

~~(j) "Nonsubstantial compliance"~~ **(k) "Not substantially compliant"** means a tax return that:
(1) omits five percent (5%) or more of the **book** cost ~~per books~~ of the tangible personal property at the location in the taxing district for which a return is filed;
(2) omits leased property and other nonowned personal property assessable under 50 IAC 4.2-2-4(b) where such omitted property exceeds five percent (5%) of the total assessed value of all reported personal property; or
(3) is filed with the intent to evade personal property taxes or assessment.

~~(k)~~ **(l)** "Original personal property return" means a personal property tax return filed with the proper assessing official by May 15 or, if an extension is granted, the extended filing date.

~~(l)~~ **(m)** "Personal property":
(1) has the meaning set forth in IC 6-1.1-1-11; and
(2) also includes nonautomotive equipment attached to excise vehicles.

~~(m)~~ **(n)** "Personal property and real property guide" means a listing of items of machinery, equipment, or structures as to their assessability as real or personal property for Indiana assessment purposes. Generally, if the item is directly used for manufacturing or a process of manufacturing, it is to be considered as personal property. If the item is land or a building improvement, it is to be considered as real property.

~~(n)~~ **(o)** "Placed in service" means the asset is ready and available for a specific use whether in a trade or business, the production of income, or a tax exempt activity. An asset is assessed until it is retired from service. An asset is retired property from service when it is permanently withdrawn from use by:
(1) sale or exchange of the property;
(2) conversion to personal use;
(3) abandonment;
(4) transfer to a supply or scrap account; or
(5) property is destroyed.

~~(o)~~ **(p)** "Special tools" includes, but is not limited to, tools, dies, jigs, fixtures, gauges, molds, and patterns acquired or made for the production of products or product models, which are of such specialized nature that their utility generally ceases with the modification or discontinuance of such products or product models. Those items of "special tools" being manufactured or built for sale or lease to another person must be valued as inventory pursuant to 50 IAC 4.2-5.

~~(p) "State board of tax commissioners" means the department of local government finance.~~

~~(q) "Tax rate" means a tax rate that is levied at a rate of tax per one hundred dollars ($100) of assessed valuation by each taxing district.~~

~~(r) "Tax payment date" means property taxes that are based on the amount of the March 1 assessment for a given year and are due in two (2) equal installments on May 10 and November 10 of the following year. If any due date falls on a Saturday, a Sunday, a national legal holiday recognized by the federal government, or a statewide holiday, the next succeeding business day that is not a Saturday, Sunday, or federal or state holiday becomes the due date.~~

~~(s)~~ **(q)** "Taxing district" means an area within a township having tax levies and rates different from the tax levies and rates in other areas within the same township.

~~(t)~~ **(r)** "True tax value" as used in this article means the resultant value of property determined in accordance with the rules issued by the department, exclusive of those portions of the rules related to determining assessed value.

(Department of Local Government Finance; 50 IAC 4.2-1-1.1; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 9. 50 IAC 4.2-1-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-1-2 Powers and duties of the department

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3

Sec. 2. The department ~~of local government finance (hereafter department)~~ is responsible under Indiana law for promulgating rules, appraisal manuals, bulletins, ~~directives,~~ returns, and forms to govern the assessment of personal property subject to the ad valorem (tax on value) property tax. ~~Duly appointed personnel of the department have the responsibility for holding hearings and recommending changes in the assessment of the taxpayer's property. The department may reconsider the evidence submitted at the original hearing or consider additional information submitted subsequent to the original hearing.~~ The department ~~has the administrative authority to determine the final assessment of personal property.~~ **promulgates this article as guidelines for the assessment of personal property. Assessing officials and persons filing personal property tax returns shall follow the department's guidance as given in these guidelines, and any subsequent memoranda issued pursuant to these guidelines, as well as applicable Indiana law.**

(Department of Local Government Finance; 50 IAC 4.2-1-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 819, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 10. 50 IAC 4.2-1-5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-1-5 Memorandums and guidance documents

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-35-1

Sec. 5. (a) The department may issue ~~instructional bulletins.~~ **memorandums and guidance documents.** The ~~instructional bulletins, designated I-09-1, I-09-2, etc.,~~ **memorandums and guidance documents** are used to instruct taxing officials of their duties and provide administrative forms to be used by taxpayers, local and county officials as required by the various rules of the department. These ~~instructional bulletins~~ **documents** are effective for the year designated and will remain in effect for subsequent tax years unless specifically rescinded or revised by subsequent ~~directives or instructional bulletins.~~ **memorandums and guidance documents.**

(b) Copies of ~~instructional bulletins~~ **memorandums and guidance documents** issued pursuant to this article may be obtained ~~for a fee of twenty-five cents ($.25) per page plus mailing costs by contacting:~~
~~Department of Local Government Finance~~
~~Assessment Division~~
~~100 North Senate, Room N1058~~
~~Indianapolis, IN 46204~~
from the department's website.

(Department of Local Government Finance; 50 IAC 4.2-1-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 820, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 11. 50 IAC 4.2-2-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-2-1 Place of filing; assessment; proper place of assessments

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-8-3

Sec. 1. (a) A personal property tax return must be filed in each taxing district where property has a tax situs subject to the qualifications contained in this article. A return may cover all business locations in a single taxing district. However, if the property is located in two (2) or more taxing districts within the same township, a separate return must be filed reporting the property in each of the taxing districts.

(b) Personal property that is owned by a person who is a resident of this state shall be assessed at the place where the owner is a resident except where personal property has a tax situs on the assessment date at another location in the state and the property is regularly used or permanently located, in which instance the assessment shall be made in such location.

(c) Personal property that is owned by a person who is a nonresident of this state shall be assessed at the place where the owner's principal office within this state is located, except where personal property has a tax situs on the assessment date at another location within the state where it is regularly used or permanently located. In such an instance, the return or returns should be filed in the taxing district where the property is permanently located or regularly used. When the owner does not have a principal office in the state, the property will be assessed where located on the assessment date.

(d) To the extent that residence determines the place of assessment of personal property held by a fiduciary in ~~their~~ **its** fiduciary capacity, the residence of the fiduciary shall govern, except that in the assessment of personal property of an estate of a deceased person, the actual residence in this state of the deceased person immediately before death shall be applicable until such property has been distributed.

(e) ~~Questions regarding proper place of assessment.~~ If a controversy arises concerning the appropriate taxing district for assessing personal property, the determination made as follows shall be summary and final:
(1) The county assessor shall determine the correct taxing district for assessment purposes if a question arises as to the appropriate taxing district within the county.
(2) The department shall determine the proper county for assessment if the question arises as to which county within the state is the proper tax situs.

(f) A taxpayer that is described in IC 6-1.1-8-3(b), that is, a taxpayer whose property is subject to state distributable property assessment under 50 IAC 5.1, may elect to file under IC 6-1.1-8-3(c)(6) if found eligible under that statute.

(Department of Local Government Finance; 50 IAC 4.2-2-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 821, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 12. 50 IAC 4.2-2-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-2-2 Who must file

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-1-10; IC 6-1.1-2-4; IC 6-1.1-3-7

Sec. 2. Every person ~~including any firm, company, partnership, association, corporation, fiduciary, or individual~~ **(as defined in IC 6-1.1-1-10)** owning, holding, possessing, or controlling personal property with a tax situs within the state on ~~March 1~~ **January 1** of any year is required to file a personal property tax return on or before May 15 of that year unless an extension of time to file a return is obtained ~~pursuant to~~ **under** section 3 of this rule. The obligation to file a return is not diminished or affected by the failure of an assessor to deliver or mail forms to a taxpayer. It is the responsibility of the taxpayer to obtain forms from the assessor and file a timely return in compliance with this article.

(Department of Local Government Finance; 50 IAC 4.2-2-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 822, eff Mar 1,

1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 13. 50 IAC 4.2-2-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-2-4 Liability

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3-7

Sec. 4. (a) The owner of any personal property on the assessment date of a year is liable for the taxes imposed for that year on the property. The owner of any personal property is generally the holder of legal title except when:

(1) title passes on ~~March 1~~ **January 1** of any year, only the person last obtaining title on said date shall be deemed to have title on ~~March 1;~~ **January 1;** and

(2) personal property is security for a debt and the debtor is in possession of such property, such debtor shall be deemed to be the owner.

(b) ~~Possessory interests.~~ A person holding, possessing, or controlling any personal property on the assessment date of a year is liable for the taxes imposed for that year on the property unless ~~they establish~~ **the person establishes** that the property is being assessed and taxed in the name of owner, or the owner is liable for the taxes under a contract with that person and that person files a correct Form 103-N (section 9 of this rule) supplemental information return on or before the due date ~~(May 15 with extension).~~ **(unless an extension is granted).** When a person other than the owner pays any property taxes as required by this section, that person may recover the amount paid from the owner unless the parties have agreed to other terms in a contract.

(c) The assessor shall assess the taxable property in the name of the owner of the property to the extent the owner has been identified. A person holding, possessing, controlling, or occupying any personal property on the assessment date of the year is liable for the taxes imposed for that year on the property unless they establish that the property is being assessed and taxed in the name of the owner or the owner is liable for the taxes under contract with that person and that person files a correct Form 103-N (section 9 of this rule) supplemental information return on or before the due date ~~(May 15 with extension).~~ **(unless an extension is granted).**

(Department of Local Government Finance; 50 IAC 4.2-2-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 822, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 14. 50 IAC 4.2-2-5.1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-2-5.1 Amended returns

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3-7; IC 6-1.1-3-7.5

Sec. 5.1. (a) A taxpayer may file an amended personal property tax return after the later of the following:

(1) If no extension was granted under IC 6-1.1-3-7(b), an amended return must be filed within ~~six (6)~~ **twelve (12)** months of the ~~original~~ due date of the **original timely filed** return.

(2) If an extension was granted under IC 6-1.1-3-7(b), an amended return must be filed within ~~six (6)~~ **twelve (12)** months of the extended filing date.

(b) A taxpayer who files a personal property tax return under IC 6-1.1-3 may file no more than one (1) amended return under IC 6-1.1-3-7.5.

(c) A taxpayer may claim on an amended personal property tax return any adjustment or exemption that would have been allowable as if the adjustment or exemption had been claimed on the original personal property return.

(d) A taxpayer must file the amended return on the same form prescribed by the department for the filing of an original personal property return, indicating that it is amended in a conspicuous place on the front of the return. The amended personal property return must be completed and filed with the township assessor, if any, or county

assessor in the same manner as is required for the original personal property return.

(e) Except as provided in this article, an amended return remains subject to the review and adjustment of assessing officials in the same manner as original personal property returns.

~~(f) The township assessor, if any, or the county assessor must report the assessed value resulting from an amended return to the county auditor on forms prescribed by the department.~~

~~(g) Within ten (10) days of receipt of an amended return submitted under subsection (e), the county auditor shall reflect the assessed value resulting from amended returns on the auditor's records of assessed valuation.~~

~~(h)~~ **(f)** A taxpayer that files a personal property tax return under IC 6-1.1-3 is not entitled to petition under this section for the correction of an error made by the taxpayer on the taxpayer's personal property tax return. If the taxpayer wishes to correct an error made by the taxpayer on the taxpayer's personal property tax return, the taxpayer must instead file an amended personal property tax return under IC 6-1.1-3-7.5.

(Department of Local Government Finance; 50 IAC 4.2-2-5.1; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 15. 50 IAC 4.2-2-9 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-2-9 Authorized forms

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3; IC 6-1.1-10-10; IC 6-1.1-10-44; IC 6-1.1-12.1; IC 6-1.1-12.7; IC 6-1.1-37-3; IC 6-1.1-45

Sec. 9. (a) The department is required by statute to adopt tax return forms and schedules for personal property assessment purposes.

(b) The following are the authorized return forms provided for personal property assessment purposes pursuant to this article:

No.	Forms
102	~~Confidential~~ Farmer's Tangible Personal Property **Assessment** Return
103-SR	Single **Return** ~~Confidential~~ – Business Tangible Personal Property ~~Return~~
103-Short	~~Short Form Confidential~~ Business Tangible Personal Property Return **(Short Form)**
103-Long	~~Long Form Confidential~~ Business Tangible Personal Property Return **(Long Form)**
103-CTP	**Schedule of Deduction from Assessed Valuation Personal Property in Certified Technology Park**
103-CTP/EL	**Equipment List for New Additions to CTP Deduction Personal Property in Certified Technology Park**
103-EL	**Equipment List for New Additions to ERA Deductions Personal Property in Economic Revitalization Area**
103-I	~~Confidential~~ Return ~~of~~ **for** Interstate ~~Fleet of Commercial~~ Carriers
103-IT	**Claim for Exemption of Enterprise Information Technology Equipment**
103-N	**Information** Return of Not Owned Personal Property
103-O	**Information** Return of Owned Personal Property ~~Not in Possession of Owner~~
103-P	~~Confidential~~ Claim for Exemption of Air or Water Pollution Control Facilities
103-P5	**Business Tangible Personal Property** Depreciable Assets in Pool 5
103-SPD	**Supporting Schedule for Deduction of Assessed Valuation on a Personal Property Solar Power Device**
103-T	~~Confidential~~ Return of Special Tools
104	Business Tangible Personal Property Return
104-SR	Single **Return** Business Tangible Personal Property ~~Return~~
106	~~Confidential~~ Schedule of Adjustments to Business Tangible Personal Property **Return**

(c) In lieu of using the actual return form prescribed in subsection (b), a taxpayer may use a computer or

machine prepared substitute tax return form or schedule if that substitute:
(1) contains all of the information as set forth in the prescribed form; **and**
(2) properly identifies the form or schedule being substituted. ~~and~~
~~(3) is approved by the department pursuant to 50 IAC 4.2-1-6 prior to being used.~~

(d) The following are certain authorized administrative forms provided for personal property assessment purposes pursuant to this article:

No.	Forms
111/PP	Notice of Review of Current Year's Assessment (For Personal Property by Assessing Official or County Property Tax Assessment Board of Appeals)
113/PP	Notice of Assessment or Change in Assessment by Assessing Official
114/PP	Notice of Hearing on Petition – Personal Property (By County Property Tax Assessment Board of Appeals)
~~115/PP~~ **115**	Notice of **Final** Assessment ~~of Personal Property by County Property Tax Assessment Board of Appeals~~ **Determination**
~~116~~	~~Notice of Hearing and Review of Assessment~~
~~117~~	~~Notice of Hearing on Petition~~
~~118~~	~~Notice of Final Assessment Determination~~
130	~~Petition to the County Property Tax Assessment Board of Appeals for Review of Assessment~~ **Taxpayer's Notice to Initiate an Appeal**
134	Joint Report **by Taxpayer/Assessor to the County Board of Appeals** of **a** Preliminary Informal Meeting ~~on a Personal Property Appeal~~
MOD-1	**Application for Deduction from Assessed Valuation –** Maritime Opportunity District ~~Personal Property Tax Credit~~
EZ2	Enterprise Zone Investment Deduction Application
~~17-T~~	~~Petition for Refund of Taxes~~
103-ERA	Schedule of Deduction from Assessed Valuation for Personal Property in ~~an ERA~~ **Economic Revitalization** Area
CF-1/PP	Compliance with Statement of Benefits **– Personal Property**
SB-1/PP	Statement of Benefits for Personal Property
103-P5/ERA	Schedule of Deduction from Assessed Valuation for Pool 5 Property in ~~an ERA~~ **Economic Revitalization** Area

(e) Every person required to file a personal property tax return ~~pursuant to~~ **under** section 2 of this rule must report all personal property on the form currently authorized as provided herein. The return form as provided in subsections (a) ~~through~~ **and** (b) does not constitute a return unless it is signed under the penalties of perjury by a person authorized to file such return.

(Department of Local Government Finance; 50 IAC 4.2-2-9; filed Dec 7, 1988, 9:35 a.m.: 12 IR 824, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 16. 50 IAC 4.2-2-10 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-2-10 Penalties

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3-7; IC 6-1.1-3-7.5; IC 6-1.1-3-9; IC 6-1.1-3-14; IC 6-1.1-5-13

Sec. 10. (a) Any person who willfully makes and subscribes any return, statement, or other document which is verified under oath, which is certified as to the truth of the information contained therein, or which contains a written declaration that is made under the penalties of perjury, and ~~which~~ **that** he or she does not believe to be true and correct in every material respect shall be guilty of a crime and shall be subject to the same penalties as provided by law for perjury.

(b) If a person subject to IC 6-1.1-3-7(c) fails to include on a personal property return the information, if any, that the department requires under IC 6-1.1-3-9 or IC 6-1.1-5-13, the county auditor shall add a penalty to the property tax installment next due for the return. The amount of the penalty is twenty-five dollars ($25). The

purpose of this penalty is to require a full disclosure of the information related to the value, nature, or location of personal property on the personal property tax return for ~~that~~ **the** year ~~which~~ **that** is necessary for an assessing official to review the return. If this information is not provided, a thorough review of the return as required by law cannot take place.

(c) Failure to file a return or be granted an extension of time to file a return by May 15 as required by law will result in the imposition of a twenty-five dollar ($25) penalty. In addition, if the return is not filed within thirty (30) days after such return is due, a penalty equal to twenty percent (20%) of the tax determined to be due will be imposed with respect to the personal property ~~which~~ **that** should have been reported on the return. No return shall be considered due within the meaning of this article until the expiration of a period of any extension of time ~~which~~ **that** may have been granted ~~pursuant to~~ **under** section 3 of this rule.

(d) If the total assessed value that a person reports on ~~a~~ **an original** personal property return is **discovered by the assessing official or the property tax assessment board of appeals during a review conducted under IC 6-1.1-3-14 and 50 IAC 4.2-3.1 to be** less than the total assessed value that the person is required by law to report and if the amount of the undervaluation exceeds five percent (5%) of the value that should have been reported on the return, then the county auditor shall add a penalty of twenty percent (20%) of the additional taxes finally determined to be due as a result of the undervaluation. **However, a penalty under this subsection shall not be imposed on a taxpayer who filed an amended personal property return under IC 6-1.1-3-7.5 to correct the taxpayer's undervaluation before Form 111/PP has been mailed to the taxpayer.**

(e) The purpose of the twenty percent (20%) penalty is to ensure a complete disclosure of all information required by the department on the prescribed self-assessment personal property forms. This enables the township assessor, county board of review, and department to carry out their statutory duties of examining returns each year to determine if they substantially comply with the rules of the department. This examination cannot take place if all required information is not shown on the self-assessment return form. It is not the purpose of this provision to impose a penalty on a person who has made a complete disclosure of information required on the assessment return form.

(f) If the person filing the self-assessment personal property return shows that the person is claiming an exemption or taking an adjustment for abnormal obsolescence or permanently retired equipment on the return form and has complied with all of the requirements for claiming that exemption or adjustment, no penalty should be added to the extent of the amounts accounted for on the return form.

(g) In considering whether or not a taxpayer has made a full and complete disclosure of information, the complete return package must be considered. A complete return package consists of the return form itself (Form 102 or 103) (section 9 of this rule) and all necessary supplemental forms and supporting schedules that must be filed with the return.

(h) If a person has complied with all of the requirements for claiming an exemption or adjustment for abnormal obsolescence or permanently retired equipment, then the increase in assessed value that results from a denial of the exemption or change in the amount of adjustment is considered to be interpretive difference not subject to the twenty percent (20%) penalty for undervaluation for purposes of this subsection. However, all other amounts not fully disclosed through omission or undervaluation that represent property subject to the reporting requirements of this article and the laws of this state are subject to the twenty percent (20%) penalty.

~~(e)~~ **(i)** Claims for deductions, exemptions, abnormal obsolescence, permanently retired equipment, and mathematical errors on the face of the return are excluded from the five percent (5%) undervaluation threshold of subsection (d).

(Department of Local Government Finance; 50 IAC 4.2-2-10; filed Dec 7, 1988, 9:35 a.m.: 12 IR 825, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 17. 50 IAC 4.2-3.1-5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-3.1-5 Change of assessed value; notice

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3-20; IC 6-1.1-9; IC 6-1.1-16-1

Sec. 5. **(a)** A township assessor, if any, ~~or county assessor~~ must make a change in the assessed value and give notice of the change on or before the ~~latter~~ **later** of:
(1) September 15 of the year for which the assessment is made; or
(2) four (4) months from the date the personal property return is filed.
~~if the return is filed after May 15 of the year for which the assessment is made provided the return has been filed in substantial compliance with this article.~~

(b) If the taxpayer has failed to file a return, a notice of assessment must be given within the ten (10) year period after the date on which the return should have been filed. If a fraudulent return has been filed, the assessor has no limitation of time within which to act. If the taxpayer fails to file a personal property return that substantially complies with the provisions of IC 6-1.1 and the rules of the department, the assessment may be changed if notice is given within three (3) years after the date the return is filed.

(Department of Local Government Finance; 50 IAC 4.2-3.1-5; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 18. 50 IAC 4.2-3.1-6 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-3.1-6 Examination of property

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3-7.5; IC 6-1.1-15

Sec. 6. Upon receiving a notification of estimated value from the township assessor, if any, or the county assessor, the taxpayer may elect to file a personal property return within thirty (30) days from the date of the written notice of assessment by the assessor subject to the penalties imposed under ~~50 IAC 4.2-2-8~~. **50 IAC 4.2-2-10.** This return cannot be amended by the taxpayer under IC 6-1.1-3-7.5. The notice shall instruct the taxpayer on the procedures necessary to obtain a review before the county property tax assessment board of appeals.

(Department of Local Government Finance; 50 IAC 4.2-3.1-6; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 19. 50 IAC 4.2-3.1-7 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-3.1-7 Direct review of assessment by county assessor or county property tax assessment board of appeals

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-13-1; IC 6-1.1-13-3; IC 6-1.1-16

Sec. 7. (a) The county property tax assessment board of appeals **or the county assessor** may review, at its own discretion, any assessment of any taxpayer within the county as described in IC 6-1.1-13-3.

(b) The county property tax assessment board of appeals may contract with a private vendor to assist in the review.

(c) The county property tax assessment board of appeals shall give the proper notice as described in IC 6-1.1-13-1.

(d) After the property tax assessment board of appeals has completed the review of the taxpayer's assessment, it shall notify the taxpayer by mail of the assessment on Form 115.

(e) When conducting a review of a taxpayer's personal property tax return, **a county assessor or** a county property tax assessment board of appeals must make a change in the assessed value, including the final

determination by the board of an assessment changed by a township assessor, if any, or the county assessor, and give the notice of the change on or before the ~~latter~~ **later** of:

(1) October 30 of the year for which the assessment is made; or

(2) five (5) months from the date the personal property return is filed.

~~if the return is filed after May 15 of the year for which the assessment is made provided the return has been filed in substantial compliance with this article.~~ If the taxpayer fails to file a return, a notice of assessment must be given within the ten (10) year period after the date on which the return should have been filed. If a fraudulent return has been filed, there is no limitation of time within which it may act. If the taxpayer fails to file a personal property return that substantially complies with the provisions of this article, the assessment may be increased if notice is given within three (3) years after the date the return is filed. These time limitations apply to the review function of the property tax assessment board of appeals, but not the appeal function under IC 6-1.1-15.

(Department of Local Government Finance; 50 IAC 4.2-3.1-7; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 20. 50 IAC 4.2-3.1-8 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-3.1-8 Direct review by the department

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-14-10

Sec. 8. (a) The department, on its own initiative, may conduct an audit to review a taxpayer's personal property assessment under IC 6-1.1-14-10.

(b) A notice of audit of assessment ~~on Form 116~~ will be mailed to the taxpayer advising the taxpayer at least ten (10) days in advance of the date, time, and place of the scheduled audit.

(c) The taxpayer is required to make available to the auditor of the department sufficient books, records, federal and state income tax returns, and related data to determine the assessment of the property in question. If the books, records, tax returns, and related data are not made available, a subpoena or a subpoena duces tecum will be issued to obtain this information unless in the judgment of the department other action would be more appropriate.

(d) Upon the completion of the audit, the auditor from the department shall make his **or her** findings and proposed assessed valuation known to the taxpayer.

(e) Upon the completion of the audit, the auditor from the department shall make a report to the department that includes recommendations and proposed assessed valuation.

(Department of Local Government Finance; 50 IAC 4.2-3.1-8; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 21. 50 IAC 4.2-3.1-9 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-3.1-9 Final determination of the department

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-14; IC 6-1.1-16-1

Sec. 9. (a) The report required by section 8(e) of this rule, proposed assessment, and related information shall be considered by the department in determining the assessment of the taxpayer.

(b) If the taxpayer does not agree with the assessment recommended by the auditor, the taxpayer may petition the department to consider additional information, provided that the petition is made before the determination of the final assessment.

(c) If the taxpayer wants a hearing, the taxpayer must submit a letter requesting an administrative hearing to

the department. Accompanying the letter should be a written brief or statement, along with any evidence, supporting the taxpayer's request for a hearing. The brief or statement should include a concise statement of the question in dispute and a summary of laws, regulations, and facts in support of such question.

(d) The department may hold an administrative hearing or appoint personnel to hold an administrative hearing at its discretion provided that the taxpayer has properly requested a hearing and the department determines that the taxpayer's facts and circumstances warrant an administrative hearing. The discussion at the hearing will be limited to the issues presented in the request for hearing unless, at the discretion of the department, it determines other issues should be discussed.

(e) If a hearing is held by the department, the department shall issue written findings of fact and conclusions of law related **to** the administrative hearing.

(f) A written notice ~~Form 118,~~ of the final assessment will be given to the taxpayer, township assessor (if one exists), county assessor, and county auditor when an audit was conducted by **the** department on its own initiative.

(g) ~~Any change in assessment by the department must be made and the notice of the assessment sent not later than October 1 of the year following the year of the assessment. If an extension of time to file was granted, the department has sixteen (16) months from the date the personal property tax return was filed to change the assessment. This~~ **Except as provided in subsection (h), the department must make any preliminary change in the assessed value and give notice of the change on or before the later of:**

(1) October 1 of the year immediately following the year for which the assessment is made; or

(2) sixteen (16) months from the date the personal property tax return is filed if the return is filed after the filing date for the personal property tax return.

(h) The general statute of limitations **described in subsection (g)** does not apply in the following circumstances:

(1) There is a three (3) year limitation on the ability to change an assessment when a taxpayer has ~~not~~ filed a property tax return ~~in substantial compliance~~ **that is not substantially compliant** with the provisions of this article.

(2) A ten (10) year limitation on the ability to change an assessment when a taxpayer is required to file a tax return as provided by law under this article and fails to file a return.

(3) An unlimited statute of limitations applies to the ability to change an assessment when the taxpayer files a fraudulent personal property return or files a return with the intent to evade the payment of property taxes.

(Department of Local Government Finance; 50 IAC 4.2-3.1-9; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 22. 50 IAC 4.2-4-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-4-3 Fully depreciated, retired, or nominally valued property; computer equipment; report and valuation

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-1-11; IC 6-1.1-3

Sec. 3. (a) Depreciable personal property that has not been retired from use must be reported for personal property assessment purposes whether or not the cost of the property has been:

(1) removed from;

(2) recorded on; or

(3) recorded at a nominal value on;

the taxpayer's books and records.

(b) Any fully depreciated personal property that:

(1) has been written off the taxpayer's books and records; and

(2) is:

(A) on hand at the tax situs; and

(B) not permanently retired;

on the assessment date;

must be reported in the return **at its original acquisition cost or its cost basis.** The cost of the property must be clearly shown as an adjustment in the space provided on the tax return as provided in section 4 of this rule.

(c) "Permanently retired depreciable personal property" means depreciable personal property that has been removed from ~~the manufacturing process on the assessment date, or has been removed from services other than manufacturing~~ **service** on the assessment date, and is awaiting disposition and must be scheduled to be scrapped, removed, or disposed of and will be considered to be permanently retired providing the taxpayer actually scraps or sells such property. **The term includes the following:**

(1) Depreciable personal property that is:

(A) on hand at the tax situs on the assessment date, included in the cost per books as reported by the taxpayer in its return; and

(B) permanently retired on the assessment date; ~~as herein defined;~~

is subject to an adjustment ~~as herein provided~~ if the taxpayer so elects.

(2) The cost per books of permanently retired depreciable property can be taken as an adjustment from book cost of depreciable property on the return provided the cost of the property is included in the cost per books actually reported on the return.

(3) In order to qualify for this adjustment, a taxpayer will need to substantiate that the property was:

(A) permanently retired; and

(B) not in use.

(d) Permanently retired depreciable personal property should be valued at its net scrap or net sale value. The valuation of this property:

(1) should be shown separately on the tax return; and

(2) will not be subject to the thirty percent (30%) limitation of original cost.

(e) Depreciable personal property recorded on the books and records at a nominal or no value must be recorded at its actual acquisition cost determined by reference to the insurable value **or other reliable information** in the year of acquisition for Indiana property tax assessment purposes. This category of property includes, but is not limited to, bulk purchase or the acquisition of a going business concern.

(f) ~~Valuation of computer equipment.~~ Computers are made up of the following three (3) elements:

(1) Hardware.

(2) Operational software.

(3) Application software.

Computers (including hardware and operational software) must be reported at the actual acquisition cost regardless of how this property may be valued on the taxpayers' books and records.

(g) Computers are made up of the following elements:

(1) Hardware, composed of:

(A) mechanical;

(B) magnetic;

(C) electrical; and

(D) electronic;

devices and other components that constitute the physical computer assembly.

(2) Operational software. The operational program:

(A) controls the hardware;

(B) actually makes the machine operational;

(C) is fundamental and necessary to the functioning of the computer hardware itself;

(D) performs such functions as loading, scheduling, supervision, and data management;

(E) represents the internalized instruction codes that translate information into a form usable by the equipment;

(F) controls the basic operations of the central processing unit to perform arithmetic or logical operations, or both, automatically by means of programmed instructions; and

(G) is not normally accessible or modifiable by the user.

(3) Application software. The application program is a written sequence of instructions that details the operations the equipment is to perform in order to achieve a specific objective of the user.

(h) If the value recorded on the books and records reflects charges for customer support services such as educational services, maintenance, or application software that relate to future periods and not to the value of the tangible personal property, the charges may be deducted as nonassessable intangible personal property (to the extent that a separate charge or value can be identified).

(i) The true tax value at the time of acquisition of computer application software may be identified using the following:

(1) An independent, professional appraisal:

(A) must be made in conformance with generally accepted standards for appraisal practice;

(B) shall not be based on a contingent fee arrangement;

(C) shall include consideration of the cost, market, and income approaches; and

(D) shall distinguish the boundary in the equipment between exempt intangible application software and nonexempt tangible operational software.

The appraiser must have demonstrated competence in the valuation of software.

(2) In lieu of an independent professional appraisal, the taxpayer can evaluate existing assets already listed on its books and records and adjust them accordingly to reflect the software content using the valuation methods described in subdivision (1)(C).

(j) The allocation of interest incurred during construction and installation must be made (capitalized) for personal property tax purposes regardless of the fact that Section 263 of the Internal Revenue Code is not applicable in certain cases.

(Department of Local Government Finance; 50 IAC 4.2-4-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 840, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Jul 31, 2006, 8:30 a.m.: 20060830-IR-050050252FRA; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 23. 50 IAC 4.2-4-6 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-4-6 Determination of the year of acquisition

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3

Sec. 6. (a) After the allocation of adjusted cost of depreciable tangible personal property, as provided in section 5 of this rule, it will be necessary to determine the cost by year of acquisition for each pool. The number of years that are required to be segregated by year of acquisition will depend upon the particular pool.

(b) Each pool is required to be segregated as follows:

(1) Pool No. 1 requires the cost to be determined by year of acquisition for the three (3) years immediately preceding the assessment date. The balance of the cost of the assets in this pool will be includable in the fourth category.

(2) Pool No. 2 requires the cost by year of acquisition be determined for the six (6) years preceding the assessment date. The balance of the cost would be includable in the seventh category.

(3) Pool No. 3 requires that cost by year of acquisition be determined for the ten (10) years preceding the assessment date. The balance of such account would be includable in the eleventh category.

(4) Pool No. 4 requires that the cost by year of acquisition be determined for the twelve (12) years preceding the assessment date with the balance of the cost of such pool includable in the thirteenth category.

~~(c) *[Voided by P.L.245-2015, SECTION 1, effective July 1, 2015.]*~~

~~(d)~~ **(c)** For Indiana property tax purposes it will be presumed that the disposal of depreciable personal property occurs on a first-in, first-out basis unless the taxpayer establishes that such was not the case. Therefore, absent evidence to the contrary, all disposals will be deemed to occur from the remaining category in each pool.

(Department of Local Government Finance; 50 IAC 4.2-4-6; filed Dec 7, 1988, 9:35 a.m.: 12 IR 842, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA) NOTE: 50 IAC 4.2-4-6(c) was voided by P.L.245-2015, SECTION 1, effective July 1, 2015.

SECTION 24. 50 IAC 4.2-4-8 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-4-8 Adjustment for obsolescence

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3

Sec. 8. (a) A taxpayer may claim an adjustment for abnormal obsolescence as defined in 50 IAC 4.2-9-3, on business personal property provided that such taxpayer follows the procedures and meets the requirements regarding an adjustment for abnormal obsolescence contained in ~~50 IAC 9.~~ **50 IAC 4.2-9.** It includes the impairment of desirability and usefulness brought about by new inventions and improved processes for production, or the impairment of functional capacity or efficiency if the inadequacy or overadequacy causes a loss in value and has made the property incapable of continued use for a prolonged period during the assessment year.

(b) No adjustment will be allowed for normal obsolescence as defined in ~~50 IAC 9.~~ **50 IAC 4.2-9.** The table to determine true tax value, as provided in section 7(b) of this rule, automatically makes allowance for this type of obsolescence. The values arrived at as a result of this table reflect the application of the double declining balance depreciation method to the point where straight line depreciation would be more beneficial to the taxpayer. This accelerated depreciation, and use of a short useful life and historical cost reflect any physical, functional, or economic obsolescence except to the extent that these items qualify for abnormal obsolescence as defined.

(c) The term "abnormal obsolescence" will be strictly construed and be limited to a situation where unforeseen changes in market values, exceptional technological obsolescence, or destruction by catastrophe occurs, providing that such events have a direct effect upon the valuation of the depreciable personal property of the taxpayer on a going concern basis at the tax situs in question.

(d) The dollar amount of the adjustment for the depreciable personal property pursuant to this section in no event can exceed the tentative true tax value as computed in section 7 of this rule, for the specific unit or units of depreciable personal property on which the taxpayer claims the adjustment. If the property has been incapable of continued use for a prolonged period during the assessment year, for a reason identified as qualifying for abnormal obsolescence, it will be eligible for an adjustment to be computed as follows:

(1) If the cost-to-cure the cause of the abnormal obsolescence is equal to or less than the anticipated increase in utility, and hence value, it is economically feasible to repair or replace the impaired item and is thus deemed curable. The dollar amount of the cost-to-cure shall be the basis for determining the amount of abnormal obsolescence.

(2) If the cause of the impairment cannot be corrected, or the cost-to-cure the cause of abnormal obsolescence is in excess of its contribution to the value of the property, it shall be deemed to be incurable. The amount of adjustment therefore shall be based upon the scrap or salvage value of the affected item and shall be limited to the true tax value before adjustment for abnormal obsolescence of the affected item itself.

EXAMPLE 1

Taxpayer ABC has depreciable personal property qualifying for an adjustment for abnormal obsolescence. The cost-to-cure the cause of the abnormal obsolescence is eight hundred thousand dollars ($800,000) and is less than the anticipated benefits to be obtained from the use of the affected asset. The depreciable asset has an adjusted basis of six million five hundred thousand dollars ($6,500,000) and an acquisition date and depreciable life that result in a true tax value factor of twenty percent (20%) (the total true tax value, of all of ABC's depreciable personal property in this taxing district, computed by the application of the prescribed pool percentages is greater than thirty percent (30%) of the total adjusted cost). The taxpayer should compute the abnormal obsolescence adjustment as follows:

Reported basis of asset qualifying for abnormal obsolescence adjustment		$6,500,000	
Prescribed true tax valuation factor	x	20%	
True tax value of item prior to adjustment for abnormal obsolescence			$1,300,000
Less: cost-to-cure cause of abnormal obsolescence		$800,000	
Prescribed true tax valuation factor	x	20%	
Allowable adjustment for abnormal obsolescence-to Line ~~68~~ **61,** Schedule A, Form 103			- $160,000
True tax value of item			$1,140,000

In no instance may the adjustment for abnormal obsolescence exceed the true tax value of the affected item

prior to such adjustment or result in a true tax value less than the scrap or net realizable value of the affected asset.

EXAMPLE 2

Taxpayer XYZ has depreciable personal property qualifying for an adjustment for abnormal obsolescence. The cost-to-cure the cause of the abnormal obsolescence is four hundred sixty thousand dollars ($460,000) and exceeds the benefits expected from any further use of the affected asset. The depreciable asset has an adjusted basis of two million three hundred thousand dollars ($2,300,000) and an acquisition date and depreciable life that result in a tentative true tax value factor of twelve percent (12%) (the total true tax value, of all of XYZ's depreciable personal property in this taxing district, computed by the application of the prescribed pool percentages is less than thirty percent (30%) of the total adjusted cost). The taxpayer is able to demonstrate that the salvage value of the affected item is seventy-two thousand dollars ($72,000). The taxpayer should compute the adjustment as follows:

Reported basis of asset qualifying for abnormal obsolescence adjustment		$2,300,000	
Prescribed true tax valuation factor	x	30%	
True tax value of item prior to adjustment for abnormal obsolescence			$690,000
Less: documented net realizable value			- 72,000
Allowable adjustment for abnormal obsolescence			$618,000

(Department of Local Government Finance; 50 IAC 4.2-4-8; filed Dec 7, 1988, 9:35 a.m.: 12 IR 843, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 25. 50 IAC 4.2-4-10 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-4-10 Determination of property as real or personal

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3

Sec. 10. (a) The following guide is intended to assist in the identification of property as either real or personal. The use of a unit of machinery, equipment, or a structure determines its classification as real or personal property. If the unit is directly used for manufacturing or a process of manufacturing, it is personal property. If the unit is a land or building improvement, it is real property.

(b) Land improvement – Real **includes the following:**
(1) Retaining walls, piling and mats for general improvement of site, private roads, walks, paved areas, culverts, bridges, viaducts, subways and tunnels, fencing, reservoirs, dikes, dams, ditches, canals, and drainage.
(2) Fixed river, lake, or tidewater wharves and docks.
(3) Permanent standard gauge railroad trackage, bridges, and trestles.
(4) Walls forming storage yards and fire protection dikes.
Note that on-site utility piping, such as sanitary and storm sewers, potable water and fire prevention lines, and gas lines are considered as on-site improvement costs and are valued with the land.

(c) Buildings – Real **includes** structural and other improvements to buildings, including:
(1) foundations;
(2) walls;
(3) floors;
(4) roof;
(5) insulation;
(6) stairways;
(7) partitions;
(8) loading and unloading platforms; ~~and~~
(9) canopies;
(10) areaways;
(11) systems for heating;
(12) air conditioning; ~~ventilating~~
(13) ventilation systems for employee comfort;
(14) sanitation;

(15) fixed fire protection;
(16) lighting;
(17) plumbing, and drinking water; **and**
(18) building elevators and escalators.

(d) Miscellaneous **includes the following:**

Property		**Type**
Agricultural irrigation system including distribution system above or below ground		Personal
Air conditioning		
	Building air conditioning for comfort of occupants	Real
	Package units, through the wall commercial	Real
	Special process to maintain controlled temperature and humidity	Personal
	Window units, through the wall or inserted in window	**Personal**
Air lines for machinery and equipment		Personal
Alarm systems		
	Fire alarm system	**Personal**
	Security alarm system	**Personal**
Aluminum pot lines		Personal
Anhydrous ammonia tanks **and equipment**		
	Stationary	Real
	Portable	Personal
Appliances for income producing properties		**Personal**
Ash handling system, pit and framing related to system		Personal
Asphalt mixing plant and equipment (movable)		Personal
Auto-call and telephone system		Personal
Bar and equipment		Personal
Bins, permanently affixed for storage		Real
Boilers		
	Manufacturing process	Personal
	Building service	Real
Booths for welding		Personal
Bowling alley lanes		Personal
Bucket elevators (open or enclosed including casings)		Personal
Building, such as ~~special~~ **specially** constructed storage, poultry, **or** livestock processing buildings – (not including machinery or equipment)		Real
Bulkheads making additional land area to be assessed with and as part of the improved land		Real
Carpeting, commercial The real property assessment includes a finished floor. If the carpet is installed over an existing finished floor, then carpeting becomes personal property. If, as in the case of many newer buildings, carpeting has been specified and is the only finished floor, then carpeting is assessed as real property.		Real or Personal **depending on the circumstances**
Cistern		Real
Coal, handling system		Personal
Cold storage		
	Built-in cold storage rooms	Real
	Cold storage refrigeration equipment	Personal
	Cold storage, prefab walk-in type	Personal
Control booth		Personal
Conveyor		
	Housing	Personal
	Tunnels	Real
	Unit including belt and drives	Personal
Cooling Towers		

	Primary use for manufacturing	Personal
	Primary use for building	Real
Crane		
	Moving crane	Personal
	Runways, including supporting columns or structure and foundation, inside or outside of buildings	Personal
Dock levelers		Personal
Drapes		Personal
Drying rooms		
	Structure	Real
	Heating System	Personal
Dust catchers		Personal
Fence, security		Real
~~Fire alarm system~~		~~Personal~~
Fire walls, masonry		Real
Floors, computer room		Real
Foundations for machinery and equipment		Personal
Gaming riverboats		**Real**
Gas lines for equipment or processing		Personal
Grain bins, storage		Real
Grain drying equipment		Personal
Grain drying equipment (such as: augers, aerators)		Personal
Grain elevators (commercial, industrial), storage, silos, tanks, cupolas, working house, head-house, milling space		Real
Grain elevator machinery and equipment (commercial, industrial) such as legs (inside or outside), conveyors, spouting, hopper scales, man lifts, aeration systems, grain cleaners, grain dryers, mechanical grain dumping equipment, loading and unloading systems, truck scales, all processing machinery and equipment		Personal
Grain storage tents (blow-up)		Personal
Gravel plant – machinery and equipment		Personal
Greenhouses		
	Building	Real
	Building, plastic cover, in place on assessment date	Personal
	Benches and heating system	Personal
Heating system		
	Building heating for comfort of occupants	**Real**
	Special purpose to maintain controlled temperature	**Personal**
Hoist, hoist pits		Personal
Hoop buildings		
	Year-round use (a building improvement)	**Real**
	Short-term use (seasonal or not a building improvement)	**Personal**
Hydraulic lines		Personal
Irrigation equipment		Personal
Kilns		
	Lumber, drying kiln structure	Real
	Concrete block, drying kiln structure	Real
	Circular down draft, beehive	**Real**
	Heating or drying system	**Personal**
Landscaping, priced with land		**Real**
Laundry, steam-generating equipment		Personal
Lighting		
	Yard	Personal
	Special purpose, inside	Personal

	Service station (except building)	Personal
Mixers and mixing houses		Personal
Nonautomotive equipment attached to excise vehicles		**Personal**
Ore bridge foundation		Personal
Ovens, processing		Personal
Piping, process piping above or below ground		Personal
Pits for equipment or processing		Personal
Pools, swimming, in-ground or above-ground		Real
Power generators		**Personal**
Power lines and auxiliary equipment		Personal
Pumps and motors		Personal
Pump house (including substructure)		Real
Racks and shelving (portable or removable)		Personal
Railroad siding (except belonging to railroad)		Real
Ready-mix concrete batch plant and equipment		Personal
Refrigeration equipment		Personal
Refrigerated display cabinets		Personal
Sanitary system		Real
Satellite dishes		
	Commercial use	Personal
	Residential use	**Personal**
Scale houses		Real
Scales		
	Truck or railroad scales, including pit	Personal
	Dormant scales	Personal
~~Security alarm system~~		~~Personal~~
Septic system (priced with land)		Real
Sheds or buildings		
	Permanent, affixed or portable confinement buildings	Real
	Agricultural open portable pull-type	Personal
	Detached storage structures	Real
	Portable utility sheds	**Real**
Signs, including supports and foundation		Personal
Silos		
	Containing a manufacturing process	Personal
	Farm storage silos	Real
	Silo equipment	Personal
	Storage	Real
Spray pond		
	Masonry reservoir	Real
	Piping and equipment	Personal
Sprinkler system		Real
Stacks		
	Supported individually and servicing heating boilers	Real
	Servicing personal property units or a process	Personal
Steam electric generating ~~plant and equipment~~ **facility**		~~Personal~~
	Equipment	**Personal or Distributable Property**
	Building	**Real**
Stone crushing plant, equipment		Personal
Storage facilities, permanent of masonry or wood		Real
Storage vaults and doors, including bank vaults and doors		Real

Substation		
	Building	Real
	Equipment	Personal
Tanks		
	Short term, portable	**Personal**
	Storage only (except as indicated below) above or below ground	Real
	Used as a part of a manufacturing process	Personal
	Underground gasoline tanks at service stations	Personal
Towers, cellular, TV or radio broadcasting		Personal
Transformers		Personal
Tunnels		Real
Tunnels, waste heat, or processing		Personal
Unit heaters, nonportable		Real
Unit heaters, portable		Personal
Unloader runway		Personal
Ventilating ~~Real.~~		
	Ventilating system for manufacturing equipment	Personal
	Ventilating system for comfort of employees	**Real**
Walls, portable partitions		Personal
Water lines, for processing above or below ground		Personal
Water pumping station, building and structure		Real
Water pumps and motors		Personal
Water treating and softening plant ~~building and structure~~		~~Real~~
	Building and structure	**Real**
	Water treating and softening equipment	Personal
Wells used for potable water, priced with land		**Real**
Wells, pumps, motors, and equipment		Personal
Wiring – power wiring		Personal

(Department of Local Government Finance; 50 IAC 4.2-4-10; filed Dec 7, 1988, 9:35 a.m.: 12 IR 845, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 26. 50 IAC 4.2-5-7 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-5-7 Alternative method

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31

Sec. 7. (a) As an alternative to any other ~~method(s)~~ **method** described in this article, a manufacturer or processor in this state who is in possession of inventory on the assessment date, which it manufactured or processed at the tax situs for which the return is prepared, may value finished goods and work in process inventory as follows:

(1) The cost of raw materials and supplies, which must include the total cost directly or indirectly incurred, including freight, to bring the property to the location where it will be utilized in the manufacturing process. Manufacturers or processors acquiring manufactured products from related entities shall include in the accountability cost the sum of all costs directly or indirectly incurred in bringing the article to its existing condition and location on the assessment date.
(2) The cost of all direct production labor.
(3) The thirty-five percent (35%) valuation adjustment will not be allowed for work in process and finished goods inventory.
(4) Raw materials and supplies inventories will qualify for the thirty-five percent (35%) valuation adjustment, provided that such items have not entered the manufacturing process.
(5) Any adjustment taken from inventory valuation must be the same basis on which it was included in the tax return.

(6) This election must be applied to all locations within this state, except as noted in subdivision (7). If this alternative method is elected, the taxpayer may not use any other method to value inventory for any subsequent year unless a written request has been approved by the ~~state board~~ **department** prior to the due date of the return.
(7) This election is available only for manufacturers' or processors' finished goods or work in process inventories to the extent that the goods have not entered another level of trade.

(b) ~~Taxpayer's computation.~~ Computations of the adjustments outlined in this section are required to be attached to the tax return ~~and/or~~ **or** computed on Form 106, **or both,** provided by the ~~state board~~ **department** pursuant to 50 IAC 4.2-2-9.

(Department of Local Government Finance; 50 IAC 4.2-5-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 853, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 27. 50 IAC 4.2-5-13 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-5-13 Valuation adjustment

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31-7

Sec. 13. Thirty-five percent (35%) of the adjusted cost of inventory ~~as determined pursuant to section 12 of this rule,~~ shall be allowable as a valuation adjustment for Indiana property tax purposes. This adjustment is in lieu of all other valuation adjustments except for the abnormal obsolescence adjustment. ~~provided in section 14 of this rule.~~ The amount of this adjustment constitutes an inventory valuation reserve to provide for the normal valuation aspects provided by statute. The prices for farm products prescribed by the ~~state board pursuant to~~ **department under** 50 IAC 4.2-7-1 are computed using the alternative method (section 7 **of this rule),** therefore, the thirty-five percent (35%) valuation adjustment will not be allowed for those items.

(Department of Local Government Finance; 50 IAC 4.2-5-13; filed Dec 7, 1988, 9:35 a.m.: 12 IR 856, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 28. 50 IAC 4.2-6-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-6-1 Tangible personal property not placed in service; reporting

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31-7

Sec. 1. (a) Tangible personal property, other than inventory as defined in 50 IAC 4.2-5-1, with a tax situs within the state on the assessment date ~~which~~ **that** has not been placed into service must be reported for property assessment purposes.

(b) "Tangible personal property not placed in service on the assessment date" means all property ~~which~~ **that** has not been depreciated and is not eligible for federal income tax depreciation under Section 167 of the Internal Revenue Code of 1986. Real property as defined by law and rules of the ~~state board~~ **department,** inventory, special tools, leased property, returnable containers, and property described in subsection (d) are not included in this category.

(c) "Construction in process" means "tangible personal property not placed in service." This does not include the inventory of a contractor that is not a part of the real or personal property under construction. A contractor's inventory must be valued and reported as provided in 50 IAC 4.2-5-1.

(d) ~~Special.~~ Tangible personal property, normally assessed as inventory and held in abeyance or stored temporarily, and which possession may be transferred to another person to be attached to or become a part of an asset subject to assessment for personal property tax purposes, is taxable as inventory as provided in 50 IAC 4.2-5-1, and is not included in the definition of tangible personal property not placed in service.

(e) ~~Valuation.~~ The value of personal property not placed in service, including construction in process as defined in subsection (c), is the cost recorded on the taxpayer's books and records ~~which~~ **that** is attributable to such personal property including all expenses incurred in acquiring or producing the assets not yet placed in service, **and includes the following:**

(1) Acquisitions. In the event the cost as recorded on the regular books and records of the taxpayer does not reflect acquisitions and transfers since the end of the financial period immediately preceding the assessment date, such acquisitions and transfers are required to be included.

(2) Advance payments or deposits. If the cost as recorded on the regular books and records of the taxpayer reflects advance payments or deposits, and if such amounts were attributable to tangible personal property, this amount shall be allowed as a deduction from book cost.

(f) ~~True tax value.~~ The true tax value of "tangible personal property not placed in service" as defined in subsection (b) is ten percent (10%) of the cost of such property.

(Department of Local Government Finance; 50 IAC 4.2-6-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 857, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 29. 50 IAC 4.2-6-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-6-2 Reporting of special tools

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3-23; IC 6-1.1-31

Sec. 2. (a) "Special tools", as defined in ~~subsection (b)~~ **50 IAC 4.2-1-1.1(p),** must be reported for Indiana property assessment purposes at the tax situs where located on the assessment date. The owner of any personal property subject to assessment and taxation on the assessment date has the responsibility for reporting such property for assessment and taxation on ~~their~~ **the owner's** personal property tax return. ~~pursuant to 50 IAC 2-2.~~

~~(b) "Special tools" includes, but is not limited to, tools, dies, jigs, fixtures, gauges, molds, and patterns acquired or made for the production of products or product models which are of such specialized nature that their utility generally ceases with the modification or discontinuance of such products or product models. Those items of "special tools" being manufactured or built for sale or lease to another person must be valued as inventory pursuant to 50 IAC 4.2-5.~~

~~(c) Reporting special tools.~~ **(b)** Special tools are assessable whether the taxpayer elects to depreciate, amortize, treat as deferred cost, or expense at time of purchase or manufacture, and recovers cost through an increased unit price or any other method utilized in recapturing the costs. The owner is required to report special tools on Form 103-T (50 IAC 4.2-2-9), as an attachment to Form 103 (50 IAC 4.2-2-9). In addition to the requirement ~~above~~ **in this subsection,** the owner is required to furnish a complete listing on Form 103-T (50 IAC 4.2-2-9) of all ~~their~~ **the owner's** special tools in the possession of another ~~person(s) pursuant to~~ **person under** 50 IAC 4.2-2-5. The ~~person(s)~~ **person** holding, possessing, or controlling special tools, not owned, is required to furnish a complete listing on Form 103-T (50 IAC 4.2-2-9), of all not owned personal property ~~pursuant to~~ **under** 50 IAC 4.2-2-5.

~~(d) Valuation of special tools.~~ **(c)** The total value of special tools, as defined in subsection (b), must be allocated in two (2) groups. The total value of special tools acquired between ~~March 2~~ **January 2** of the prior year and ~~March 1~~ **January 1** of the assessment year must be allocated in one (1) group, and the balance of the total value of the special tools on hand ~~which~~ **that** were acquired prior to this period must be allocated into the other group. For purposes of this section, expenditures incurred by a taxpayer to refurbish existing special tools are deemed to be special tools acquired during the period in which such special tools were refurbished **as follows:**

(1) Special tools owned by taxpayer. The total cost of producing or acquiring special tools regardless of the nature, whether capitalized or expensed, must be reported on Form 103-T (50 IAC 4.2-2-9), and attached to Form 103 (50 IAC 4.2-2-9).

(2) Special tools not owned by taxpayer. The total value of special tools not owned by the taxpayer must be based on the original cost to the owner of such special tools, if available. If the original cost to the owner is not available, the value shall be based upon the best information available; however, the true tax value of the special tools not owned by the taxpayer cannot be less than the insured value of such property. Special tools not owned must be reported on Form 103-T (50 IAC 4.2-2-9), and attached to Form 103 (50 IAC 4.2-2-9).

~~(c) True tax value of special tools.~~ **(d)** The total true tax value of special tools is the sum of thirty percent (30%) of the total valuation of "special tools" acquired between ~~March 2~~ **January 2** of the prior year and ~~March 1~~ **January 1** of the current assessment year which are on hand on the assessment date and three percent (3%) of the total valuation of all other special tools on hand.

(Department of Local Government Finance; 50 IAC 4.2-6-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 858, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 30. 50 IAC 4.2-7-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-7-1 Lists of readily ascertainable values

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3; IC 6-1.1-31-7

Sec. 1. (a) In the case of certain types of personal property, which it determines has a readily ascertainable value, the department may determine the true tax value of such property and so designate in 50 IAC 4.2-15 or issue ~~instructional bulletins~~ **memorandums and guidance documents** for the unit valuations of such property to be used for personal property tax purposes.

(b) The unit valuations will be ~~published~~ **issued** pursuant to 50 IAC 4.2-1-5. However, in providing for the classification of personal property and included in the factors used to determine the true tax value of personal property the ~~state board~~ **department** shall not include the value of land as a cost of producing tangible personal property subject to assessment.

(c) The types of personal property to be valued pursuant to this section will be so designated in 50 IAC 4.2-15 or ~~an instructional bulletin.~~ **a memorandum or guidance document.**

(Department of Local Government Finance; 50 IAC 4.2-7-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 860, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 31. 50 IAC 4.2-9-7 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-9-7 Administrative adjudication on adjustment for abnormal obsolescence

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31-7

Sec. 7. (a) The taxpayer may, prior to the filing of the property tax return for the year in question, petition the department ~~pursuant to 50 IAC 4.2-1-6,~~ for an administrative adjudication determination regarding an abnormal obsolescence adjustment. If this determination is granted, it will be effective only for the tax year in question and will not be effective for subsequent assessments.

(b) If an administrative adjudication determination is obtained, a copy of the determination is required to be attached to the tax return claiming the adjustment. If the taxpayer has not requested an administrative adjudication determination, ~~they~~ **the taxpayer** may, if ~~their~~ **the taxpayer's** circumstances meet the requirements contained ~~herein~~ **in this section,** request an adjustment on the form prescribed by the department when filing the tax return for the year in question. The adjustment or adjustments, if requested, must:
(1) identify specifically all property for which an adjustment is requested;
(2) indicate the original cost of the property;
(3) indicate the true tax value of the property if no adjustment would be allowed; and
(4) quantify and document the true tax value of the property as a result of the requested adjustment.

(Department of Local Government Finance; 50 IAC 4.2-9-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 864, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 32. 50 IAC 4.2-11.1-6 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-11.1-6 Personal property in economic revitalization area

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3; IC 6-1.1-12.1

Sec. 6. ~~(a) A taxpayer must file Form 103-ERA with the taxpayer's personal property return with the township assessor, if any, or county assessor in which the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment is located. Except as provided in subsection (d), the deduction is applied in the amount claimed in the Form 103-ERA that a person files with:~~

~~(1) a timely personal property return under IC 6-1.1-3-7(a) or IC 6-1.1-3-7(b); or~~
~~(2) a timely amended personal property return under IC 6-1.1-3-7.5.~~

~~(b) The taxpayer must file an equipment list (Form 103-EL) in the first year that the equipment is claimed. The taxpayer must file a copy of the form SB-1/PP and the resolution granting the deduction from the designating body when required.~~

~~(c) Forms 103-ERA and CF-1/PP must be filed under this section in the year in which the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment is installed and in each of the immediately succeeding years the deduction is allowed.~~

~~(d) The township assessor, if any, or the county assessor may:~~
~~(1) review the deduction schedule; and~~
~~(2) before the March 1 that next succeeds the assessment date for which the deduction is claimed, deny or alter the amount of the deduction. If the assessor does not deny the deduction, the county auditor shall apply the deduction in the amount claimed in the deduction schedule or in the amount as altered by the assessor. An assessor who denies a deduction under this subsection or alters the amount of the deduction shall notify the person that claimed the deduction and the county auditor of the assessor's action. The county auditor shall notify the designating body and the county property tax assessment board of appeals of all deductions applied under this section.~~

~~(e) If the ownership of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment changes, the deduction continues to apply to that equipment if the new owner:~~
~~(1) continues to use the equipment in compliance with any standards established; and~~
~~(2) files Form 103-ERA required by this section.~~

~~(f) The amount of the deduction for the new owner is the percentage that would have applied if the ownership of the property had not changed multiplied by the current assessed value of the equipment for the year the deduction is claimed by the new owner.~~

~~(g) A person may appeal a determination of the assessor under subsection (d) to deny or alter the amount of the deduction by requesting in writing a preliminary conference with the assessor not more than forty-five (45) days after the assessor gives the person notice of the determination. Except as provided in subsection (i), an appeal initiated under this subsection is processed and determined in the same manner that an appeal is processed and determined under IC 6-1.1-15.~~

~~(h) In the event of noncompliance with the requirements set forth in IC 6-1.1-12.1-11.3(a) for a taxpayer to receive the deduction, a designating body may by resolution waive noncompliance described under IC 6-1.1-12.1-11.3(a) under the terms and conditions specified in the resolution. Before adopting a waiver, the designating body shall conduct a public hearing on the waiver.~~

~~(i) The county assessor is recused from any action the county property tax assessment board of appeals takes with respect to an appeal under subsection (g) of a determination by the county assessor.~~ **Provisions related to personal property in economic revitalization areas are provided under 50 IAC 10.**

(Department of Local Government Finance; 50 IAC 4.2-11.1-6; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 33. 50 IAC 4.2-14-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-14-2 Principal business activity codes

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3

Sec. 2. (a) This section prescribes the use of the principal business activities and their associated six-digit codes based upon the North American Industry Classification System (NAICS), and used on a taxpayer's federal tax return.

(b) It is a requirement that each taxpayer determine the business activity and the associated six-digit activity code referenced in subsection (a) and enter it on the front page of the Form 102, Form 103-Short, Form 103-Long, ~~and~~ Form 103-SR, **and Form 104-SR** in the box titled ~~"principal business activity code".~~ **"NAICS Code number".**

(Department of Local Government Finance; 50 IAC 4.2-14-2; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 34. 50 IAC 4.2-15-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-15-4 Assessment of servicemember's personal property

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31; IC 6-1.1-37-7

Sec. 4. (a) This section clarifies the liability of persons in the military or naval service for assessment and payment of personal property taxes in the state of Indiana. The Federal Soldiers' and Sailors' Civil Relief Act, as found in 50 U.S.C.A. Appendix, Section 574, provides as follows:

> "(1) For the purposes of taxation in respect of any person, or of his personal property, income, or gross income, by any State, Territory, possession, or political subdivision of any of the foregoing, or by the District of Columbia, such person shall not be deemed to have lost a residence or domicile in any State, Territory, possession, or political subdivision of any of the foregoing, or in the District of Columbia, solely by reason of being absent therefrom in compliance with military or naval orders, or to have acquired a residence or domicile in, or to have become a resident in or a resident of, any other State, Territory, possession, or political subdivision of any of the foregoing, or the District of Columbia, while, and solely by reason of being, so absent. For the purposes of taxation in respect of the personal property, income or gross income of any such person by any State, Territory, possession, or political subdivision of any of the foregoing, or the District of Columbia, of which such person is not a resident or in which he is not domiciled, compensation for military and naval service shall not be deemed income for services performed within, or from sources within, such State, Territory, possession, political subdivision, or District, and personal property shall not be deemed to be located or present in or to have a situs for taxation in such State, Territory, possession, political subdivision, or District. Where the owner of personal property is absent from his residence or domicile solely by reason of compliance with military or naval orders, this section applies with respect to personal property, or use thereof, within any tax jurisdiction other than such place of residence or domicile, regardless of where the owner may be serving in compliance with such orders: Provided, That nothing contained in this section shall prevent taxation by any State, Territory, possession, or political subdivision of any of the foregoing, or the District of Columbia in respect of personal property used in or arising from a trade or business, if it otherwise has jurisdiction. This section shall be effective as of September 8, 1939, except that it shall not require the crediting or refunding of any tax paid prior to October 6, 1942."

The purpose thereof was to protect ~~servicemen~~ **servicemembers** from having to pay taxes to states in which they were serving pursuant to military order, which state was not the state of residence by choice of the ~~serviceman.~~ **servicemember.**

(b) Indiana law does not provide an exemption from tax liability with respect to ~~servicemen~~ **servicemembers** who are residents of Indiana but rather provides that all personal property shall be assessed to the owner in the

township, town, or city which is that of his **or her** residence on the first day of ~~March~~ **January** each year.

(c) Mobile homes, if classified and assessed pursuant to ~~50 IAC 3.1 for Assessment of Mobile Homes (Regulation 13)~~ **50 IAC 3.3** and when owned by a ~~serviceman~~ **servicemember** who is a nonresident of Indiana, on duty in Indiana pursuant to military or naval orders, such mobile home is exempt from taxation by the state of Indiana even though physically located in this state, pursuant to the Soldiers' and Sailors' Civil Relief Act. Based upon the foregoing, we are summarizing below the effect of the Soldiers' and Sailors' Civil Relief Act and the laws of the state of Indiana upon the assessment and payment of taxes by a ~~serviceman~~ **servicemember** in the state of Indiana **as follows:**

(1) Any ~~serviceman~~ **servicemember** who is a resident of another state, but who is temporarily stationed in Indiana pursuant to military or naval orders, is exempt from assessment and payment of personal property taxes in this state, except that used in a trade or business. However, the burden of proof is upon the ~~serviceman~~ **servicemember** and ~~he~~ **the servicemember** should exhibit to the assessor evidence of the fact that ~~he~~ **the servicemember** is a legal resident of another state. This evidence may be either a statement from the commanding officer, copy of orders to report for active duty, official military personnel identification card, or any other document ~~which~~ **that** would disclose the place of the ~~serviceman's~~ **servicemember's** residence or domicile to be other than Indiana.

(2) Personal property located in Indiana belonging to a nonresident ~~serviceman~~ **servicemember,** not used in trade or business, is exempt from assessment and taxation even though such is left with ~~his wife~~ **the servicemember's spouse,** dependents, or others, in those situations ~~in which he~~ **where the servicemember** has been transferred to another state or overseas pursuant to military order.

(3) The exemption under subdivisions (1) and (2) would also extend to a mobile home of any nonresident ~~serviceman.~~ **servicemember.**

(4) The ~~above~~ exemptions **in subdivisions (1) through (3)** do not extend to personal property used in or arising from a trade or business, in which case a nonresident ~~serviceman~~ **servicemember** is subject to assessment therefore in the same manner as an Indiana resident.

(5) Any ~~serviceman~~ **servicemember** who is a legal resident of the state of Indiana is subject to assessment in this state.

(6) By the provisions of IC 6-1.1-37-7, the penalties for failure to file an assessment return shall not be applicable to any person, or the dependents of any person, in the military or naval forces of the United States on the assessment date covered by the provisions of the Federal Soldiers' and Sailors' Civil Relief Act.

(Department of Local Government Finance; 50 IAC 4.2-15-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 892, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 35. 50 IAC 4.2-15-8 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-15-8 Assessment of leased data processing equipment

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3

Sec. 8. ~~(a)~~ In recognition of the fact that certain intangible charges may be included in the base year value of the subject equipment, the ~~board~~ **department** has authorized the following adjustment procedure:

(1) Base year value for leased data processing equipment shall be the current commercial published selling price for new equipment.

(2) If the current selling price as defined in subdivision (1) includes charges for one (1) or more of the following customer support services, such charges shall be allowable as an adjustment to base year value in Column B, Form ~~103~~ **103-Long** (50 IAC 4.2-2-9), to the extent that such charges can be segregated from the total selling price, supported by adequate records and such adjustments clearly shown on Form 106 (50 IAC 4.2-2-9). Customer support services shall be limited to the following:

(A) Educational services. Training and instruction in the use of electronic data processing equipment provided to the user thereof, such as on-site education, classroom instruction, and educational publications.

(B) Maintenance. This would be tests, measurements, replacements, adjustments, and repairs intended to keep data processing equipment in satisfactory working condition.

(C) Application software. The application program is a written sequence of instructions that details the operations the equipment is to perform in order to achieve a specific objective of the user.

Any adjustment for the ~~above enumerated~~ purposes **in clauses (A) through (C)** must be factually documented by the taxpayer and shall not exceed ten percent (10%) of the total base year valuation of subject equipment.

~~(b) If there is a question as to the qualification of certain items under this section, the taxpayer may request an administrative adjudication determination pursuant to the provisions of 50 IAC 4.2-1-6. The department will review each request and issue its determination based upon the facts and evidence submitted by the taxpayer.~~

(Department of Local Government Finance; 50 IAC 4.2-15-8; filed Dec 7, 1988, 9:35 a.m.: 12 IR 895, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 36. 50 IAC 4.2-15-12.5 IS ADDED TO READ AS FOLLOWS:

50 IAC 4.2-15-12.5 Assessment of outdoor advertising signs

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3-24

Sec. 12.5. (a) The outdoor advertising sign valuation schedule issued by the department on a quadrennial basis listing signs by structure and type will provide the assessing officials adequate information to ensure all signs are being properly reported in the corresponding taxing jurisdiction.

(b) The total true tax value from the outdoor advertising sign valuation schedule issued by the department on a quadrennial basis is to be transferred to Form 103-Long, Schedule A, line 62 or Form 103-Short, Schedule A, line 14, and added to the value of other depreciable property, if any, for each taxing district where the property is located.

(Department of Local Government Finance; 50 IAC 4.2-15-12.5; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 37. 50 IAC 4.2-15-14 IS AMENDED TO READ AS FOLLOWS:

50 IAC 4.2-15-14 Present value of personal property leases

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3

Sec. 14. Pursuant to 50 IAC 4.2-8-7(d), the department has prescribed the following for the computation of the present value of leased personal property:

(1) If ownership of the property is transferred to the lessee (or may transfer if one (1) of the parties exercises an option) at or before the end of the lease, the term of the lease shall be the term used for computation of the present value.
(2) If title to the property is not transferred to the lessee, the prescribed federal tax depreciable life of the asset at the inception of the lease shall be the term for computing the present value.
(3) If the length of the lease is not specific, the prescribed federal tax depreciable life of the asset at the inception of the lease shall be the term for computing the present value.
(4) If the lease contains a "balloon" or "bubble" payment, such payment must be included in the present value computation. A "balloon" or "bubble" payment is a lump sum payment scheduled at the inception of, during, or at the conclusion of the lease.
(5) If the lease indicates the rate of interest included in the payments, such rate shall be used for computing the present value.
(6) If no interest rate is stated in the lease, the rate to be used in the computation shall be the prime commercial bank loan rate on the ~~March 1~~ **January 1** nearest to the inception of the lease. The interest rates to be used for ~~March 1~~ **January 1** of certain years ~~are as follows:~~ **will be issued each year by the department.**

~~Year~~	~~Interest Rate~~	~~Year~~	~~Interest Rate~~
~~2009~~	~~3.25%~~	~~2003~~	~~4.25%~~
~~2008~~	~~6.00%~~	~~2002~~	~~4.75%~~
~~2007~~	~~8.25%~~	~~2001~~	~~8.50%~~
~~2006~~	~~7.50%~~	~~2000~~	~~8.75%~~
~~2005~~	~~5.50%~~	~~1999~~	~~7.75%~~

~~2004~~	~~4.00%~~	~~1998~~	~~8.50%~~

~~The department shall publish subsequent rates annually.~~

(7) If the amount of any payment or payments (including balloon payments) is not known at the inception of the lease, the present value of the lease payments cannot be computed and therefore may not be used as the base year value for personal property tax reporting purposes.

(8) If the present value computed in accordance with this section does not result in a reasonable valuation when other facts and circumstances are considered, the computed present value may not be used as the base year value.

(Department of Local Government Finance; 50 IAC 4.2-15-14; filed Dec 7, 1988, 9:35 a.m.: 12 IR 906, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 38. 50 IAC 4.2-17 IS ADDED TO READ AS FOLLOWS:

Rule 17. Business Personal Property Exemption Filing Requirements

50 IAC 4.2-17-1 Business personal property exemption

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3-7.2

Sec. 1. (a) The business personal property tax exemption under IC 6-1.1-3-7.2 applies to old and new personal property located in an applicable county.

(b) In order to be eligible for the business personal property tax exemption under IC 6-1.1-3-7.2, the total acquisition cost of all business personal property must be below forty thousand dollars ($40,000) by the assessment date.

(c) The business personal property exemption only applies to taxpayers with a countywide business personal property cost of less than forty thousand dollars ($40,000).

(Department of Local Government Finance; 50 IAC 4.2-17-1; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

50 IAC 4.2-17-2 How to file for exemption

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3-7.2

Sec. 2. (a) In order to claim the business personal property tax exemption, every person, including any firm, company, partnership, association, corporation, fiduciary, or individual owning, holding, possessing, or controlling business personal property with a total acquisition cost that is less than forty thousand dollars ($40,000) within the county on January 1 of any year is required to declare the exemption using a personal property return Form 103-Short, Form 103-Long, Form 102, or Form 104, as applicable.

(b) An eligible taxpayer is not required to complete the entire personal property return to claim the business personal property tax exemption. However, a taxpayer claiming the exemption on Form 103 or Form 102 is required to attach a completed Form 104.

(Department of Local Government Finance; 50 IAC 4.2-17-2; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

50 IAC 4.2-17-3 Changes to personal property assessment

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3-7.2; IC 6-1.1-15

Sec. 3. (a) If a taxpayer timely files a fully completed personal property tax return with a countywide total acquisition cost of less than forty thousand dollars ($40,000) and does not claim the business personal property tax exemption, the assessor shall reduce the assessment to zero ($0).

(b) If the assessor reduces an assessment as outlined in subsection (a), Form 113/PP shall be sent to the taxpayer notifying the taxpayer of this change in assessment.

(c) Taxpayers that wish to claim the business personal property tax exemption may submit an amended personal property tax return.

(Department of Local Government Finance; 50 IAC 4.2-17-3; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 39. 50 IAC 5.1-1-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-1-3 "Base year value" defined

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 3. "Base year value" means the amount, measured in money, that a willing buyer in an arm's-length transaction would pay to acquire the item of property subject to the lease under consideration at the time the lease or bailment was first consummated. For purposes of applying this definition to a specific factual situation, the amount stated in the agreement as the amount ~~which~~ **that** the lessee would have had to pay to acquire the leased property instead of leasing the property will be deemed to be the base year value, provided that the ~~state board~~ **department** does not determine that such amount is unrealistically low in relation to the other terms contained in the agreement. If the alternative acquisition cost is not shown in the lease agreement, the base year value shall be computed in the following order of preference:

(1) The factory delivered price for the tangible personal property subject to the lease plus freight, installation costs, and a profit factor.
(2) The present value of the lease payments at the inception of the lease computed in accordance with 50 IAC 4.2-15-14.
(3) The insurable value in the year the lease was first consummated.
(4) The capitalized value at eight (8) times the annual lease or rental payments.

(Department of Local Government Finance; 50 IAC 5.1-1-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 950; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 40. 50 IAC 5.1-1-8.5 IS ADDED TO READ AS FOLLOWS:

50 IAC 5.1-1-8.5 "Department" defined

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 8.5. "Department" means the department of local government finance.

(Department of Local Government Finance; 50 IAC 5.1-1-8.5; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 41. 50 IAC 5.1-1-9 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-1-9 "Distributable property" defined

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 9. "Distributable property" means property owned or used by a public utility company that is not locally assessed real property or locally assessed personal property. Distributable property is that property used to

furnish the public utility service. The right-of-way of a public utility company is distributable property. It may consist of the public utility company's transportation system, production plant, transmission system, ~~and/or~~ **or** distribution system. The ~~state board~~ **department** distributes to the appropriate taxing districts the assessed value of the public utility company's distributable property.

(Department of Local Government Finance; 50 IAC 5.1-1-9; filed Dec 15, 1993, 5:00 p.m.: 17 IR 951; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 42. 50 IAC 5.1-1-13 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-1-13 "Leased property" defined

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 13. "Leased property" means property that is leased, rented, or otherwise made available to a person other than the owner under a bailment agreement, written or unwritten. The term does not include locally assessed real property, inventory, special tooling, or returnable containers. Leased property may include: ~~but is not limited to:~~

(1) business machines;
(2) postage meters;
(3) machinery;
(4) equipment;
(5) furniture;
(6) fixtures;
(7) coin-operated devices;
(8) tools;
(9) burglar alarms;
(10) signs and other advertising devices; ~~and~~
(11) motor vehicles; **and**
(12) any other property used in the course or conduct of business;

which are loaned, leased, used, or otherwise held in the possession of a person other than the owner on the assessment date whether or not any fees are charged.

(Department of Local Government Finance; 50 IAC 5.1-1-13; filed Dec 15, 1993, 5:00 p.m.: 17 IR 951; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 43. 50 IAC 5.1-1-18 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-1-18 "Materials and supplies" defined

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 18. "Materials and supplies" ~~shall have~~ **has** the meaning **set** forth in 50 IAC 4.2-5-1(b)(3).

(Department of Local Government Finance; 50 IAC 5.1-1-18; filed Dec 15, 1993, 5:00 p.m.: 17 IR 952; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 44. 50 IAC 5.1-1-20 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-1-20 "Pipe line company" defined

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 20. ~~"Pipeline~~ **"Pipe line** company" means a company that is engaged in the business of transporting or transmitting any gas or fluid (except water) through pipes.

(Department of Local Government Finance; 50 IAC 5.1-1-20; filed Dec 15, 1993, 5:00 p.m.: 17 IR 952; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 45. 50 IAC 5.1-1-23 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-1-23 "Railcar company" defined

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 23. ~~"Railroad car~~ **"Railcar** company" means a company (other than a railroad company) ~~which~~ **that** owns or operates cars for the transportation of property on railroads.

(Department of Local Government Finance; 50 IAC 5.1-1-23; filed Dec 15, 1993, 5:00 p.m.: 17 IR 953; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 46. 50 IAC 5.1-1-25 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-1-25 "Returnable containers" defined

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 25. "Returnable containers" means those items of tangible personal property ~~which~~ **that** are used to package inventory or other property while in transit ~~which~~ **that** are reusable. Returnable containers may include: ~~but are not limited to:~~

(1) cooperage;
(2) skids;
(3) bottles;
(4) cases;
(5) pallets; and
(6) other packaging devices.

(Department of Local Government Finance; 50 IAC 5.1-1-25; filed Dec 15, 1993, 5:00 p.m.: 17 IR 953; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 47. 50 IAC 5.1-1-31.5 IS ADDED TO READ AS FOLLOWS:

50 IAC 5.1-1-31.5 "Tax situs" defined

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 31.5. "Tax situs" means a permanent location in one (1) taxing district or a customary location for use in one (1) taxing district. Customary location means the location where property is regularly used.

(Department of Local Government Finance; 50 IAC 5.1-1-31.5; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 48. 50 IAC 5.1-2-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-2-1 Purpose

Authority: IC 6-1.1-8-42
Affected: IC 6-1.1-3-1; IC 6-1.1-8

Sec. 1. (a) The purpose of this rule is to provide rules for the assessment of public utility property. This rule applies to all public utility companies.

(b) Under IC 6-1.1-8, the ~~state board~~ **department** makes an annual assessment of each public utility company.

(c) The valuation made by the ~~state board~~ **department** includes all real, personal, and distributable property of the public utility company, wherever located, ~~The value of locally assessed real and personal property is deducted from the unit valuation to calculate the value of distributable property. The state board subtracts the value of locally assessed property, as reported by the county assessor from the unit valuation. The state board allocates the remainder, the distributable property, to the various taxing districts.~~ **and as applicable under the department's Real Property Assessment Manual and Real Property Assessment Guidelines incorporated by reference in 50 IAC 2.4-1-2.**

(Department of Local Government Finance; 50 IAC 5.1-2-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 954; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 49. 50 IAC 5.1-2-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-2-3 Companies subject to assessment

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 3. **(a)** Except as provided in section 4 of this rule, the following companies are subject to assessment as public utility companies under this article:

(1) A company engaged in the business of transporting persons or property, including:
(A) bridge companies;
~~(A)~~ **(B)** bus companies;
~~(B)~~ **(C)** express companies;
~~(C) pipeline~~ **(D) pipe line** companies;
~~(D)~~ **(E)** railroad companies;
~~(E) railroad car~~ **(F) railcar** companies;
~~(F)~~ **(G)** sleeping car companies;
~~(G)~~ **(H)** street railway companies; and
~~(H)~~ **(I)** tunnel companies.
However, aviation companies (including passenger airlines and air freight carriers) and trucking companies are subject to assessment under 50 IAC 4.2 and are not subject to assessment under this article.

(2) A company engaged in the business of selling or distributing electricity, gas, steam, or water, **which may include light, heat, or power companies.**

(3) A company engaged in the business of transmitting messages for the general public by wire or airwaves, **which may include telephone, telegraph, or cable companies.**

(4) A company engaged in the business of operating a sewage system or a sewage treatment plant, **which may include water distribution companies or sewage companies.**

(5) A bridge company.

(b) If a merger or acquisition of a company described in subsection (a) occurs, the companies involved shall notify the department within thirty (30) days. Failure to notify the department may result in duplicate assessments.

(Department of Local Government Finance; 50 IAC 5.1-2-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 954; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 50. 50 IAC 5.1-2-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-2-4 Companies excluded

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-2; IC 6-1.1-8-3

Sec. 4. **(a)** The ~~following~~ companies **described in IC 6-1.1-8-3(c)** are not subject to assessment as public utility companies under this article.

~~(1) Aviation companies.~~
~~(2) Broadcasting companies, including radio and television broadcasting companies and cable television companies.~~
~~(3) Water transportation companies.~~

~~(4) Companies that are operated by a municipality or a municipal corporation, except those utility companies owned or held in trust by a first class city.~~

(b) For purposes of exclusion under this article, "broadcasting companies" as named in IC 6-1.1-8-3(c)(2) includes radio broadcasting companies.

(c) For purposes of exclusion under this article, "television companies" as named in IC 6-1.1-8-3(c)(3) includes cable television broadcasting companies.

(Department of Local Government Finance; 50 IAC 5.1-2-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 955; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 51. 50 IAC 5.1-3-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-3-1 Who must file

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-19

Sec. 1. (a) Each year a public utility company shall file an annual report with the ~~state board~~ **department** concerning the value and description of the property ~~which~~ **that** is either owned or used by the public utility company.

(b) In completing a report or statement, a public utility company shall make a complete disclosure of all information, required by the ~~state board,~~ **department,** that is related to the value, nature, and location of property:
(1) which the public utility company owned; or
(2) which the public utility company held, possessed, controlled, or occupied.

(c) The public utility company shall certify the truth of all information appearing in the report or statement and all data accompanying the report or statement.

(Department of Local Government Finance; 50 IAC 5.1-3-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 955; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 52. 50 IAC 5.1-3-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-3-2 What to file; annual report to department

Authority: IC 6-1.1-8; IC 6-1.1-31-1
Affected: IC 6-1.1-8-19; IC 6-1.1-8-21

Sec. 2. (a) The ~~state board~~ **department** has designated ~~Form UD-45,~~ **UD Form 45,** Annual Report of Public Utility Company, as the annual report to be filed with the ~~state board~~ **department** by all public utility companies, other than railroad companies and ~~railroad car~~ **railcar** companies.

(b) Railroad companies shall annually file ~~Form UD-32,~~ **UD Form 32,** Annual Report ~~of Railroad Company~~ – **Railroad Property,** with the ~~state board~~ **department.**

(c) ~~Railroad car~~ **Railcar** companies shall annually file Form RC-1, **Report of** Railcar Tax, ~~Report,~~ with the ~~state board~~ **department.**

(d) Along with the ~~Form UD-45~~ **UD Form 45** or the ~~Form UD-32,~~ **UD Form 32,** a public utility company shall submit to the ~~state board~~ **department** information requested by the ~~state board,~~ **department,** including:
(1) the most recent financial statements;
(2) information concerning depreciation records; and
(3) the most recent annual report to shareholders or members;
to the extent that such reports, records, or statements exist.

(e) Railroad companies shall also submit to the ~~state board~~ **department** the ~~Interstate Commerce Commission~~ **Surface Transportation Board** Form R-1 **(Railroad Annual Report),** if the railroad company is required to file Form R-1 with the ~~Interstate Commerce Commission~~ **Surface Transportation Board.**

(f) A public utility company may submit a substitute computer or machine generated annual report form or schedule that is a part of the annual report, in lieu of using the actual annual report form or schedule, provided that the report or schedule:

(1) contains all of the required information as set forth in the actual report or schedule; **and**

(2) properly and clearly identifies the report or schedule being substituted. ~~and~~

~~(3) is approved by the state board under 50 IAC 4.2-1-6 prior to its use.~~

(Department of Local Government Finance; 50 IAC 5.1-3-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 955; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 53. 50 IAC 5.1-3-2.5 IS ADDED TO READ AS FOLLOWS:

50 IAC 5.1-3-2.5 How to file

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-23

Sec. 2.5. (a) Reports filed pursuant to this rule must be filed by:
(1) personal delivery;
(2) deposit in the United States mail;
(3) registered or certified mail, return receipt requested; or
(4) electronic mail.

(b) Reports may not be filed by facsimile.

(c) The department may request an additional copy of reports originally filed by electronic mail to be sent by United States mail.

(Department of Local Government Finance; 50 IAC 5.1-3-2.5; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 54. 50 IAC 5.1-3-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-3-4 Due date

Authority: IC 6-1.1-8-42
Affected: IC 6-1.1-8-19

Sec. 4. (a) A public utility company, except a ~~railroad car~~ **railcar** company, shall file its annual report with the ~~state board~~ **department** on or before ~~March 1~~ **April 1** of that year unless a filing extension has been granted by the ~~state board~~ **department** under section 6 of this rule.

(b) A ~~railroad car~~ **railcar** company shall file its annual report with the ~~state board~~ **department** on or before ~~May 1~~ **July 1** of that year unless a filing extension has been granted by the ~~state board~~ **department** under section 6 of this rule.

~~(c) A public utility company shall also file Form 1, Annual Return of Local Personal Property, with the assessor of each township in which the public utility company's locally assessed personal property is subject to assessment on or before March 1 of that year unless a filing extension has been granted by the state board under section 6 of this rule.~~

(Department of Local Government Finance; 50 IAC 5.1-3-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 955; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 55. 50 IAC 5.1-3-5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-3-5 Duty to file

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-19

Sec. 5. (a) It is the responsibility of the public utility company to obtain the necessary report forms and timely file the required reports with the ~~state board.~~ **department.**

(b) The ~~state board~~ **department** will furnish each public utility company with the appropriate forms to complete their respective annual reports. However, the obligation to file the required report is not diminished or affected by the failure of the ~~state board~~ **department** to deliver or mail forms to the public utility company. It is the responsibility of the public utility company to obtain the necessary report forms and timely file the required reports with the ~~state board.~~ **department.**

~~(c) It is also the responsibility of the public utility company to file the required report (Form 1) with each of the assessors of the townships in which the public utility company has locally assessed personal property subject to assessment.~~

(Department of Local Government Finance; 50 IAC 5.1-3-5; filed Dec 15, 1993, 5:00 p.m.: 17 IR 956; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 56. 50 IAC 5.1-3-6 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-3-6 Extension of time

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-19

Sec. 6. (a) The ~~state board~~ **department** may extend the due date for the annual report for a public utility company.

(b) The ~~state board~~ **department** may grant a general extension to all public utility companies or classes of public utility companies. The ~~state board~~ **department** will notify the public utility company of any general extension. ~~A written request by the public utility company is not necessary to exercise the general extension.~~

(c) An extension of the due date, or an extension beyond the general extension granted under subsection (b), shall be considered by the ~~state board~~ **department** if:
(1) the public utility company submits a written request for an extension at least five (5) **calendar** days prior to the due date; and
(2) the public utility company cannot file on or before the due date because of extraordinary and unusual circumstances.

(d) An extension granted by the ~~state board~~ **department** under subsection (c) shall be in writing. A copy of the extension shall accompany the taxpayer's annual report.

(e) An extension granted by the ~~state board~~ **department** under subsection (b) or ~~subsection~~ (c) shall also apply to the report required under section ~~3~~ **2** of this rule.

(Department of Local Government Finance; 50 IAC 5.1-3-6; filed Dec 15, 1993, 5:00 p.m.: 17 IR 956; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 57. 50 IAC 5.1-3-8 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-3-8 Disclosure of information

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-2-4; IC 6-1.1-3-9; IC 6-1.1-8-21

Sec. 8. (a) In completing the annual report, a public utility company shall make a complete disclosure of all information required by the ~~state board.~~ **department.**

(b) A public utility company that holds, possesses, controls, or occupies property that it does not own must make a full disclosure, on the forms provided by the ~~state board,~~ **department,** of the not-owned property and information relating to that property. The required information shall include the name and address of the owner, model, description, location, quantities on hand, date of installation, value (if known) as required by this article, and any other information requested on the appropriate form. (See special instructions in 50 IAC 5.1-10-3 for reporting leased personal property.)

(c) Failure to properly disclose property that a public utility company holds, possesses, or controls shall result in the assessment of the property to the public utility company. See, State Board of Tax Commissioners v. Jewell Grain Company 556 N.E.2d 920 (Ind. 1990).

(d) Information is required to be submitted by the holder, possessor, or controller even if the owner is liable for the taxes under a contract to ensure that the assessing official has the necessary information to correctly assess the property in question.

(Department of Local Government Finance; 50 IAC 5.1-3-8; filed Dec 15, 1993, 5:00 p.m.: 17 IR 956; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 58. 50 IAC 5.1-3-9 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-3-9 Penalty

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-2-4; IC 6-1.1-8-20

Sec. 9. (a) If a public utility company does not file the annual report required under section 2 of this rule with the ~~state board~~ **department** on or before the due date, the company will incur a penalty of one hundred dollars ($100) per day for each day that the annual report is late. **However, a penalty under this subsection may not exceed one thousand dollars ($1,000).**

(b) An annual report is not considered to be complete unless the report contains the information required by the ~~state board~~ **department** and is signed under the penalty ~~for~~ **of** perjury by an authorized person.

(c) A public utility company that does not file a complete annual report is subject to the penalty provided in subsection (a) for each day that the annual report is not complete.

(Department of Local Government Finance; 50 IAC 5.1-3-9; filed Dec 15, 1993, 5:00 p.m.: 17 IR 957; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 59. 50 IAC 5.1-4-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-4-1 Tentative assessment

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-2-4; IC 6-1.1-8-12; IC 6-1.1-8-28

Sec. 1. (a) Each year the ~~state board~~ **department** shall determine the true tax value of the property of each public utility company. Except for ~~railroad car~~ **railcar** companies, the ~~state board~~ **department** shall determine the true tax value by first determining the approximate unit value of each public utility company. The value of the distributable property of a public utility company, other than a ~~railroad car~~ **railcar** company, equals the remainder of:

(1) the unit value of the company; minus
(2) the value of the company's fixed property.

(b) The value of the distributable property of a ~~railroad car~~ **railcar** company equals the value of all of the

company's distributable property multiplied by the allocation factor provided in IC 6-1.1-8-12(b).

(c) In order to determine the unit value of a public utility company, the ~~state board~~ **department** may consider the following:
(1) Book value.
(2) The cost of replacement or reproduction, less depreciation.
(3) The cost of establishing and developing the business.
(4) The amount and market value or sales price of outstanding securities.
(5) Valuations determined by another governmental agency or indicated by a judicial decision, including, but not limited to, determinations made for rate making purposes.
(6) Statistics and reports prepared or filed by the company.
(7) Statistics and reports prepared by another governmental agency or by a private organization if the organization is considered reliable by investors and investment dealers.
(8) Earnings capitalized at a reasonable rate.
(9) Any other information ~~which~~ **that** the ~~state board~~ **department** considers relevant.

(d) Except for ~~railroad car~~ **railcar** companies, the ~~state board~~ **department** shall notify each public utility company of its tentative assessment on or before June 1. The ~~state board~~ **department** shall notify each ~~railroad car~~ **railcar** company of its tentative assessment on or before September 1.

(Department of Local Government Finance; 50 IAC 5.1-4-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 957; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 60. 50 IAC 5.1-4-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-4-2 Assessment by department

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-22

Sec. 2. ~~(a)~~ The ~~state board~~ **department** shall assess the property of a public utility company based upon the information available to the ~~state board~~ **department** if the public utility company:
(1) does not file a statement ~~which~~ **that** is required under 50 IAC 5.1-3-2;
(2) does not permit the ~~state board~~ **department** to examine the public utility company's property, books, or records; or
(3) does not comply with a summons issued by the ~~state board.~~ **department.**

~~(b) An assessment which is made by the board under this section is final unless the public utility company establishes that the board committed actual fraud in making the assessment.~~

(Department of Local Government Finance; 50 IAC 5.1-4-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 957; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 61. 50 IAC 5.1-4-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-4-3 Tentative assessment; notice; objection; hearings

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-22; IC 6-1.1-8-28

Sec. 3. (a) Each year the ~~state board~~ **department** shall notify each public utility company of:
(1) the ~~board's~~ **department's** tentative assessment of the company's distributable property; and
(2) the value of the company's distributable property used by the ~~board~~ **department** to determine the tentative assessment.

(b) The ~~state board~~ **department** shall give the notice on or before September 1, in the case of ~~railroad car~~ **railcar** companies, and shall give the notice on or before June 1, in the case of all other public utility companies.

(c) Within ten (10) days after a public utility company receives notice of the ~~state board's~~ **department's** tentative assessment, the company may:
(1) file with the ~~state board~~ **department** its objections to the tentative assessment; and
(2) demand that the ~~state board~~ **department** hold a hearing on the tentative assessment.

(d) If the public utility company does not file with the ~~state board~~ **department** its objections to the tentative assessment within the time allowed, the tentative assessment is final and may not be appealed.

(Department of Local Government Finance; 50 IAC 5.1-4-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 958; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 62. 50 IAC 5.1-4-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-4-4 Hearing; final assessment; notice

Authority: IC 6-1.1-8; IC 6-1.1-31-1
Affected: IC 6-1.1-8-29

Sec. 4. If a public utility company files its objections to, and demands a hearing on, a tentative assessment within the time allowed, the ~~state board~~ **department** shall hold a hearing on the tentative assessment at a time and place fixed by the ~~state board.~~ **department.** After the hearing, if any, the ~~state board~~ **department** shall make a final assessment of the company's distributable property and shall notify the company of the final assessment. However, the ~~state board~~ **department** must give notice of the final assessment before September 30, in the case of ~~railroad car~~ **railcar** companies, and before June 30 in the case of all other public utility companies.

(Department of Local Government Finance; 50 IAC 5.1-4-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 958; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 63. 50 IAC 5.1-4-5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-4-5 Appeal of final assessment

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-30

Sec. 5. If a public utility company files its objections to the ~~state board's~~ **department's** tentative assessment of the company's distributable property in the manner prescribed in section 4 of this rule, the company may appeal the ~~state board's~~ **department's** final assessment of that property to the ~~tax court.~~ **Indiana board of tax review.** However, the company must initiate the appeal within ~~twenty (20)~~ **forty-five (45)** days after the date of the notice of the ~~state board's~~ **department's** final assessment.

(Department of Local Government Finance; 50 IAC 5.1-4-5; filed Dec 15, 1993, 5:00 p.m.: 17 IR 958; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 64. 50 IAC 5.1-5-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-5-1 Valuation of real property

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8

Sec. 1. (a) Under IC 6-1.1-8, the ~~state board~~ **department** shall make an annual assessment of each utility and railroad. The valuation made by the ~~state board~~ **department** includes all real, personal, and distributable property, wherever located, **and as applicable under the department's Real Property Assessment Manual and Real Property Assessment Guidelines incorporated by reference in 50 IAC 2.4-1-2.** Since locally assessed real property ~~and locally assessed personal property are~~ **is** contained within the unit valuation, this property is subtracted from the unit value, and the remainder, the distributable property, is distributed by the ~~state board.~~ **department.**

(b) The township assessor, **or the county assessor if there is no township assessor for the township,** shall value locally assessed real property under ~~50 IAC 2.2.~~ **50 IAC 2.4.**

(c) In determining whether property is locally assessed real property, locally assessed personal property, or distributable property, the examples provided in ~~50 IAC 2.2-14-3~~ **Chapter 9 of the Real Property Assessment Guidelines** are instructive.

(Department of Local Government Finance; 50 IAC 5.1-5-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 959; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 65. 50 IAC 5.1-5-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-5-2 Value as a going concern; adjustments

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 2. ~~(a)~~ The ~~state board,~~ **department,** on its own motion or on petition of a public utility company, may, in determining the just value of a public utility company, authorize or require the use of factors other than those normally used in determining a unit value of a company as a going concern.

~~(b) The use of other factors is permitted only in situations where the use of other factors is necessary to:~~
~~(1) ensure equal and nondiscriminatory treatment of all public utility companies within the same classification; or~~
~~(2) provide for a unit value that is not clearly unreasonable or unfair to the state or the public utility company.~~

(Department of Local Government Finance; 50 IAC 5.1-5-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 959; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 66. 50 IAC 5.1-5-2.5 IS ADDED TO READ AS FOLLOWS:

50 IAC 5.1-5-2.5 Use of other factors

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 5-14-3-4; IC 6-1.1-8-26

Sec. 2.5. (a) The use of other factors is permitted only in situations where the use of other factors is necessary to:
(1) ensure equal and nondiscriminatory treatment of all public utility companies within the same classification; or
(2) provide for a unit value that is not clearly unreasonable or unfair to the state or the public utility company.

(b) Third party supporting documentation that is relevant to valuation may be submitted and reviewed by the department.

(c) Third party supporting documentation that is submitted to the department is considered confidential and shall not be subject to disclosure under IC 5-14-3.

(d) Other outside estimates of value not related to the department's assessment are not pertinent to the assessment under this rule.

(Department of Local Government Finance; 50 IAC 5.1-5-2.5; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 67. 50 IAC 5.1-5-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-5-3 Readily ascertainable values

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 3. (a) In order to establish uniformity, the ~~state board~~ **department** may determine the standard true tax value per unit of certain types of personal property that have a readily ascertainable value.

(b) The standard unit true tax values are published under ~~50 IAC 4.2-1-5.~~ **50 IAC 4.2-4-7.**

(c) The types of personal property valued under this section are designated in 50 IAC 4.2-15 or ~~an instructional bulletin~~ **memorandums and guidance documents.** The types of personal property for which a standard unit value is determined may include, but are not limited to, the following:
(1) Agricultural commodities.
(2) Certain livestock.
(3) Certain types of petroleum products.
(4) Recreational vehicles.
(5) Used motor vehicles held for sale.
(6) Used farm implements held for sale.
(7) ~~Railroad cars.~~ **Railcars.**
(8) Gas and fluid pipelines.
(9) Any other tangible personal property ~~which~~ **that** the ~~state board~~ **department** determines has a readily ascertainable value.

(Department of Local Government Finance; 50 IAC 5.1-5-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 959; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 68. 50 IAC 5.1-5-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-5-4 Uniform useful life

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 4. (a) The ~~state board~~ **department** may prescribe the useful life of certain items of personal property if the ~~state board~~ **department** determines that a uniform useful life should be required for all affected public utility companies in order to obtain uniformity of assessment.

(b) If the ~~state board~~ **department** prescribes a uniform useful life for a certain item of personal property, the ~~state board~~ **department** shall notify all affected taxpayers.

(Department of Local Government Finance; 50 IAC 5.1-5-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 959; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 69. 50 IAC 5.1-9-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-9-4 Returnable containers

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 4. (a) Returnable containers must be reported for property assessment purposes at the tax situs where located on the assessment date by the person owning the returnable containers.

(b) The owner of any personal property subject to assessment and taxation on the assessment date has the responsibility for reporting such property for assessment and taxation. Returnable containers must be reported on the appropriate form on the public utility company's annual report to the ~~state board.~~ **department.** If the returnable containers are locally assessed personal property, the returnable containers must also be reported to the township assessor.

(c) The possessor of not-owned returnable containers has the responsibility for disclosing such property to the local assessing officials and the ~~state board.~~ **department.**

(d) The cost of returnable containers is computed by extending the quantity of such property on hand by:
(1) the amount of deposit required for such item;
(2) the refund entitled thereto when such returnable containers are returned to the owner;
(3) the sales price of the returnable property; or
(4) the cost of such returnable containers in the hands of the owner since the owner is liable for assessment.

(e) The value of returnable containers is computed in the same manner as other locally assessed personal property or distributable property ~~which~~ **that** the public utility company may own.

(Department of Local Government Finance; 50 IAC 5.1-9-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 964; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 70. 50 IAC 5.1-10-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-10-2 General reporting requirements

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 2. (a) In completing the annual report, a public utility company shall make a complete disclosure of all information relating to leased property that it owns, holds, possesses, or controls.

(b) If a public utility company holds, possesses, controls, or occupies leased property, the public utility company shall make a full disclosure, on the forms provided by the ~~state board,~~ **department,** of such property and information relating to that property. The required information shall include the name and address of the owner, model, description, location, quantities on hand, date of installation, value (if known) as required by this article, and any other information requested on the appropriate form. If the leased property is
~~(1)~~ distributable property, the public utility company shall disclose such property on the appropriate form in its annual report to the ~~state board; or~~
~~(2) locally assessed personal property, the public utility company shall disclose such property on the appropriate form in its annual report to the state board and shall also disclose such property on Form 1, Annual Report of Local Personal Property.~~ **department.**

(c) Failure by a public utility company to properly disclose property that it holds, possesses, or controls will result in the assessment of the property to the public utility company. See, State Board of Tax Commissioners v. Jewell Grain Company, 556 N.E.2d 920 (Ind. 1990).

(d) Information is required to be submitted by the holder, possessor, or controller even if the owner is liable for the taxes under a contract to ~~assure~~ **ensure** that the assessing official has the necessary information to correctly assess the property in question.

(e) Both the lessor (the owner) and the lessee (the holder, possessor, or controller) have specific reporting requirements. The purpose of these dual reporting requirements is to ~~assure~~ **ensure** that property is disclosed to the local assessing officials who will ensure that the property is assessed.

(Department of Local Government Finance; 50 IAC 5.1-10-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 965; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 71. 50 IAC 5.1-10-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-10-3 Leased distributable property; specific reporting requirements

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 3. (a) The public utility company is primarily responsible for the reporting of the leased distributable property for assessment and taxation, whether such lease is a capital lease or an operating lease.

(b) The holder, possessor, or controller of leased distributable property (lessee) shall disclose the leased property on the designated form included with its annual report to the ~~state board.~~ **department.** In completing the designated form, the holder, possessor, or controller shall include all of the information required by the form.

(c) The owner (lessor) of leased distributable property is required to disclose the existence of the leased property to the ~~state board.~~ **department.** In completing the form designated for such disclosure, the owner shall include all of the information required by the form.

(Department of Local Government Finance; 50 IAC 5.1-10-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 965; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 72. 50 IAC 5.1-10-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-10-4 Locally assessed property subject to operating leases; specific reporting requirements

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 4. (a) The owner (lessor) of locally assessed leased property subject to an operating lease is primarily responsible for the reporting of the locally assessed leased property for assessment and taxation.

(b) If the owner of the locally assessed leased property is a public utility company and the locally assessed leased property is subject to an operating lease, the locally assessed leased property shall be assessed in the following manner:

(1) The owner shall disclose and report the locally assessed leased property on the designated form included with its annual report to the ~~state board.~~ **department.** In completing the designated form, the owner shall include all of the information required by the form. ~~The owner shall also complete Form 1, Annual Report of Local Personal Property, disclosing and reporting the locally assessed leased property for assessment and taxation.~~

(2) The holder, possessor, or controller (lessee) of locally assessed leased property subject to an operating lease is required to disclose the existence of the leased property to the ~~state board~~ **department** and local assessing officials. The holder, possessor, or controller shall disclose the locally assessed leased property on the designated form included with its annual report to the ~~state board.~~ **department.** In completing the designated form, the holder, possessor, or controller shall include all of the information required by the form. ~~The holder, possessor, or controller shall also disclose the locally assessed leased property on Form 1, Annual Report of Local Personal Property.~~

(Department of Local Government Finance; 50 IAC 5.1-10-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 965; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 73. 50 IAC 5.1-10-5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-10-5 Locally assessed property subject to capital leases; specific reporting requirements

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 5. (a) The holder, possessor, or controller (lessee) of locally assessed leased property subject to a capital lease is primarily responsible for the reporting of the locally assessed leased property for assessment and taxation.

(b) If the holder, possessor, or controller of the locally assessed leased property is a public utility company and the locally assessed leased property is subject to a capital lease, the locally assessed leased property shall be assessed in the following manner:

(1) The holder, possessor, or controller shall disclose and report the locally assessed leased property on the

designated form included with its annual report to the ~~state board.~~ **department.** In completing the designated form, the holder, possessor, or controller shall include all of the information required by the form. ~~The holder, possessor, or controller shall also complete Form 1, Annual Report of Local Personal Property, disclosing and reporting the locally assessed leased property for assessment and taxation.~~

(2) The owner (lessor) of locally assessed leased property subject to a capital lease is required to disclose the existence of the leased property to the ~~state board~~ **department** and local assessing officials. The owner shall disclose the locally assessed leased property on the designated form. In completing the designated form, the owner shall include all of the information required by the form.

(Department of Local Government Finance; 50 IAC 5.1-10-5; filed Dec 15, 1993, 5:00 p.m.: 17 IR 966; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 74. 50 IAC 5.1-11-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-11-2 Examples

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 2. Examples of abnormal obsolescence include the following:

(1) An example of an unforeseen change in market value would be a government ban on the sale of a drug or chemical due to a new discovery or determination, which may cause that item or the production equipment used to produce it to be abnormally obsolete. A specific example of this would be cyclamate. In this case, the property used to produce it may be eligible for abnormal obsolescence, while the inventory (cyclamate) should be valued at the lower of cost or market as provided in ~~50 IAC 4.2-5-3 through 50 IAC 4.2-5-8.~~ **50 IAC 4.2-5-7.**

(2) Abnormal obsolescence due to exceptional technological obsolescence should be recognized to the extent that it causes the subject property to be incapable of use for current production or adaptation to a different use. The invention of a newer, more productive piece of equipment, which would produce a better quality item, or utilization of state of the art technology that produces more efficiently at a lower cost of production, does not cause an older, currently used asset to be considered abnormally obsolete. If the asset is still capable of performing the function for which it was acquired and is producing both on and before the assessment date, no adjustment shall be allowed. The use of historical cost, short useful life, and accelerated federal tax depreciation result in an equitable assessment on the property in question.

(3) Abnormal obsolescence due to catastrophe should be recognized to the extent that it has a direct effect on the value of a particular item. Property ~~which~~ **that** has been destroyed or damaged by catastrophe as of the assessment date would qualify for such an adjustment. A chemical or production process which, due to an irreparable malfunction, emits a toxic gas or deadly chemical into the outside atmosphere would qualify for such an adjustment to the extent the property is incapable of use.

(4) A government order to shut down certain production equipment due to improper emission levels may result in abnormal obsolescence if the cost to cure the delinquent equipment results in incurable obsolescence, that is, the cost-to-cure exceeds the contribution or increase in value of the impaired item or the impairment cannot be corrected.

(Department of Local Government Finance; 50 IAC 5.1-11-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 966; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 75. 50 IAC 5.1-11-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-11-4 Full disclosure

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 4. A public utility company shall disclose any claim for an adjustment for abnormal obsolescence in the annual report filed with the ~~state board~~ **department** under 50 IAC 5.1-3-2.

(Department of Local Government Finance; 50 IAC 5.1-11-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 967; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 76. 50 IAC 5.1-12-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-12-1 Introduction

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-2; IC 6-1.1-8-28; IC 6-1.1-10; IC 6-1.1-11; IC 6-1.1-12; IC 6-1.1-12.1; IC 6-1.1-40; IC 6-1.1-45

Sec. 1. In addition to the specific exemptions mentioned in this rule, a public utility company may qualify for certain exemptions, deductions, or credits. For specific information on exemptions, deductions, and credits, see IC 6-1.1-10, **IC 6-1.1-11,** IC 6-1.1-12, IC 6-1.1-12.1, ~~IC 6-1.1-20.7, IC 6-1.1-20.8, and~~ IC 6-1.1-40, ~~Unless otherwise indicated, the specific statutory requirements for obtaining the exemption, deduction, or credit must be followed under section 6 of this rule.~~ **and IC 6-1.1-45.**

(Department of Local Government Finance; 50 IAC 5.1-12-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 967; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 77. 50 IAC 5.1-12-5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 5.1-12-5 Water pollution control exemption; claim

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-2; IC 6-1.1-8-28; IC 6-1.1-10-9; IC 6-1.1-10-10; IC 6-1.1-11

Sec. 5. ~~(a)~~ A public utility company **subject to IC 6-1.1-8** that wishes to obtain an exemption for an industrial waste control facility must annually claim the exemption on the appropriate form, ~~included in its annual report. The public utility company must disclose such information about the property claimed to be exempt as an industrial waste control facility as required on the form.~~ **Schedule A-4, Water Pollution Control Equipment (State Form 47336), with the township or county assessor, as applicable, and as provided by IC 6-1.1-10-10. The township or county assessor, in accord with the determination of the Indiana department of environmental management, and as provided by IC 6-1.1-10-10, shall allow or deny in whole or in part each exemption claim. The public utility company must file its annual return and schedules with the department as required by IC 6-1.1-8 and this article.**

~~(b) In addition to the requirements of subsection (a), the public utility company must, by registered or certified mail, forward a copy of the exemption claim to the department of environmental management. The department of environmental management shall acknowledge its receipt of the claim.~~

~~(c) The department of environmental management may investigate any claim. The department of environmental management may also determine if the property for which the exemption is claimed is being utilized as an industrial waste control facility. Within one hundred twenty (120) days after the copy of the claim is mailed to the department of environmental management, the department of environmental management may certify its written determination to the state board.~~

~~(d) The determination of the department of environmental management remains in effect as long as the owner owns the property and uses the property as an industrial waste control facility, or five (5) years, whichever is less.~~

~~(e) During the five (5) years after the department of environmental management's determination, the owner of the industrial waste control facility must notify the state board and the department of environmental management in writing if any of the industrial waste control facility on which the department of environmental management's determination was based is disposed of or removed from service as an industrial waste control facility.~~

~~(f) The department of environmental management may revoke a determination if the department finds that the property is not predominantly used as an industrial waste control facility.~~

~~(g) The state board shall allow or deny the claim for exemption as determined by the department of environmental management. If the department of environmental management fails to act within one hundred twenty (120) days, the state board shall allow the claim if the owner provides proof that a copy of the claim has been mailed to the department of environmental management.~~

~~(h) If the department of environmental management denies the claim for exemption, and the state board has previously issued its tentative assessment, the state board shall issue a revised tentative assessment.~~

~~(i) The attorney general, in O.A.G. NO. 39, 1969, has taken the position that a sewage treatment plant built by and within the premises of a privately owned manufacturing or industrial facility qualifies as an industrial waste control facility, providing the taxpayer follows the procedure for claiming an exemption.~~

(Department of Local Government Finance; 50 IAC 5.1-12-5; filed Dec 15, 1993, 5:00 p.m.: 17 IR 968; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 78. 50 IAC 10-1-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-1-1 Applicability

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-12.1-1; IC 6-1.1-45

Sec. 1. (a) The definitions in this rule apply throughout this article.

(b) Unless otherwise indicated, the definitions contained in 50 IAC 4.2 also apply to this article. However, if a definition in 50 IAC 4.2 conflicts with a definition contained in this article, the definition under this article controls.

(c) The definitions contained in IC 6-1.1-12.1-1 **and IC 6-1.1-45** apply throughout this article.

(Department of Local Government Finance; 50 IAC 10-1-1; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1294; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 79. 50 IAC 10-1-1.5 IS ADDED TO READ AS FOLLOWS:

50 IAC 10-1-1.5 "Department" defined

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-12.1

Sec. 1.5. "Department" means the department of local government finance.

(Department of Local Government Finance; 50 IAC 10-1-1.5; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 80. 50 IAC 10-1-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-1-2 "Installed" defined

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-12.1-1

Sec. 2. (a) "Installed" means that personal property:
(1) has been completely assembled;
(2) is completely functional for the purpose for which it was acquired; and
(3) is placed in service.

(b) When different pieces of personal property are linked together as part of an integrated production process, personal property will not be considered installed until the integrated production process is completely functional and ~~is~~ **has been** placed in service.

(c) Personal property that is subjected to a preliminary test period or testing process shall not be considered installed until the conclusion of the test period or testing process. However, a test period or testing process may

not be longer than is reasonably necessary to complete the needed testing, and therefore personal property that has been placed in service and is in operation for a substantial period of time shall not be considered to be within a test period or testing process.

(d) For purposes of substantiating the date of completion of the installation of property, the owner may use production records or other records that reflect when the property was completely assembled, completely functional for the purpose for which it was acquired, fully operational, and placed in service.

(Department of Local Government Finance; 50 IAC 10-1-2; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1294; errata filed Feb 9, 1996, 11:05 a.m.: 19 IR 1372; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 81. 50 IAC 10-1-2.5 IS ADDED TO READ AS FOLLOWS:

50 IAC 10-1-2.5 "New eligible equipment" defined

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-12.1-1

Sec. 2.5. "New eligible equipment" means any of the following:
(1) New information technology equipment as defined in IC 6-1.1-12.1-1.
(2) New logistical distribution equipment as defined in IC 6-1.1-12.1-1.
(3) New manufacturing equipment as defined in IC 6-1.1-12.1-1 and section 3 of this rule.
(4) New research and development equipment as defined in IC 6-1.1-12.1-1.

(Department of Local Government Finance; 50 IAC 10-1-2.5; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 82. 50 IAC 10-1-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-1-3 "New manufacturing equipment" defined

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-12.1-1

Sec. 3. (a) "New manufacturing equipment" has the meaning set forth in IC 6-1.1-12.1-1(3). In order to be new manufacturing equipment, personal property must be qualifying machinery and equipment as defined in section 6 of this rule.

(b) New manufacturing equipment includes new equipment and used equipment brought into Indiana from outside of Indiana.

(c) Special ~~tooling,~~ **tools,** as defined in ~~50 IAC 4.2-6-2,~~ **50 IAC 4.2-1-1.1(p),** qualifies as new manufacturing equipment if it satisfies the requirements of qualifying machinery and equipment under section 6 of this rule.

(d) The capitalized amount of expenditures for the major rebuilding or reworking of existing production equipment qualify as new manufacturing equipment, if those expenditures are capitalized for federal income tax purposes and substantially increase the productivity or capacity of existing manufacturing equipment, substantially prolong the useful life of the existing manufacturing equipment, or adapt the manufacturing equipment to a substantially different use. The expenditures first become eligible as new manufacturing equipment when those expenditures are capitalized.

(Department of Local Government Finance; 50 IAC 10-1-3; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1294; errata filed Feb 9, 1996, 11:05 a.m.: 19 IR 1372; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1303; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 83. 50 IAC 10-1-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-1-4 "Other tangible personal property" or "tangible personal property" defined

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-1-11; IC 6-1.1-12.1

Sec. 4. (a) "Other tangible personal property" or "tangible personal property" means goods or items of personal property that are the end product of the production process. A processed end product must be substantially different from the component materials used.

(b) Tangible personal property includes energy, if that energy results from the conversion of a solid waste or **the conversion of** a hazardous waste.

(Department of Local Government Finance; 50 IAC 10-1-4; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1295; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 84. 50 IAC 10-1-5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-1-5 "Personal property" defined

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-1-11; IC 6-1.1-12.1

Sec. 5. "Personal property" has the meaning set forth in IC 6-1.1-1-11. ~~except that the~~ **This** term does not include inventory as defined in 50 IAC 4.2-5-1.

(Department of Local Government Finance; 50 IAC 10-1-5; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1295; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 85. 50 IAC 10-1-6 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-1-6 "Qualifying machinery and equipment" defined

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-12.1

Sec. 6. (a) "Qualifying machinery and equipment" means tangible property used in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property **as follows:**

(1) As used in this subsection, "production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing" is a comprehensive description of the various means of production and circumscribes all of the operations or processes by which a finished product is derived.
(2) As used in this subsection, "direct", within the phrase "used in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property", means an essential or integral part of the operation or process that leads to the creation of other tangible personal property.
(3) The conversion of a solid waste or a hazardous waste into energy or other useful products constitutes use in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property.

(b) Personal property will be qualifying machinery and equipment when it is used within the process that chronologically begins with the material handling equipment that carries or moves the raw material from its on-site storage location to the first machine or production step and ends with the material handling equipment that carries or moves the finished product from its final machine or production step to the in-plant finished good storage site.

(c) Examples of personal property that may be considered qualifying machinery and equipment include, but are not limited to, the following:

(1) Computer equipment, if used directly to control equipment directly used in the manufacturing process.
(2) Laboratory equipment, if used directly to test the tangible personal property being produced.
(3) Testing and inspection equipment, including quality control equipment, used to ensure the specifications or quality of the tangible personal property being produced. However, the equipment must be used:
  (A) as part of the production process; and

(B) to test or inspect the tangible personal property being produced.
(4) Shelves, racks, or other temporary storage facilities or containers used to transport or convey work-in-progress from one (1) step in the production process to another step in the production process, or for the temporary storage of work-in-progress between one (1) step in the production process to another step in the production process.

(d) Examples of personal property that will not be considered qualifying machinery and equipment include, but are not limited to, the following:
(1) Computer equipment, if used for such functions as administration, payroll, bookkeeping, drafting, production scheduling, or inventory control.
(2) Furniture and fixtures, such as office furniture, telephones and telephone equipment, break room fixtures, and employee lockers.
(3) Maintenance equipment used to repair production equipment.
(4) Licensed transportation vehicles.
(5) Warehouse racks, shelving, or other equipment used to store either raw materials or finished goods.
(6) Equipment used in research and development, including computer equipment used in research and development.

(e) If computer equipment, or other personal property, is both used in direct production and is also used for purposes other than direct production, an allocation shall be made between its use in direct production and its use for purposes other than direct production.

(Department of Local Government Finance; 50 IAC 10-1-6; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1295; errata filed Feb 9, 1996, 11:05 a.m.: 19 IR 1372; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1303; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 86. 50 IAC 10-1-6.5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-1-6.5 "Qualifying research and development equipment" defined

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-12.1-1; IC 6-1.1-35-9

Sec. 6.5. "Qualifying research and development equipment" means new research and development equipment as defined under IC 6-1.1-12.1-1(12), and properly documented as required by this section. Each item, or group of like items, must be individually identified and itemized as one (1) of the following:
(1) Laboratory equipment.
(2) Research and development **equipment.**
(3) Computer and computer software.
(4) Telecommunications equipment.
(5) Testing equipment.
Each item or group of like items must be identified as being devoted to a specified research and development activity. As used in this subsection, "research and development activity" means an activity that can be demonstrated, under commonly recognized industry practices, as being related to the research and development, testing, or improvement of a new or existing product. The documentation required by this subsection may be supported by academic industry literature, internal company documents, or data (including confidential information submitted under IC 6-1.1-35-9), or any Indiana or United States statute, rule, or regulation that relates to research and development or the taxation of research and development equipment or activities.

(Department of Local Government Finance; 50 IAC 10-1-6.5; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1304; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 87. 50 IAC 10-1-9 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-1-9 "Statement of benefits" defined

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-12.1-4.5

Sec. 9. (a) "Statement of benefits" means the document or form on which the property owner submits

information to the designating body. The statement of benefits form is prescribed by the ~~state board.~~ **department.** The ~~state board~~ **department** has prescribed ~~Form~~ SB-1 ~~Statement of Benefits (State Form 27167),~~ **forms for taxpayers to use** as the statement of benefits form. **These forms are as follows:**

(1) Form SB-1/PP, Statement of Benefits – Personal Property (State Form 51764).
(2) Form SB-1/Real Property, Statement of Benefits – Real Estate Improvements (State Form 51767).
(3) Form SB-1/UD, Statement of Benefits – Utility Distributable Property (State Form 52446).
(4) Form SB-1/VBD, Statement of Benefits – Vacant Building Deduction (State Form 55182).

(b) The statement of benefits may be incorporated into the designation application with approval of the ~~state board pursuant to 50 IAC 4.2-1-6.~~ **department.**

(c) The statement of benefits must contain information concerning the proposed redevelopment or rehabilitation of real property, **the occupancy of an eligible vacant building,** or the installation of new ~~manufacturing~~ **eligible** equipment, including the following: ~~information:~~

(1) A description of the proposed project related to the redevelopment or rehabilitation of real property, **the occupancy of an eligible vacant building,** or the installation of new ~~manufacturing~~ **eligible** equipment.
(2) The location of the property within the proposed project.
~~(2)~~ **(3)** An estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the project.
~~(3)~~ **(4)** An estimate of the salaries of the individuals who will be employed or whose employment will be retained by the person as a result of the project.
~~(4)~~ **(5)** An estimate of the cost and assessed value of the project.
~~(5)~~ **(6)** With respect to new ~~manufacturing~~ **eligible** equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, an estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products by the new ~~manufacturing~~ **eligible** equipment.
~~(6)~~ **(7)** If required by the designating body, information concerning other benefits to be provided by the property owner as a result of the project.

(d) ~~The abatement schedules set out in IC 6-1.1-12.1-4 and IC 6-1.1-12.1-4.5, effective prior to July 1, 2000, shall be applied to statement of benefits approved prior to July 1, 2000. The abatement schedules set out in IC 6-1.1-12.1-4 and IC 6-1.1-12.1-4.5, effective after June 30, 2000, shall be applied to statement of benefits approved after June 30, 2000. The abatement schedules set out in IC 6-1.1-12.1-4 and IC 6-1.1-12.1-4.5, effective after June 30, 2000, shall be applied to all research and development equipment.~~ **For statements of benefits approved after June 30, 2013, the designating body shall establish an abatement schedule for each deduction allowed under IC 6-1.1-12.1.**

(Department of Local Government Finance; 50 IAC 10-1-9; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1296; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1304; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 88. 50 IAC 10-2-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-2-1 Purpose

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-12.1

Sec. 1. The purpose of this rule is to provide a general description of the procedures associated with the designation of an economic revitalization area. Designating bodies may tailor ~~their~~ practices or procedures to fit their specific circumstances so long as the statutory procedures are observed.

(Department of Local Government Finance; 50 IAC 10-2-1; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1296; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 89. 50 IAC 10-2-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-2-2 Preliminary designation

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1

Affected: IC 6-1.1-12.1

Sec. 2. (a) The designating body may designate a particular area to be an economic revitalization area on its own motion or upon application by a property owner.

(b) If the designating body designates a particular area to be an economic revitalization area on its own motion, no statement of benefits is required. For example, the designating body may declare an industrial park or former industrial site to be an economic revitalization area in order to spur economic development at that location. This subsection shall not be interpreted to exempt an applicant from filing a statement of benefits before the initiation of the redevelopment or rehabilitation of real property, **the occupancy of an eligible vacant building,** or the installation of new ~~manufacturing equipment, or research and development~~ **eligible** equipment for which the applicant desires to claim the deduction.

(c) Where a property owner has applied for designation of an area, the property owner must provide a statement of benefits. The information contained in the statement of benefits will be evaluated by the designating body in making its decision whether to designate the area an economic revitalization area.

(d) The designating body shall determine whether an area should be designated an economic revitalization area and whether a deduction should be allowed. In doing so, the designating body shall make findings addressing the issues specified in **IC 6-1.1-12.1-4.8 as to an eligible vacant building or in** IC 6-1.1-12.1-3 as to property defined in IC 6-1.1-12.1-1(4) or IC 6-1.1-12.1-4.5(a) as to new ~~manufacturing equipment, and/or research and development~~ **eligible** equipment. A designating body may not designate an area an economic revitalization area or approve a deduction unless the findings required by statute are made in the affirmative.

(e) If the designating body finds the area should be an economic revitalization area, it shall either:
(1) prepare maps and plats that identify the area; or
(2) prepare a simplified description of the boundaries of the area by describing its location in relation to public ways, streams, or otherwise.

(f) If the designating body makes the findings required in subsection (d) and prepares the information required in subsection (e), the designating body shall pass a preliminary resolution declaring the area to be an economic revitalization area. The resolution must contain a description of the affected area and be filed with the county assessor.

(Department of Local Government Finance; 50 IAC 10-2-2; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1296; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1304; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 90. 50 IAC 10-2-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-2-3 Limitations permitted upon designation

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-12.1-2; IC 6-1.1-12.1-4.5

Sec. 3. (a) In declaring an area to be an economic revitalization area, the designating body may place certain limitations or conditions on the economic revitalization area ~~such~~ as **outlined in IC 6-1.1-12.1-2, including:**
(1) a limitation on the length of time that the area shall be designated as an economic revitalization area; ~~or~~
(2) a limitation on the dollar amount of the allowable deduction; **or**
(3) a determination of what happens when a limitation or condition is not met.
The designating body must specify the limitation or condition in the preliminary resolution.

(b) However, the **limitations or conditions imposed by the** designating body may not ~~reduce the number of years over which a taxpayer is statutorily entitled to receive the economic revitalization area deduction. So, even if the designating body adopts a resolution limiting the designation of the economic revitalization area to one (1) calendar year, the new manufacturing equipment and/or research and development equipment installed during that calendar year will still be eligible for either the five (5) year deduction schedule or the ten (10) year deduction schedule provided in the deduction schedule applicable under 50 IAC 10-1-9(d).~~ **be applied to the economic revitalization area retroactively.**

(c) The preliminary resolution must contain the number of years the area is designated as an economic revitalization area and the percentage amount of the deduction for each year of the deduction.

(Department of Local Government Finance; 50 IAC 10-2-3; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1297; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1305; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 91. 50 IAC 10-2-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-2-4 Final action; confirming resolution

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 5-3-1; IC 6-1.1-12.1-2.5

Sec. 4. (a) After approval of a preliminary resolution, the designating body shall publish notice of the adoption and substance of the resolution ~~in accordance with~~ **as required under** IC 5-3-1. The notice must state that a description of the affected area is available and may be inspected in the county assessor's office. The notice must also specify the date on which the designating body will receive and hear all objections to the preliminary resolution.

(b) After considering the evidence, the designating body shall take final action by:
(1) determining whether the qualifications for an economic revitalization area have been met; and
(2) confirming, modifying and confirming, or rescinding the preliminary resolution.
This determination is final and may be appealed in the manner provided in IC 6-1.1-12.1-2.5.

(Department of Local Government Finance; 50 IAC 10-2-4; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1297; errata filed Feb 9, 1996, 11:05 a.m.: 19 IR 1372; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 92. 50 IAC 10-2-5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-2-5 Waiver of statement of benefits

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-12.1

Sec. 5. ~~(a)~~ In lieu of providing the statement of benefits and in lieu of providing information showing compliance with the statement of benefits, the designating body may adopt a resolution waiving the statement of benefits. To waive the statement of benefits, the designating body must find that the purposes of the economic revitalization area deduction will be served by allowing the deduction and that the property owner has, during the thirty-six (36) months preceding the first assessment date to which the waiver would apply, **occupied an eligible vacant building,** installed new ~~manufacturing equipment, and/or research and development~~ **eligible** equipment or developed or rehabilitated property at a cost of at least ten million dollars ($10,000,000) as determined by the ~~state board.~~ **department.**

~~(b) The property owner or the designating body may request a determination from the state board as to whether the property owner has installed new manufacturing equipment, and/or research and development equipment or developed or rehabilitated property at a cost of at least ten million dollars ($10,000,000) during the thirty-six (36) months preceding the first assessment date to which the waiver would apply. Such request shall be made under 50 IAC 4.2-1-6.~~

(Department of Local Government Finance; 50 IAC 10-2-5; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1297; errata filed Feb 9, 1996, 11:05 a.m.: 19 IR 1372; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1305; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 93. 50 IAC 10-2-6 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-2-6 Deductions in existing economic revitalization area

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-12.1

Sec. 6. (a) When an economic revitalization area has previously been designated and such designation has not expired, a taxpayer must submit a statement of benefits to the local designating body prior to the initiation of the redevelopment or rehabilitation, **the occupancy of an eligible vacant building,** or the installation of new ~~manufacturing equipment, and/or research and development~~ **eligible** equipment for which the person desires to claim a deduction.

(b) The designating body shall review the statement of benefits submitted under subsection (a) and shall determine under **IC 6-1.1-12.1-4.8 as to an eligible vacant building or under** IC 6-1.1-12.1-3(b) as to property defined in IC 6-1.1-12.1-1(4) or IC 6-1.1-12.1-4.5(c) as to new ~~manufacturing equipment, and/or research and development~~ **eligible** equipment whether the totality of the benefits justify the deduction. A designating body may not approve of the deduction unless it finds that the totality of the benefits ~~justify~~ **justifies** the deduction.

(Department of Local Government Finance; 50 IAC 10-2-6; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1297; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1306; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 94. 50 IAC 10-3-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-3-1 Filing procedures for the deduction for real property

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-12.1

Sec. 1. (a) A property owner who desires to obtain the economic revitalization area deduction for the rehabilitation or redevelopment of real property **or the occupancy of an eligible vacant building** must file a certified deduction application, on forms prescribed by the ~~state board,~~ **department,** with the auditor of the county in which the property is located. Except as otherwise provided in subsection (c) or ~~(e),~~ **(g),** the deduction application must be filed before May 10 of the year in which the addition to assessed valuation is made.

(b) The ~~state board~~ **department** has prescribed ~~Form 322 ERA,~~ **Form 322/RE,** Application for Deduction from Assessed Valuation ~~for~~ **of** Structures in Economic Revitalization Areas (State Form 18379), as the form on which the economic revitalization area deduction for the rehabilitation or redevelopment of real property shall be claimed.

(c) If notice of the addition to assessed valuation or new assessment for any year is not given to the property owner **on or** before April 10 of that year, ~~Form 322 ERA~~ **Form 322/RE** (State Form 18379) may be filed not later than thirty (30) days after the date such a notice is mailed to the property owner at the address shown on the records of the **county or** township assessor.

(d) The department has prescribed Form 322/VBD, Application for Deduction from Assessed Valuation – Real Property Vacant Building Deduction (State Form 53179), as the form on which the economic revitalization area deduction for the rehabilitation, redevelopment, or occupancy of a vacant building that has been unoccupied for at least one (1) year and zoned for commercial or industrial purposes shall be claimed.

(e) If notice of the addition to assessed valuation or new assessment for any year is not given to the property owner before April 10 of that year, Form 322/VBD (State Form 53179) may be filed not later than thirty (30) days after the date such a notice is mailed to the property owner at the address shown on the records of the county or township assessor.

~~(d)~~ **(f)** A deduction application filed under subsection (a), ~~or~~ (c), **or (e)** is applicable for the year in which the **occupancy of a vacant building occurs or the** addition to assessed value or assessment of a new structure **or new improvement** is made. ~~and in the immediate following two (2), four (4), five (5), or nine (9) years in an economic revitalization area designated prior to July 1, 2000, and the immediate following second through ninth years in an economic revitalization area designated after June 30, 2000, whichever is applicable, without any additional deduction application being filed.~~

~~(e)~~ **(g)** A property owner who desires to obtain the economic revitalization area deduction for the rehabilitation

or redevelopment of real property, **the occupancy of an eligible vacant building, or the installation of new eligible equipment** but who has failed to file a deduction application within the dates prescribed in subsection (a), ~~or~~ (c), **or (e)** may file a deduction application between ~~March 1~~ **January 1** and May 10 of a subsequent year. The deduction application shall apply to the year in which it is filed and to subsequent years without the filing of any additional deduction application.

(Department of Local Government Finance; 50 IAC 10-3-1; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1298; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1306; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 95. 50 IAC 10-3-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-3-2 Filing procedures for the deduction for new eligible equipment

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-3-7; IC 6-1.1-12.1

Sec. 2. (a) A person who desires to obtain the economic revitalization area deduction for new ~~manufacturing equipment, and/or research and development~~ **eligible** equipment must file a certified deduction application on forms prescribed by the ~~state board,~~ **department,** in duplicate, with the auditor of the county in which the new ~~manufacturing equipment, and/or research and development~~ **eligible** equipment is located. A person who timely files a personal property return under IC 6-1.1-3-7(a) for the year in which the new ~~manufacturing equipment, and/or research and development~~ **eligible** equipment is installed must file the application between ~~March 1~~ **January 1** and May 15 of that year. A person who obtains a filing extension under IC 6-1.1-3-7(b) for the year in which the new ~~manufacturing equipment, and/or research and development~~ **eligible** equipment is installed must file the application ~~between March 1 and June 14 of that year.~~ **as an attachment to the person's personal property return not later than the extended due date.**

~~(b) The county auditor shall forward a file-marked copy of the deduction application to the state board within ten (10) days of receipt.~~

~~(c)~~ **(b)** The ~~state board~~ **department** has prescribed ~~Form 322 ERA/PPME, Application for~~ **Form 103-ERA, Schedule of** Deduction from Assessed Valuation ~~New Manufacturing Equipment~~ **Personal Property** in Economic Revitalization Area (State Form ~~19338),~~ **52503),** as the form on which the economic revitalization area deduction for the installation of new ~~manufacturing~~ **eligible** equipment. ~~shall be claimed and Form 322 ERA/PPR&DE, Application for Deduction from Assessed Valuation New Research and Development Equipment in Economic Revitalization Area, as the form on which the economic revitalization area deduction for the installation of new research and development equipment shall be claimed.~~

~~(d)~~ **(c)** A deduction application for new ~~manufacturing~~ **eligible** equipment must be filed under this section in the year in which the new ~~manufacturing~~ **eligible** equipment is installed. ~~and in each of the immediately following four (4) or nine (9) years in an economic revitalization area designated prior to July 1, 2000. A deduction application for new manufacturing equipment and/or research and development equipment must be filed under this section in the year in which the new manufacturing equipment and/or research and development equipment is installed and in each of and the immediate following second through ninth years, whichever is applicable, in an economic revitalization area designated after June 30, 2000.~~

~~(e) The state board shall review and verify the correctness of each deduction application and shall notify the county auditor of the county in which the property is located that the deduction application is approved or denied or that the amount of the deduction is altered. Upon notification of approval of the deduction application or of alteration of the amount of the deduction, the county auditor shall make the deduction.~~

(Department of Local Government Finance; 50 IAC 10-3-2; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1298; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1306; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 96. 50 IAC 10-3-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-3-3 Leased property

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1

Affected: IC 6-1.1-12.1

Sec. 3. (a) The claim for deduction for new ~~manufacturing equipment and/or research and development~~ **eligible** equipment subject to a capital lease, as defined in 50 IAC 4.2-8-2(b), shall be made by the lessee.

(b) The claim for deduction for new ~~manufacturing equipment and/or research and development~~ **eligible** equipment subject to an operating lease, as defined in 50 IAC 4.2-8-2(c), shall be made by the lessor.

(Department of Local Government Finance; 50 IAC 10-3-3; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1298; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1307; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 97. 50 IAC 10-3-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-3-4 Compliance with statement of benefits

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 5-14-3-3; IC 6-1.1-12.1

Sec. 4. ~~(a) Beginning with statements of benefits that were approved after June 30, 1991, a taxpayer must submit information to show compliance with the statement of benefits. Failure to comply with a statement of benefits approved before July 1, 1991, may not be a basis for rejecting a deduction application.~~

~~(b)~~ **(a)** The ~~state board~~ **department** has prescribed ~~Form CF-1, Compliance with Statement of Benefits (State Form 44973), as the form on which a taxpayer submits~~ **the following CF-1 forms for taxpayers to submit** information to show compliance with the statement of benefits:

(1) Form CF-1/PP, Compliance with Statement of Benefits – Personal Property (State Form 51765).
(2) Form CF-1/Real Property, Compliance with Statement of Benefits – Real Estate Improvements (State Form 51766).
(3) Form CF-1/UD, Compliance with Statement of Benefits – Utility Distributable Property (State Form 52448).
(4) Form CF-1/VBD, Compliance with Statement of Benefits – Vacant Building Deduction (State Form 55183).

~~(c)~~ **(b)** For the deduction for real property, the ~~Form CF-1~~ **Form CF-1/Real Property or Form CF-1/VBD** must be filed with the deduction application ~~(Form 322 ERA)~~ **(Form 322/RE or Form 322/VBD),** and **it** must be ~~updated within sixty (60) days after the end of each year in which the deduction is applicable~~ **provided to the county auditor and the designating body before May 15. If a taxpayer has received a filing extension from the township or county assessor, Form CF-1/RP or Form CF-1/VBD must be filed no later than the extended due date.**

~~(d)~~ **(c)** For the deduction for new ~~manufacturing equipment, and/or research and development~~ **eligible** equipment, the ~~Form CF-1~~ **Form CF-1/PP** must be filed with the deduction application ~~(Form 322 ERA/PPME and/or Form 322 ERA/PPR&DE)~~ **(Form 103-ERA), and it must be provided to the county auditor and the designating body** between ~~March 1~~ **January 1** and May 15 of each year in which the deduction is applicable. If a taxpayer has received a filing extension from the township **or county** assessor, the ~~Form CF-1~~ **Form CF-1/PP** must be filed ~~between March 1 and June 14 of each year in which the deduction is applicable.~~ **no later than the extended due date.**

(d) For the deduction for utility distributable property, the Form CF-1/UD must be filed with the deduction application (Form UD-ERA), and it must be provided to the county auditor and the designating body between January 1 and May 15 of each year in which the deduction is applicable. If a taxpayer has received a filing extension from the township or county assessor, the Form CF-1/UD must be filed no later than the extended due date.

(e) With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance form (Form CF-1).

(f) Except for information concerning the salaries paid to individual employees and the cost of new ~~manufacturing equipment, and/or research and development~~ **eligible** equipment, the information contained on the **applicable** Form CF-1 is public information, and ~~the~~ **a** Form CF-1 may be inspected and copied under IC 5-14-3-3.

(g) The designating body shall approve or deny a statement of benefits within forty-five (45) days after its submission for review. If the designating body does not issue a determination within forty-five (45) days after submission, the statement of benefits is considered to be in compliance.

(h) In the event of noncompliance with the requirements set forth in IC 6-1.1-12.1-11.3(a) for a taxpayer to receive the deduction, a designating body may by resolution waive noncompliance described under IC 6-1.1-12.1-11.3(a) under the terms and conditions specified in the resolution. Before adopting a waiver, the designating body shall conduct a public hearing on the waiver.

(Department of Local Government Finance; 50 IAC 10-3-4; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1299; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1307; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 98. 50 IAC 10-4-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-4-2 Late-filed applications; factors to be considered for noncompliance

Authority: IC 6-1.1-12.1-13; IC 6-1.1-31-1
Affected: IC 6-1.1-12.1-11.3

Sec. 2. ~~(a) The Indiana Court of Appeals has ruled that the state board has the discretion to consider a late-filed application for the economic revitalization area deduction for new manufacturing equipment. State Board of Tax Commissioners of Indiana v. New Energy Company of Indiana, 585 N.E.2d 38 (Ind. App. 1992). However, this discretion does not extend to late-filed deduction applications for real property. Failure to timely file a deduction application for real property results in its loss for that year.~~

~~(b) In exercising its discretion as described in subsection (a), the state board shall consider the totality of the facts and circumstances in determining whether or not to approve a late-filed deduction application. Such consideration may be based on one (1) or more of the following factors:~~

~~(1) Whether the failure to timely file the deduction application resulted from an act of God, or from the death or serious illness of the person principally responsible for the filing of the deduction application.~~
~~(2) Whether the approval of the late-filed deduction application would result in the loss of property tax revenues to the taxing units affected by the deduction.~~
~~(3) Whether a public official gave misleading information to the taxpayer that was the proximate cause of the late-filing, and whether it was reasonable for the taxpayer to rely on that misleading information.~~
~~(4) Whether the lapse between the filing deadline and the date on which the deduction application was actually filed would have prevented local officials from accurately determining the assessed value for budget, rate, and levy purposes.~~
~~(5) Whether there is substantial evidence that local officials support the approval of the late-filed application, even if such approval would result in a loss in tax revenues.~~
~~(6) Whether the late-filing was not due to the taxpayer's negligence.~~
~~(7) Any other factor that the state board considers relevant.~~

The factors to be considered for noncompliance are outlined under IC 6-1.1-12.1-11.3.

(Department of Local Government Finance; 50 IAC 10-4-2; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1299; errata filed Feb 9, 1996, 11:05 a.m.: 19 IR 1372; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 99. 50 IAC 10-5-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 10-5-1 Maritime opportunity district deduction

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-40

Sec. 1. (a) Applications for the maritime opportunity district deduction shall be filed in the same manner as

applications for the economic revitalization area deduction as prescribed in 50 IAC 10-3. Applications for maritime opportunity district deductions shall also comply with the requirements of IC 6-1.1-40, and, to the extent there is any conflict between the provisions of 50 IAC 10-3 and IC 6-1.1-40, the provisions of IC 6-1.1-40 shall govern.

(b) The ~~state board~~ **department** has prescribed Form MOD-1, Application for Deduction from Assessed Valuation--Maritime Opportunity District (State Form 42963), as the form on which the maritime opportunity district deduction shall be claimed.

(c) In order to receive the maritime opportunity district deduction, eligible new manufacturing equipment (as defined by IC 6-1.1-40-4) must have been installed on or before June 30, 2018.

(Department of Local Government Finance; 50 IAC 10-5-1; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1300; errata, 19 IR 1567; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 100. 50 IAC 10-6 IS ADDED TO READ AS FOLLOWS:

Rule 6. Enterprise Zone Investment Deduction

50 IAC 10-6-1 Enterprise zone investment deduction filing requirements; extension of time to file; late filings

Authority: IC 6-1.1-31-1
Affected: IC 5-28-15-13; IC 6-1.1-45

Sec. 1. (a) A taxpayer that desires to claim the deduction for a particular year shall file the Form EZ-2 with the county auditor before May 15 of the assessment year to obtain the deduction. A copy of the taxpayer's business personal property tax return for the same assessment date must be attached to the Form EZ-2.

(b) The county auditor may grant a taxpayer an extension of not more than thirty (30) days to file the Form EZ-2 if the taxpayer submits a written application before May 15 and provides a sufficient reason for the request.

(c) If a taxpayer fails to file a timely or complete deduction application, the deduction shall not be granted for the subject year unless an urban enterprise association created under IC 5-28-15-13 conducts a public hearing and adopts a resolution to waive the failure to timely file or complete the deduction application.

(Department of Local Government Finance; 50 IAC 10-6-1; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 101. 50 IAC 15-1-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-1-1 Applicability

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-31.7; IC 6-1.1-35.5; IC 6-1.1-35.7

Sec. 1. **Unless otherwise stated,** the definitions in this rule apply throughout this article.

(Department of Local Government Finance; 50 IAC 15-1-1; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2482; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 102. 50 IAC 15-1-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-1-2 "Assessor-appraiser" defined

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3; IC 6-1.1-35.5-8.5

Affected: IC 6-1.1-31.7; IC 6-1.1-35.5; IC 6-1.1-35.7

Sec. 2. "Assessor-appraiser" means a person **that is** certified **by the department** under IC 6-1.1-35.5.

(Department of Local Government Finance; 50 IAC 15-1-2; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2482; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 103. 50 IAC 15-1-2.5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-1-2.5 "Commissioner" defined

Authority: IC 6-1.1-30-1.1; IC 6-1.1-31-1
Affected: IC 6-1.1-31.7; IC 6-1.1-35.5; IC 6-1.1-35.7

Sec. 2.5. "Commissioner" ~~is~~ **means** the commissioner of the department of local government finance. ~~established under IC 6-1.1-30-1.1.~~

(Department of Local Government Finance; 50 IAC 15-1-2.5; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1516; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 104. 50 IAC 15-1-2.6 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-1-2.6 "Department" defined

Authority: IC 6-1.1-30-1.1
Affected: IC 6-1.1-31.7; IC 6-1.1-35.5; IC 6-1.1-35.7

Sec. 2.6. "Department" ~~is~~ **means** the department of local government finance established under IC 6-1.1-30-1.1. ~~References to the department in this rule shall where necessary include its predecessor agency, the state board of tax commissioners.~~

(Department of Local Government Finance; 50 IAC 15-1-2.6; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1516; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 105. 50 IAC 15-1-3.5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-1-3.5 "Gross incompetence" defined

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1

Sec. 3.5. (a) As applied to a certified assessor-appraiser, "gross incompetence" means repeated or pervasive failure to perform an assessment, including, but not limited to, the following:

(1) Repeated or pervasive failure to recognize and comply with the laws of the state that pertain to the assessment of tangible property, including, but not limited to, the following:
  (A) IC 6-1.1-3 **(procedures for** personal property assessment). ~~procedures).~~
  (B) IC 6-1.1-4 **(procedures for** real property assessment). ~~procedures).~~
  (C) IC 6-1.1-5-14 ~~(submission of assessed values to county auditor).~~ **(delivery of real property list).**
  (D) IC 6-1.1-5.5-3 (sales disclosure form **filing and** review **process).**
  (E) IC 6-1.1-7 **(taxation of** mobile ~~home assessment procedures).~~ **homes).**
  (F) IC 6-1.1-9 (assessment of undervalued or omitted property).
  (G) IC 6-1.1-11 (property tax exemption procedures).
  (H) IC 6-1.1-15 **(procedures for** review and appeal of assessment and correction of errors).
  (I) IC 6-1.1-35.7 ~~(assessor-appraiser~~ **(assessor, appraiser, and tax representative** standards **of conduct).**
  (J) IC 6-1.1-37-2 (assessment violations by public officials or employees).

(2) Repeated or pervasive failure to recognize and comply with the rules of the department that pertain to assessment of tangible property, including, but not limited to, the following:
  (A) 50 IAC 2.4 (real property assessment guidelines).
  (B) 50 IAC 3.3 **(assessment of** mobile ~~home assessment guidelines).~~ **homes).**

(C) 50 IAC 4.2 **(assessment of tangible** personal property). ~~assessment guidelines).~~
(D) 50 IAC 5.1 ~~(state distributable property~~ **(public utility** assessment). ~~guidelines).~~
(E) 50 IAC 15-3 (assessor-appraiser certification standards).
(F) 50 IAC 27 (annual ~~adjustment guidelines).~~ **adjustments and equalization standards).**
(G) 50 IAC 29 (golf course assessment procedures).

(3) Repeated or pervasive failure to acquire or maintain the knowledge necessary to complete an assessment competently as required by the department's rules listed in subdivision (2).

(4) Repeated or pervasive failure to conduct an assessment properly in accordance with Indiana statutes listed in subdivision (1).

(b) As applied to a tax representative or professional appraiser, "gross incompetence" means repeated or pervasive carelessness in the conduct of the duties of a tax representative or professional appraiser, including, but not limited to, the following:

(1) Repeated or pervasive failure to timely file, supply, or receive documents.

(2) Repeated or pervasive failure to provide correct data or information pertaining to the subject of an appeal.

(3) Repeated or pervasive failure to appear at hearings or meetings in person, electronically, or telephonically, as appropriate.

(4) Repeated or pervasive misstatement or misapplication, or both, of any aspect of Indiana property assessment or taxation.

(5) In the case of a tax representative only, repeated or pervasive failure to timely notify the tax representative's client of all matters relating to the review of the assessment of the client's property by the property tax assessment board of appeals, the Indiana board, or the department.

(Department of Local Government Finance; 50 IAC 15-1-3.5; filed Jul 11, 2016, 3:36 p.m.: 20160810-IR-050150165FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 106. 50 IAC 15-1-3.6 IS ADDED TO READ AS FOLLOWS:

50 IAC 15-1-3.6 "Indiana board" defined

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-4; IC 6-1.5

Sec. 3.6. "Indiana board" means the Indiana board of tax review.

(Department of Local Government Finance; 50 IAC 15-1-3.6; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 107. 50 IAC 15-1-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-1-4 "Professional appraiser" defined

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-4

Sec. 4. "Professional appraiser" means a professional appraiser or professional appraisal firm that contracts with a ~~township or~~ county under IC 6-1.1-4.

(Department of Local Government Finance; 50 IAC 15-1-4; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2482; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 108. 50 IAC 15-1-6 IS ADDED TO READ AS FOLLOWS:

50 IAC 15-1-6 "Voluntary waiver" defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-35.5; IC 6-1.1-35-7

Sec. 6. For purposes of 50 IAC 15-3-9 and 50 IAC 15-5-9, "voluntary waiver" refers to State Form 56012 (Voluntary Waiver of Assessor-Appraiser Certification and Tax Representative Certification), as

prescribed by the department.

(Department of Local Government Finance; 50 IAC 15-1-6; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 109. 50 IAC 15-2-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-2-1 Purpose

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-31.7; IC 6-1.1-35.5; IC 6-1.1-35.7

Sec. 1. The purpose of this article is to establish rules regarding the following:
(1) The training and education of assessor-appraisers certified under IC 6-1.1-35.5.
(2) Contracting with professional appraisers and appraisal firms required to be certified under IC 6-1.1-31.7.
(3) Establishing criteria for the revocation of a certification under IC 6-1.1-35.5-6.

(Department of Local Government Finance; 50 IAC 15-2-1; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2482; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 110. 50 IAC 15-3-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-3-1 Level One requirements

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-35.5

Sec. 1. In order to be certified as a Level One assessor-appraiser, an individual must:
(1) complete ~~six (6) hours of~~ **the** Level One pre-examination course work designated by the department;
(2) pass the Level One examination designated by the department; and
(3) complete the continuing education requirements specified in section 2 of this rule.

(Department of Local Government Finance; 50 IAC 15-3-1; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2482; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1516; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 111. 50 IAC 15-3-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-3-2 Level One continuing education

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-35.5

Sec. 2. (a) The continuing education requirements for Level One certification are thirty (30) hours of course work approved by the department.

(b) The continuing education requirements specified in this section must be obtained in twenty-four (24) month cycles, beginning January 1 of the first year following certification, **with at least ten (10) hours per year.**

(Department of Local Government Finance; 50 IAC 15-3-2; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2482; filed Dec 18, 2000, 11:01 a.m.: 24 IR 1302; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1516; filed Mar 26, 2007, 2:24 p.m.: 20070425-IR-050060172FRA; filed Jul 11, 2016, 3:36 p.m.: 20160810-IR-050150165FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 112. 50 IAC 15-3-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-3-3 Level Two requirements

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-35.5

Sec. 3. In order to be certified as a Level Two assessor-appraiser, an individual must:
(1) complete Level Two preexamination course work designated by the department;
(2) pass the Level Two examination designated by the department;
(3) complete the continuing education requirements specified in section 4 of this rule; and
(4) **first** attain certification as a Level One assessor-appraiser.

(Department of Local Government Finance; 50 IAC 15-3-3; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2483; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1517; filed Dec 14, 2009, 2:34 p.m.: 20100113-IR-050090197FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 113. 50 IAC 15-3-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-3-4 Level Two continuing education

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-35.5

Sec. 4. (a) The continuing education requirements for Level Two certification are ~~forty-five (45)~~ **thirty (30)** hours of course work approved by the department.

(b) The continuing education requirements specified in this section must be obtained in twenty-four (24) month cycles, beginning January 1 of the first year following certification, **with at least ten (10) hours per year.**

(Department of Local Government Finance; 50 IAC 15-3-4; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2483; filed Dec 18, 2000, 11:01 a.m.: 24 IR 1302; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1517; filed Mar 26, 2007, 2:24 p.m.: 20070425-IR-050060172FRA; filed Jul 11, 2016, 3:36 p.m.: 20160810-IR-050150165FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 114. 50 IAC 15-3-5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-3-5 Miscellaneous provisions

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-4; IC 6-1.1-35.5; IC 6-1.1-35.7

Sec. 5. (a) **Subject to subsection (b),** the department shall maintain **and** publish ~~and distribute to each assessor-appraiser,~~ a list of courses that have been accredited as approved assessor-appraiser continuing education courses.

(b) Courses that are not included on the list **described in subsection (a)** may be submitted **by an assessor-appraiser** for inclusion and will, at the discretion of the department, be accredited. **A course submitted for inclusion must be substantially related to:**
(1) property assessment;
(2) property appraisal;
(3) general real estate principles; or
(4) property taxation;
as evidenced by a course syllabus or other documentary evidence provided by the assessor-appraiser seeking inclusion. A course submitted for inclusion must have been taken or will be taken during the assessor-appraiser's current continuing education cycle. A course added to the list of courses accredited by the department pursuant to this subsection shall be considered accredited. Only one (1) petition to include a course on the list under subsection (a) is sufficient to include the course on the list maintained and published by the department.

~~(b)~~ **(c)** A certified assessor-appraiser that meets the continuing education requirements of section 4 of this rule is not required to meet the continuing education requirements of section 3 of this rule in order to maintain ~~their~~ **his or her** Level One certification.

(d) A certified assessor-appraiser that meets the continuing education requirements of section 8 of

this rule is not required to meet the continuing education requirements of section 4 of this rule in order to maintain his or her Level Two certification.

~~(c)~~ **(e)** An assessor-appraiser holding a valid certification on January 1, 1999, shall be deemed certified under this rule.

(Department of Local Government Finance; 50 IAC 15-3-5; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2483; filed Dec 18, 2000, 11:01 a.m.: 24 IR 1302; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1517; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 115. 50 IAC 15-3-6 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-3-6 Revocation of certification

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-4; IC 6-1.1-35.5; IC 6-1.1-35.7

Sec. 6. (a) The department may revoke the Level One, Level Two, or Level Three assessor-appraiser certification of an individual for:
(1) conduct proscribed by IC 6-1.1-35.5-6(b);
(2) gross incompetence in the performance of an assessment; or
(3) noncompliance with:
(A) the continuing education provisions of this article;
(B) the provisions of the contract entered under IC 6-1.1-4; or
(C) assessing laws under IC 6-1.1 and rules of the department.

(b) The revocation procedure shall be initiated by the department's issuance of a notice to the respondent. The notice shall:
(1) be sent by certified mail, return receipt requested;
(2) contain a clear and concise statement detailing the alleged misconduct;
(3) state the time and place for a hearing not less than ninety (90) days from the date of mailing the notice; and
(4) inform the respondent:
(A) of the information contained in subsections (d) and (g); and
(B) that the failure to attend the hearing without good cause may constitute grounds for default entered in favor of the department, as well as the sanction imposed.

(c) The department shall appoint a hearing officer for purposes of these proceedings. The hearing officer may by prior written notice:
(1) conduct any prehearing proceedings:
(A) requested by either party; or
(B) that the hearing officer determines may aid in the ultimate resolution of the proceedings; and
(2) allow informal discovery subject to any terms and conditions the hearing officer deems to be appropriate.

(d) The revocation hearing shall be conducted on the record and as follows:
(1) The respondent:
(A) may be represented by counsel; and
(B) shall have the right to:
(i) present witnesses and evidence on the respondent's own behalf; and
(ii) cross-examine the department's witnesses or evidence.
(2) The burden of proof shall be on the department to prove the violation or violations alleged by a preponderance of the evidence.
(3) No continuance shall be granted except upon a showing of good cause.

(e) The hearing officer may consider any of the following in recommending to the commissioner whether respondent's Level One, Level Two, or Level Three assessor-appraiser certification should be revoked:
(1) The seriousness of the violation that gave rise to the proceedings.
(2) Whether the violation is likely to recur.

(3) The respondent's character, including remorse, if any.
(4) Whether the respondent's continued status as a Level One, Level Two, or Level Three assessor-appraiser would pose an undue risk to the public.
(5) Any other factor the hearing officer determines to be appropriate under the circumstances.

(f) The hearing officer shall submit a written recommendation for final action to the commissioner. The recommendation shall contain the reasons for the hearing officer's determination of the sanction, if any, to be imposed. The commissioner is not bound by the hearing officer's recommendation.

(g) If the commissioner determines that a violation of section 2(a) of this rule has occurred, the commissioner may take any of the following remedies with respect to the respondent:
(1) Decline to issue any sanction.
(2) Issue a written reprimand admonishing the respondent for the violation.
(3) Suspend the respondent's Level One, Level Two, or Level Three assessor-appraiser certification for a period of up to one (1) year, at the conclusion of which the respondent shall be automatically reinstated, provided that the respondent meets all the educational requirements for a Level One, Level Two, or Level Three assessor-appraiser certification, as applicable to the proceedings.
(4) Revoke the respondent's certification. ~~for not more than three (3) years.~~

(h) The commissioner may take any of the remedies provided in subsection (g)(1) through (g)(3) if the respondent demonstrates through an affidavit signed under the penalties of perjury that the respondent was unable to satisfy one (1) or more of the conditions required to maintain the respondent's certification due to a natural disaster, accident, or other unanticipated emergency. The commissioner may request supporting documentation to supplement the affidavit.

(i) The commissioner's determination as to which of the actions under subsection (g) to take regarding the respondent's certification shall be based on the following factors:
(1) The severity of the violation.
(2) The nature of the natural disaster, accident, or other unanticipated emergency the respondent claims prevented the respondent from satisfying the condition or conditions required to maintain the respondent's certification.
(3) The respondent's previous compliance with or violation of the conditions required to maintain the respondent's certification.

(j) The determination of the commissioner constitutes a final appealable order of the department.

(Department of Local Government Finance; 50 IAC 15-3-6; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1518; filed Dec 14, 2009, 2:34 p.m.: 20100113-IR-050090197FRA; filed Jul 11, 2016, 3:36 p.m.: 20160810-IR-050150165FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 116. 50 IAC 15-3-8 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-3-8 Level Three continuing education

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-4.5; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-4; IC 6-1.1-35.5

Sec. 8. (a) The continuing education requirements for Level Three certification are ~~forty-five (45)~~ **thirty (30)** hours of course work approved by the department **per education cycle with at least ten (10) hours of course work each year.**

(b) ~~For education cycles beginning on or after January 1, 2010,~~ The continuing education requirements specified in this section must be obtained in twenty-four (24) month cycles, beginning January 1 of the first year following certification.

(Department of Local Government Finance; 50 IAC 15-3-8; filed Dec 14, 2009, 2:34 p.m.: 20100113-IR-050090197FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 117. 50 IAC 15-3-9 IS ADDED TO READ AS FOLLOWS:

50 IAC 15-3-9 Voluntary withdrawal of certification

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-35.5; IC 6-1.1-35.7

Sec. 9. (a) This section does not apply to an assessor-appraiser who has received a notice under section 6(b) of this rule.

(b) An assessor-appraiser who wishes to withdraw his or her certification as an assessor-appraiser must complete and submit to the department a voluntary waiver by U.S. mail, facsimile, or e-mail. A copy of the voluntary waiver is sufficient for submission. However, the voluntary waiver must be signed. The assessor-appraiser's signature on the voluntary waiver indicates that the assessor-appraiser wholly exonerates and holds harmless the department, including its employees, agents, and hearing officers, with respect to the voluntary waiver.

(c) Upon receipt of the voluntary waiver, the department will review the voluntary waiver and verify that the assessor-appraiser qualifies to withdraw his or her assessor-appraiser certification. An assessor-appraiser shall be deemed qualified to withdraw his or her certification if the assessor-appraiser meets the qualifications under subsection (b).

(d) Upon verification that the assessor-appraiser qualifies for a voluntary waiver, the department will acknowledge, in writing, that the assessor-appraiser has withdrawn his or her certification as an assessor-appraiser and his or her name will be removed from the list of certified assessor-appraisers posted on the department's website.

(e) A voluntary waiver under subsection (b) is deemed to be a request to withdraw from all levels of assessor-appraiser certification that the assessor-appraiser has attained as of the date of the voluntary waiver. Submission of the voluntary waiver or a refusal of the department to acknowledge the voluntary waiver because of the assessor-appraiser's ineligibility to voluntarily withdraw certification does not, by itself, constitute grounds for initiating a proceeding under section 6 of this rule.

(Department of Local Government Finance; 50 IAC 15-3-9; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 118. 50 IAC 15-3-10 IS ADDED TO READ AS FOLLOWS:

50 IAC 15-3-10 Certification reinstatement

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-35.5; IC 6-1.1-35.7

Sec. 10. (a) The previous holder of an assessor-appraiser certification may request that the department reinstate a certification up to three (3) years after the certification lapsed upon meeting the following requirements:
(1) Submission of the completed reinstatement application.
(2) Submission of documentation verifying that the applicant has met the applicable requirements under:
(A) section 1 of this rule;
(B) section 3 of this rule; or
(C) section 7 of this rule.

(b) The previous holder of an assessor-appraiser certification may request that the department reinstate a certification that has lapsed or been expired for more than three (3) years upon meeting the following requirements:
(1) Submission of the completed reinstatement application.
(2) Submission of documentation verifying that the applicant has met the applicable requirements under:

(A) section 1 of this rule;
(B) section 3 of this rule; or
(C) section 7 of this rule.
(3) Submission of documentation verifying that the applicant has completed thirty (30) hours of continuing education and met the requirements under section 11 of this rule.

(c) The department may, in its discretion, approve or disapprove applications for certification reinstatement.

(Department of Local Government Finance; 50 IAC 15-3-10; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 119. 50 IAC 15-3-11 IS ADDED TO READ AS FOLLOWS:

50 IAC 15-3-11 Standards for continuing education courses

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-35.5; IC 6-1.1-35.7

Sec. 11. (a) A continuing education course offered under this rule must meet the following standards:
(1) Be substantially related to:
(A) property assessment;
(B) property appraisal;
(C) general real estate principles; or
(D) property taxation.
(2) If applicable, course materials must provide an accurate statement of Indiana law, including case law and rules of the department pertaining to property taxation. This does not prohibit commentary, interpretation, or the expression of an opinion regarding Indiana law in the course materials.
(3) If applicable, course materials must provide an accurate statement of generally recognized appraisal principles. This does not prohibit commentary, interpretation, or the expression of an opinion regarding the generally recognized appraisal principles in the course materials.

(b) Continuing education courses offered under this rule are not required to be approved by the department in advance of the course being offered. However, a vendor, course sponsor, or course instructor may submit course materials to the department for review.

(c) Course materials submitted to the department under subsection (b) will be reviewed for accuracy of content to the extent the materials discuss Indiana law, including case law or the rules promulgated by the department. Return of the course materials and any response or comments provided by the department are not to be considered as an endorsement or disapproval of the course materials or any viewpoint expressed in the course materials.

(d) Course materials, to the extent feasible, must include:
(1) a statement that the department does not endorse:
(A) the substantive content of the course materials;
(B) the presentation of the course materials; or
(C) any particular viewpoint expressed in the course materials or in the presentation of the course materials; or
(2) a substantially similar statement.

(Department of Local Government Finance; 50 IAC 15-3-11; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 120. 50 IAC 15-4-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-4-1 Certification requirements

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-4-19.5; IC 6-1.1-31.7; IC 6-1.1-35.5

Sec. 1. (a) To be designated as a professional appraiser, an individual must:
(1) ~~be a certified Level Two assessor-appraiser under IC 6-1.1-35.5, but must, by December 31, 2013,~~ be a certified Level Three assessor-appraiser under IC 6-1.1-35.5;
(2) enter a contract that contains all applicable standard contract provisions developed by the department under IC 6-1.1-4-19.5;
(3) specify in the contract entered under IC 6-1.1-4-19.5 that the contract is void if the individual's appraiser certification, issued under IC 6-1.1-31.7, is revoked; and
(4) specify in the contract entered under IC 6-1.1-4-19.5 the precise contractual duties that:
(A) the professional appraiser will personally:
(i) fulfill; and
(ii) review, direct, administer, supervise, or oversee;
(B) will be conducted by an administrative assistant or any person other than the professional appraiser; and
(C) will remain the responsibility of the township or county.

(b) Professional appraisers that are firms must:
(1) ~~employ a certified Level Two assessor-appraiser under IC 6-1.1-35.5, but must, by December 31, 2013,~~ employ a certified Level Three assessor-appraiser under IC 6-1.1-35.5;
(2) enter a contract that contains all applicable standard contract provisions developed by the department under IC 6-1.1-4-19.5, including, specifically, provisions for sanctions;
(3) specify in the contract entered under IC 6-1.1-4-19.5 that the contract is void if the firm's appraiser certification, issued under IC 6-1.1-31.7, is revoked; and
(4) specify in the contract entered under IC 6-1.1-4 the: ~~precise contractual duties that:~~
(A) ~~a certified Level Two assessor-appraiser will personally fulfill, but, after December 31, 2013, the~~ precise contractual duties a certified Level Three assessor-appraiser will personally fulfill;
(B) ~~a certified Level Two assessor-appraiser will personally review, direct, administer, supervise, or oversee, but after December 31, 2013, the~~ precise contractual duties that a certified Level Three assessor-appraiser will personally review;
(C) ~~will be conducted by administrative personnel or any person other than a certified Level Two assessor-appraiser, but after December 31, 2013, the~~ precise contractual duties that will be conducted by administrative personnel or any person other than a certified Level Three assessor-appraiser; and
(D) **precise contractual duties that** will remain the responsibility of the township or county.

(Department of Local Government Finance; 50 IAC 15-4-1; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2483; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1518; filed Dec 14, 2009, 2:34 p.m.: 20100113-IR-050090197FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 121. 50 IAC 15-4-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-4-2 Revocation of certification

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3
Affected: IC 6-1.1-31.7-4

Sec. 2. (a) In addition to the grounds listed in IC 6-1.1-31.7-4, the following are grounds on which the department may revoke a certification issued to a firm or appraiser under section 1 of this rule: ~~for at least three (3) years:~~
(1) Knowingly misrepresenting any information or acting in a fraudulent manner.
(2) Knowingly holding oneself out as representing an entity in a property assessment appeal without authorization from the entity.
(3) Knowingly submitting false or erroneous information in a property assessment appeal.
(4) Acting with gross incompetence.
(5) Knowingly violating any rule applicable to certification or practice before the department or the property tax assessment board of appeals.
With respect to the ground described in IC 6-1.1-31.7-4(a)(1), the department may revoke a certification if the appraiser applicant provided false information knowingly.

(b) If the commissioner determines that a violation of subsection (a) has occurred, the commissioner may take any of the following remedies with respect to the firm or appraiser:
(1) Decline to issue any sanction.

(2) Issue a written reprimand admonishing the firm or appraiser for the violation.
(3) Suspend the firm's or appraiser's certification for a period of up to one (1) year, at the conclusion of which the certification shall be automatically reinstated, provided that the firm or appraiser meets the department's minimum requirements for certification.
(4) Revoke the firm's or appraiser's certification.

(c) In determining which of the remedies provided in subsection (b) to take, the commissioner may request documents, statements, or information from the firm, appraiser, or any other entity.

(d) The commissioner's determination as to which of the actions under subsection (b) to take regarding the firm's or appraiser's certification shall be based on the following factors:
(1) The seriousness of the violation.
(2) Whether the violation is likely to recur.
(3) The firm's or appraiser's character, including remorse, if any.
(4) Whether the firm's or appraiser's continued certification would pose an undue risk to the public.

(Department of Local Government Finance; 50 IAC 15-4-2; filed Jul 11, 2016, 3:36 p.m.: 20160810-IR-050150165FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 122. 50 IAC 15-5-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-5-1 Definitions

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3
Affected: IC 6-1.1-2-4; IC 6-1.1-15; IC 6-1.1-28; IC 6-1.5

Sec. 1. The following definitions apply throughout this rule:
~~(1) "Indiana board" means the Indiana board of tax review established under IC 6-1.5, et seq.~~
~~(2)~~ **(1)** "Practice before the property tax assessment board of appeals or the department" ~~is~~ **means** the participation in all matters connected with a presentation to the property tax assessment board of appeals, the department, or any of their officers or employees relating to a client's rights, privileges, or liabilities under Indiana's property tax laws or rules. Such presentations include the following:
(A) Preparing and filing necessary documents, except personal property returns.
(B) Corresponding and communicating with the property tax assessment board of appeals or the department.
(C) Representing a client at hearings, on-site inspections, and meetings.
~~(3)~~ **(2)** "Property tax assessment board of appeals" ~~is~~ **means** the county property tax assessment board of appeals established under ~~IC 6-1.1-28-1.~~ **IC 6-1.1-28.**
~~(4)~~ **(3)** "Tax representative" ~~is~~ **means** a person who represents another person at a proceeding before the property tax assessment board of appeals or the department. The term does not include:
(A) the owner of the property (or person liable for the taxes under IC 6-1.1-2-4) that is the subject of the appeal;
(B) a permanent full-time employee of the owner of the property (or person liable for the taxes under IC 6-1.1-2-4) who is the subject of the appeal;
(C) representatives of local units of government appearing on behalf of the unit;
(D) a certified public accountant, when the certified public accountant is representing a client in a matter that relates only to personal property taxation; or
(E) an attorney who is a member in good standing of the Indiana bar or any person who is a member in good standing of any other state bar.

(Department of Local Government Finance; 50 IAC 15-5-1; filed Dec 5, 2000, 2:32 p.m.: 24 IR 947; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1519; filed Jul 11, 2016, 3:36 p.m.: 20160810-IR-050150165FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 123. 50 IAC 15-5-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-5-2 Practice requirements

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3
Affected: IC 6-1.1-15; IC 6-1.1-31.7

Sec. 2. (a) In order to practice before the property tax assessment board of appeals or the department, a tax representative must:
(1) ~~beginning July 1, 2001,~~ be properly certified in writing by the department; and
(2) have a copy of a properly executed power of attorney from the taxpayer.
The power of attorney shall be on the form prescribed by the department and need not be refiled if the form is later revised.

(b) Property tax representatives may not be certified to practice before the property tax assessment board of appeals or the department for:
(1) matters relating to real and personal property exemptions claimed on ~~a~~ Form ~~132 or~~ 136;
(2) claims that assessments or taxes are illegal as a matter of law; ~~whether brought on a Form 133 under IC 6-1.1-15-12(a)(6), on a Form 17-T under IC 6-1.1-26-1(4), on a Form 130 under IC 6-1.1-15-1, or otherwise;~~
(3) claims regarding the constitutionality of an assessment; or
(4) other representation that involves the practice of law.

(c) Individuals who apply for certification or recertification as a tax representative must furnish evidence to the department that they:
(1) are at least eighteen (18) years of age;
(2) hold a high school diploma or equivalent credential;
(3) ~~are a certified Level Two assessor-appraiser, but, after December 31, 2013, they must furnish evidence that they~~ are a certified Level Three assessor-appraiser;
(4) have completed the educational course requirements of all rules adopted by the department related to procedures for practice before the property tax assessment board of appeals or the department; and
(5) have fully complied with all rules adopted by the department regarding:
(A) professional conduct and ethical considerations; and
(B) client solicitation.

(d) A person who fulfills the requirements of subsection (c) shall be granted a written certification that shall be effective upon issuance by the department.

(Department of Local Government Finance; 50 IAC 15-5-2; filed Dec 5, 2000, 2:32 p.m.: 24 IR 947; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1520; filed Dec 14, 2009, 2:34 p.m.: 20100113-IR-050090197FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 124. 50 IAC 15-5-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-5-3 Recertification

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-15; IC 6-1.1-31.7; IC 6-1.1-35.5; IC 6-1.1-37.5

Sec. 3. Tax ~~representative certifications expire on the same date as the tax representative's certification as a Level Two assessor-appraiser under 50 IAC 15-3-4, but, after December 31, 2013, tax~~ representative certifications expire on the same date as the tax representative's certification as a Level Three assessor-appraiser under 50 IAC 15-3-7.

(Department of Local Government Finance; 50 IAC 15-5-3; filed Dec 5, 2000, 2:32 p.m.: 24 IR 948; filed Dec 14, 2009, 2:34 p.m.: 20100113-IR-050090197FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 125. 50 IAC 15-5-5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-5-5 Communication as a tax representative

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3
Affected: IC 6-1.1-15; IC 6-1.1-2-4; IC 6-1.1-31.7; IC 6-1.1-37.5

Sec. 5. (a) A certified property tax representative shall not use or participate in the use of any false, fraudulent, unduly influencing, coercive, unfair, misleading, or deceptive statement or claims with respect to any matter relating to the practice before the property tax assessment board of appeals or the department.

(b) ~~Beginning January 1, 2001,~~ A property tax representative shall advise the client or prospective client in writing, using a typeface of not less than 12-point, either on the power of attorney or in some other form that may be reasonably interpreted by the taxpayer (the property owner, or person liable for the taxes under IC 6-1.1-2-4) to set forth the rights of the taxpayer with regard to his or her appeal, the following:

"I understand that by authorizing _____ to serve as my certified property tax representative, I am aware of and accept the possibility that the property value may increase as a result of filing an administrative appeal with the property tax assessment board of appeals and that I may be compelled to appear at a hearing before the property tax assessment board of appeals or the department of local government finance. I further understand that the certified property tax representative is not an attorney and may not present arguments of a legal nature on my behalf.".

(c) The disclosure shall be signed by the taxpayer. The certified property tax representative shall provide the taxpayer with a copy of the disclosure and shall be required to provide a copy of the disclosure to the property tax assessment board of appeals. Failure to provide a signed copy of disclosure upon request may be grounds for an action for revocation of the tax representative's certification under ~~50 IAC 15-5-8.~~ **section 8 of this rule.**

(Department of Local Government Finance; 50 IAC 15-5-5; filed Dec 5, 2000, 2:32 p.m.: 24 IR 948; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1520; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 126. 50 IAC 15-5-6 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-5-6 Prohibitions; obligations

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3
Affected: IC 6-1.1-2-4; IC 6-1.1-15; IC 6-1.1-31.7; IC 6-1.1-37.5

Sec. 6. A certified tax representative shall:

(1) not knowingly use or participate in the use of any false, fraudulent, unduly influencing, coercive, unfair, misleading, or deceptive ~~statement~~ **statements** or claims with respect to any matter relating to the practice before the property tax assessment board of appeals or the department;

(2) not knowingly misrepresent any information or act in a fraudulent manner;

(3) not prepare documents or provide evidence in a property assessment appeal unless the representative is authorized by the property owner (or person liable for the taxes under IC 6-1.1-2-4) to do so and any required authorization form has been filed;

(4) not knowingly submit false or erroneous information in a property assessment appeal;

(5) not perform his or her duties in a grossly incompetent manner;

(6) not knowingly violate any rule applicable to certification or practice before the department or the property tax assessment board of appeals;

(7) use the appraisal standards and methods required by rules adopted by the department, Indiana board, or property tax assessment board of appeals when the representative submits appraisal information in a property assessment appeal; and

(8) notify the property owner (or person liable for the taxes under IC 6-1.1-2-4) of all matters relating to the review of the assessment of taxpayers' property before the property tax assessment board of appeals or the department, including, but not limited to, the following:

(A) The tax representative's filing of all necessary documents, correspondence, and communications with the property tax assessment board of appeal or department.

(B) The dates and substance of all hearings, on-site inspections, and meetings.

(Department of Local Government Finance; 50 IAC 15-5-6; filed Dec 5, 2000, 2:32 p.m.: 24 IR 948; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1521; filed Jul 11, 2016, 3:36 p.m.: 20160810-IR-050150165FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 127. 50 IAC 15-5-8 IS AMENDED TO READ AS FOLLOWS:

50 IAC 15-5-8 Certification revocation

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3
Affected: IC 6-1.1-15; IC 6-1.1-31.7; IC 6-1.1-35.7-7

Sec. 8. (a) With respect to the grounds by which the department may revoke the certification under IC 6-1.1-35.7-7:

(1) a violation of the standards of ethics or rules of solicitation adopted by the department, as provided in IC 6-1.1-35.7-7(5), refers to a violation of section 2(a) or ~~section~~ 6 of this rule, or both; and

(2) "material deception" means a falsehood, made by word or act, with the intent to mislead or misrepresent.

(b) The revocation procedure shall be initiated by the department's issuance of a notice to the respondent. The notice shall:

(1) be sent by certified mail, return receipt requested;

(2) contain a clear and concise statement detailing the alleged misconduct;

(3) state the time and place for a hearing that is not less than ninety (90) days from the date of mailing the notice; and

(4) inform the respondent:

(A) of the information contained in subsections (d) and (g); and

(B) that the failure to attend the hearing without good cause may constitute grounds for default entered in favor of the ~~state~~ **property tax assessment board of appeals, the Indiana** board, or the department, as well as the sanction imposed.

(c) The department shall appoint a hearing officer for purposes of these proceedings. The hearing officer may, with prior written notice to the parties:

(1) conduct any prehearing proceedings:

(A) requested by either party; or

(B) that the hearing officer determines may aid in the ultimate resolution of the proceedings; and

(2) allow informal discovery subject to any terms and conditions the hearing officer deems to be appropriate.

(d) The revocation hearing shall be conducted on the record subject to the following:

(1) The respondent:

(A) may be represented by counsel; and

(B) shall have the right to:

(i) present witnesses and evidence on the respondent's own behalf; and

(ii) cross-examine the department's witnesses or evidence.

(2) The burden of proof shall be on the department to prove the violation or violations alleged by a preponderance of the evidence.

(3) No continuance shall be granted except upon a showing of good cause.

(e) The hearing officer may consider any of the following in recommending to the commissioner whether the respondent's tax representative certification should be revoked:

(1) The seriousness of the violation that gave rise to the proceedings.

(2) Whether the violation is likely to recur.

(3) The respondent's character, including remorse, if any.

(4) Whether the respondent's continued status as a tax representative would pose an undue risk to the public.

(5) Any other factor the hearing officer determines to be appropriate under the circumstances.

(f) The hearing officer shall submit a recommendation for final action to the commissioner. The recommendation shall contain the reasons for the hearing officer's determination of the sanction, if any, to be imposed. The commissioner is not bound by the recommendation.

(g) If the commissioner determines that a violation of section 2(a) or ~~section~~ 6 of this rule, or both, has occurred, the commissioner may take any of the following remedies with respect to the respondent:

(1) Decline to issue any sanction.

(2) Issue a written reprimand admonishing the respondent for the violation.

(3) Suspend the respondent's Level One, Level Two, or Level Three assessor-appraiser certification for a period of up to one (1) year, at the conclusion of which the respondent shall be automatically reinstated, provided that respondent meets all educational requirements for a tax representative certification.

(4) Revoke the certification of the respondent. ~~for a period of not less than one (1) year, and not more than three (3) years, at the conclusion of which respondent may petition the department for reinstatement provided that respondent meets all of the criteria for certification under this rule.~~

(h) The commissioner's determination as to which of the actions under subsection (g) to take regarding the respondent shall be based on any of the following factors:
(1) The seriousness of the violation that gave rise to the proceedings.
(2) Whether the violation is likely to recur.
(3) The respondent's character, including remorse, if any, and the respondent's previous compliance with or violation of the rules governing the conduct of a tax representative.

(i) The determination of the commissioner constitutes a final appealable order of the department.

(Department of Local Government Finance; 50 IAC 15-5-8; filed Dec 5, 2000, 2:32 p.m.: 24 IR 949; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1521; filed Dec 14, 2009, 2:34 p.m.: 20100113-IR-050090197FRA; filed Jul 11, 2016, 3:36 p.m.: 20160810-IR-050150165FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 128. 50 IAC 15-5-9 IS ADDED TO READ AS FOLLOWS:

50 IAC 15-5-9 Certification reinstatement

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3
Affected: IC 6-1.1-31.7; IC 6-1.1-35.7

Sec. 9. (a) The previous holder of a tax representative certification may request that the department reinstate a certification up to three (3) years after the certification lapsed upon meeting the following requirements:
(1) Submission of the completed reinstatement application.
(2) Submission of documentation verifying that the applicant has met the requirements under section 2 of this rule.

(b) The previous holder of a tax representative certification may request that the department reinstate a certification that has lapsed or been expired for more than three (3) years upon meeting the following requirements:
(1) Submission of the completed reinstatement application.
(2) Submission of documentation verifying that the applicant has met the requirements under section 2 of this rule.
(3) Submission of documentation verifying that the applicant has completed thirty (30) hours of continuing education and met the requirements under 50 IAC 15-3-10.

(c) The department may, in its discretion, approve or disapprove applications for certification reinstatement.

(Department of Local Government Finance; 50 IAC 15-5-9; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 129. 50 IAC 15-5-10 IS ADDED TO READ AS FOLLOWS:

50 IAC 15-5-10 Voluntary withdrawal of certification

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8.5
Affected: IC 6-1.1-35.7

Sec. 10. (a) This section does not apply to a tax representative who received a notice under section 8(b) of this rule.

(b) A tax representative who wishes to withdraw his or her certification as a tax representative must complete and submit to the department a voluntary waiver by U.S. mail, facsimile, or e-mail. A copy of the voluntary waiver is sufficient for submission. However, the voluntary waiver must be signed. The tax representative's signature on the voluntary waiver indicates that the tax representative wholly exonerates and holds harmless the department, including its employees, agents, and hearing officers, with respect to the voluntary waiver.

(c) Upon receipt of the voluntary waiver, the department will review the voluntary waiver and verify that the tax representative qualifies to withdraw his or her tax representative certification. A tax representative shall be deemed qualified to withdraw his or her certification if the tax representative meets the qualifications under subsection (b).

(d) Upon verification that the tax representative qualifies for a voluntary waiver, the department will acknowledge, in writing, that the tax representative has withdrawn his or her certification as a tax representative and his or her name will be removed from the list of tax representatives posted on the department's website.

(e) Submission of the voluntary waiver or a refusal of the department to acknowledge the voluntary waiver because of the tax representative's ineligibility to voluntarily withdraw certification does not, by itself, constitute grounds for initiating a proceeding under section 8 of this rule.

(Department of Local Government Finance; 50 IAC 15-5-10; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 130. 50 IAC 18-3-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 18-3-1 Filing procedure for petition for reassessment

Authority: IC 6-1.1-8.7-9
Affected: IC 6-1.1-4; IC 6-1.1-8.7-1; IC 6-1.1-8.7-2

Sec. 1. (a) Petitions filed **with the department** pursuant to this rule must be filed by:
(1) personal delivery;
(2) deposit in the United States mail; or
(3) registered or certified mail, return receipt requested.

(b) Petitions may not be filed by facsimile or electronic mail.

(Department of Local Government Finance; 50 IAC 18-3-1; filed Apr 22, 2004, 10:05 a.m.: 27 IR 2710; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 131. 50 IAC 18-3-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 18-3-2 Time and place of filing petitions for assessment

Authority: IC 6-1.1-8.7-9
Affected: IC 6-1.1-4; IC 6-1.1-8.7-1; IC 6-1.1-8.7-2

Sec. 2. (a) A petition for assessment must be filed with the commissioner of the department and contain the following information:
(1) The name and address of the industrial company to be assessed.
(2) The county and township in which the industrial company is located.
(3) A detailed explanation of the reason a new assessment is being sought.
(4) The names and addresses of the real property owners if the petition is being filed under subsection (b).
(5) The name and title of the person filing on behalf of the industrial company if the petition is being filed under subsection (c).
(6) The name and contact information of the individual designated as petitioner's representative.
(7) A certification from the county auditor that the owners of real property filing under subsection (b) are in fact owners of real property in the township in which the industrial company is located.

(b) Two hundred fifty (250) or more owners of real property in a township may file a petition described under subsection (a) with the department before January 1 ~~of each year that a general reassessment commences under IC 6-1.1-4-4~~, requesting to have the department assess the real property of an industrial company located in the township.

(c) Prior to submitting a petition to the department under subsection (b), the auditor of the county in which the industrial company is located shall certify the number of petitioners that are owners of real property within the township. The department shall forward a copy of the completed petition to the county auditor and the county assessor of the county in which the industrial company is located within fifteen (15) days of receiving the petition. The county assessor shall forward a copy of the petition to the township assessor who is responsible for the assessment of the industrial company.

(d) An industrial company as defined in IC 6-1.1-8.7-1 may file a petition under subsection (a) with the department requesting that the department assess the real property of an industrial facility owned or used by the company.

(Department of Local Government Finance; 50 IAC 18-3-2; filed Apr 22, 2004, 10:05 a.m.: 27 IR 2710; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 132. 50 IAC 18-4-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 18-4-3 Review procedure

Authority: IC 6-1.1-8.7-9
Affected: IC 6-1.1-8.7-5; IC 6-1.1-30-13

Sec. 3. (a) If the department chooses to assess the real property of an industrial company under section 1(b)(1) of this rule, the department may schedule an on-site inspection of the company's industrial facility. The department shall provide notice to the owner of the industrial company ~~and the assessor of the county~~ of the department's intention to enter and inspect the property for assessment purposes not less than thirty (30) days before making a physical inspection of the property.

(b) The department may request that the industrial company, ~~and~~ **the township assessor (if any), and the** county assessor make available all information necessary or proper to determine the true tax value. If the industrial company, ~~fails or refuses~~ **the township assessor (if any), or the county assessor fail or refuse** to provide the information requested, the department may take necessary actions under IC 6-1.1-30-13.

(Department of Local Government Finance; 50 IAC 18-4-3; filed Apr 22, 2004, 10:05 a.m.: 27 IR 2711; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 133. 50 IAC 19-2-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 19-2-1 List of industrial facilities provided to the department

Authority: IC 6-1.1-8.5-12
Affected: IC 6-1.1-4; IC 6-1.1-8.5-2

Sec. 1. (a) Before ~~January 1, 2004, and before~~ January 1 of each year ~~that a general reassessment commences under IC 6-1.1-4-4,~~ the county assessor shall provide to the department a list of each industrial facility located within the county.

(b) Each building commissioner before January 1 of each year for new construction completed during the prior twelve (12) months shall notify the department of a newly constructed industrial facility potentially exceeding ~~at least twenty-five million dollars ($25,000,000) in~~ **the** total value **provided under IC 6-1.1-8.5-2 and** located in the jurisdiction that the building commissioner serves.

(c) The township assessor of each township before January 1 of each year for new construction completed during the prior twelve (12) months shall notify the department of a newly constructed industrial facility in a township that the assessor serves potentially exceeding ~~at least twenty-five million dollars ($25,000,000) in~~ **the** total value **provided under IC 6-1.1-8.5-2.**

(Department of Local Government Finance; 50 IAC 19-2-1; filed Oct 6, 2003, 4:30 p.m.: 27 IR 450; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 134. 50 IAC 19-2-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 19-2-2 Assessment by the department

Authority: IC 6-1.1-8.5-12
Affected: IC 6-1.1-4; IC 6-1.1-8.5-8; IC 6-1.1-8.5-9; IC 6-1.1-30-13

Sec. 2. (a) The department shall assess each industrial facility located within the county for:
(1) purposes of a general reassessment under ~~IC 6-1.1-4-4~~; **IC 6-1.1-4-4.2;** and
(2) a newly constructed industrial facility.

(b) Not less than six (6) months after receiving notice of the new construction from a township assessor or building commissioner under section 1 of this rule, the department shall schedule an assessment.

(c) To determine the true tax value of the industrial facility, the department shall use appraisal methods consistent with the rules pertaining to the assessment of real property under ~~50 IAC 2.3-1-1(d).~~ **50 IAC 2.4-1-1(c).**

(d) The department may request that the industrial company or the county assessor make available all information necessary or proper to determine the true tax value. If the industrial company or county assessor fails or refuses to provide the information requested, the department may take necessary actions pursuant to IC 6-1.1-30-13.

(Department of Local Government Finance; 50 IAC 19-2-2; filed Oct 6, 2003, 4:30 p.m.: 27 IR 451; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 135. 50 IAC 27-1-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-1-1 Purpose

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12; IC 6-1.1-4-4.5
Affected: IC 6-1.1-4; IC 6-1.1-13

Sec. 1. The purpose of this article is to establish **the** procedures and standards to govern local assessing officials and the department in the annual adjustment of assessed valuations of real property under IC 6-1.1-4-4.5 and IC 6-1.1-13. The procedures, procedural requirements, and standards established by this article:
(1) shall be followed to attain a just, equal, and uniform basis and level of assessment among taxpayers in a county and from county to county; and
(2) will ensure that the annual assessed valuations are reflective of current market value-in-use conditions.

(Department of Local Government Finance; 50 IAC 27-1-1; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 136. 50 IAC 27-1-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-1-2 Applicability

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12; IC 6-1.1-4-4.5
Affected: IC 6-1.1-4; IC 6-1.1-13-6; IC 6-1.1-14-5

Sec. 2. This rule applies to local assessing officials and the department ~~exercising authority~~ **acting** under IC 6-1.1-4-4.5, IC 6-1.1-13-6, or IC 6-1.1-14-5 in making annual adjustments in assessed valuations of real property within and across classifications and to equalizing values throughout counties.

(Department of Local Government Finance; 50 IAC 27-1-2; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 137. 50 IAC 27-1-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-1-3 Procedures

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-12
Affected: IC 6-1.1-4

Sec. 3. In making annual adjustments in assessed valuations of real property, local assessing officials are required to do the following:
(1) Reevaluate the factors that affect value.
(2) Express the interactions of those factors mathematically.
(3) Use mass appraisal techniques to estimate updated property values within statistical measures of accuracy.
(4) Provide notice to taxpayers of an assessment change that results from the application of annual adjustments.
(5) Adhere to the Uniform Standards of Professional Appraisal Practice in the performance of their duties. ~~These standards may be found at www.appraisalfoundation.org.~~

(Department of Local Government Finance; 50 IAC 27-1-3; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 138. 50 IAC 27-1-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-1-4 Method

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 4. County assessors and the department may use any method or combination of methods acceptable under the International Association of Assessing Officials (IAAO) Standards to perform the tasks mandated by this article. "IAAO standards" refers collectively to the:
(1) IAAO Standard on Ratio Studies ~~(July 2007);~~ **(April 2013);**
(2) IAAO Standard on Tax Policy ~~(August 2004); and~~ **(January 2010);**
(3) IAAO Standard on Mass Appraisal of Real Property ~~(rev. January 2008);~~ **(July 2017); and**
(4) IAAO Standard on Verification and Adjustment of Sales (November 2010);
which are hereby incorporated by reference. The IAAO standards are available from the IAAO on ~~their~~ **its** webpage: www.iaao.org. Unless otherwise indicated, the definitions in the glossary or definition sections of the IAAO standards apply to all such terms that are used in this article.

(Department of Local Government Finance; 50 IAC 27-1-4; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 139. 50 IAC 27-2-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-2-1 Applicability

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 1. The definitions in this rule and ~~50 IAC 2.3-1-2(c), referring to~~ the ~~2002~~ Real Property Assessment Manual and Guidelines ~~'Version A',~~ **incorporated by reference in 50 IAC 2.4** apply throughout this article. ~~until February 28, 2012, at which time the definitions in this rule and 50 IAC 2.4-1-1(c), referring to the 2012 Real Property Assessment Manual and Guidelines, apply. Definitions and procedures in this article shall take precedence where differences exist.~~

(Department of Local Government Finance; 50 IAC 27-2-1; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 140. 50 IAC 27-2-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-2-2 "Commissioner" defined

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12; IC 6-1.1-4-4.5

Affected: IC 6-1.1-30-6.5

Sec. 2. "Commissioner" means the commissioner of the department **of local government finance.**

(Department of Local Government Finance; 50 IAC 27-2-2; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 141. 50 IAC 27-2-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-2-3 "Contract" defined

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4; IC 6-1.1-13.7

Sec. 3. "Contract" refers to an agreement under IC 6-1.1-4-17 through ~~IC 6-1.1-4-19.5~~ **IC 6-1.1-4-20** between a county assessor and an appraiser under IC 6-1.1-31.7 to perform services related to the requirements under this article.

(Department of Local Government Finance; 50 IAC 27-2-3; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 142. 50 IAC 27-2-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-2-4 "County" defined

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12; IC 6-1.1-4-4.5
Affected: IC 6-1.1-4-4.5

Sec. 4. "County" means an ~~entire~~ Indiana county.

(Department of Local Government Finance; 50 IAC 27-2-4; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 143. 50 IAC 27-2-6 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-2-6 "Direct equalization" defined

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12; IC 6-1.1-4-4.5
Affected: IC 6-1.1-4-4.5

Sec. 6. "Direct equalization" means the process of converting **the** ratio study results into adjustment factors and changing locally determined assessed values to more nearly reflect market value-in-use or the legally required level of assessment.

(Department of Local Government Finance; 50 IAC 27-2-6; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 144. 50 IAC 27-2-7 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-2-7 "IAAO standards" defined

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12; IC 6-1.1-4-4.5
Affected: IC 6-1.1-4-4.5

Sec. 7. "IAAO standards" refers ~~collectively~~ to the International Association of Assessing Officers (IAAO) standards incorporated by reference in 50 IAC 27-1-4.

(Department of Local Government Finance; 50 IAC 27-2-7; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 145. 50 IAC 27-2-8 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-2-8 "Local assessing official" defined

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12; IC 6-1.1-4-4.5
Affected: IC 6-1.1-4-4.5

Sec. 8. "Local assessing official" means the:
(1) county assessor; or
(2) township assessor (if any);
who is responsible for performing local assessing ~~tasks~~ **duties** in accordance with the Indiana Administrative Code.

(Department of Local Government Finance; 50 IAC 27-2-8; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 146. 50 IAC 27-2-9 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-2-9 "Property tax assessment board of appeals" or "PTABOA" defined

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4; IC 6-1.1-28

Sec. 9. ~~The~~ "Property tax assessment board of appeals" or "PTABOA" means the board authorized by ~~IC 6-1.1-28-1.~~ **IC 6-1.1-28.**

(Department of Local Government Finance; 50 IAC 27-2-9; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 147. 50 IAC 27-2-10 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-2-10 "Ratio study" defined

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12; IC 6-1.1-4-4.5
Affected: IC 6-1.1-4-4.5

Sec. 10. "Ratio study" ~~is used as a generic term for~~ **means the** sales-based studies designed to evaluate assessment performance. It is a study of the relationship between appraised or assessed values and market value-in-use as reflected by sales or other information.

(Department of Local Government Finance; 50 IAC 27-2-10; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 148. 50 IAC 27-2-11 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-2-11 "Sales chasing" defined

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 11. "Sales chasing" has the meaning set forth in the IAAO Standard on Ratio Studies ~~(July 2007),~~ **(April 2013),** which is the practice of using the sale of a property to trigger a reappraisal of that property at or near the selling price. If sales with such appraisal adjustments are used in a ratio study, the practice causes invalid uniformity results and causes invalid appraisal level results, unless similar unsold parcels are reappraised by a method that produces an appraisal level for unsold properties equal to the appraisal level of sold properties. By extension, **this term means** any practice that causes the analyzed sample to misrepresent the assessment performance for the entire population as a result of acts by the assessor's office. **A subtle, possibly inadvertent, variety of sales chasing may occur when the recorded property characteristics of sold properties are differentially changed relative to unsold properties. Then the application of a uniform valuation model to all properties results in the recently sold properties being more accurately appraised than the unsold ones.**

(Department of Local Government Finance; 50 IAC 27-2-11; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 149. 50 IAC 27-2-12 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-2-12 "Stratification" defined

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 12. "Stratification" means the process ~~by which~~ **where** all properties in a county are divided into groups of similar properties by criterion such as type, location, age, or class.

(Department of Local Government Finance; 50 IAC 27-2-12; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 150. 50 IAC 27-2-13 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-2-13 "Township" defined

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 13. "Township" means ~~an Indiana~~ **a** township that has a township assessor.

(Department of Local Government Finance; 50 IAC 27-2-13; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 151. 50 IAC 27-2-14 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-2-14 "Value calibration analysis" defined

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 14. "Value calibration analysis" means the process ~~by which~~ **where the** local assessing officials correlate proposed values with verified sales of similar properties within stratified groups as an integral part of performing annual adjustment functions to ensure that adjusted assessments will satisfy performance standards as measured by ratio studies.

(Department of Local Government Finance; 50 IAC 27-2-14; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 152. 50 IAC 27-3-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-3-1 Property characteristics data

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.2

Sec. 1. (a) Accuracy of property characteristics data is an essential element in developing accurate valuations for assessment. Accuracy is typically checked by selecting a sample of properties and having the property characteristics data collected again by a supervisor or deputy assessor in the county assessor's office.

(b) Property characteristics data must be continually updated in response to changes brought about by:
(1) new construction;
(2) new parcels;
(3) remodeling;
(4) demolition; and

(5) destruction.

(c) The receipt of building permits for all significant construction activity, aerial photographs, and a locally-developed system for making periodic field inspections to identify properties and ensure that property characteristics data are complete and accurate shall be utilized to update property characteristics data in the county.

(d) Property characteristics data of properties whose sales are candidates for use in value calibration analysis and ratio studies shall be independently verified and updated by field inspection within sixty (60) days of the ownership transfer sale date.

(e) The period of time between physical inspections of individual properties in the county shall be not greater than ~~five (5)~~ **four (4)** years. Such inspections may be for any valid reason, such as reassessment, new construction, or sales data verification. When a physical inspection is conducted, all property characteristics shall be inspected and verified during the visit to the property. The county assessor shall employ a reliable record keeping system for tracking physical inspections and identification of properties requiring inspection because of the ~~five (5)~~ **four (4)** year time limit, **consistent with the county's cyclical reassessment plan approved in accordance with IC 6-1.1-4-4.2.**

(f) The basic physical characteristics of each property used in the ratio study must be the same when assessed and when sold.

(g) The basic physical characteristics of each property used in value calibration analysis must be the same when a new candidate adjusted value is calculated as when the property sold. This means that a snapshot of the physical characteristics of each sold property at the time of the sale must be retained in the database for calibration analysis.

(Department of Local Government Finance; 50 IAC 27-3-1; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 153. 50 IAC 27-3-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-3-2 Sales data

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-5.5

Sec. 2. (a) To the greatest extent possible, county assessors shall use sales of properties occurring after January 1 of the calendar year immediately preceding the ~~March 1~~ **January 1** assessment date in performing value calibration analysis and sales ratio studies under this article for the county. For example, sales beginning on January 1, ~~2009,~~ **2018,** shall be used for the ~~March 1, 2010,~~ **January 1, 2019,** assessment date.

(b) If insufficient sales data satisfying the IAAO Standard for Ratio Studies are available for the county as a whole, county assessors may use data from earlier time periods, time adjusting the data as described in the applicable IAAO standards incorporated by reference in 50 IAC 27-1-4.

(c) If data other than described in subsection (a) or (b) are intended for use, the county assessor shall first explain in writing to the director of the **assessment** division ~~of data analysis~~ of the department the reasons for using other data and obtain approval for in writing prior to its use.

(d) If adequate sales data satisfying the IAAO standard are not available, other methods for testing the validity of the assessment prescribed by applicable IAAO standards incorporated by reference in 50 IAC 27-1-4 may be used.

(Department of Local Government Finance; 50 IAC 27-3-2; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 154. 50 IAC 27-4-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-4-1 Ratio studies

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-12
Affected: IC 6-1.1-4; IC 6-1.1-14-12; IC 6-1.1-33.5-6

Sec. 1. All ratio studies shall be performed using the methods or combination of methods **deemed** acceptable under the IAAO standards incorporated by reference in 50 IAC 27-1-4.

(Department of Local Government Finance; 50 IAC 27-4-1; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 155. 50 IAC 27-4-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-4-2 Equation

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 2. Assessed values are the numerators in the ratios used in a ratio study. Sale price, as an indicator of market value-in-use, is the denominator in the calculation of the ratio.

~~Assessed Value / Sales Price = Sales Ratio~~

Assessed Value ÷ Sales Price = Sales Ratio

(Department of Local Government Finance; 50 IAC 27-4-2; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 156. 50 IAC 27-4-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-4-3 Applicability of ratio studies

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.6; IC 6-1.1-14-12; IC 6-1.1-33.5-6

Sec. 3. (a) County assessors and the department use ratio studies as a primary mass appraisal testing procedure and ~~the most important~~ **a** performance analysis tool.

(b) The ratio study assists the county in providing fair and equitable assessment of all property.

(c) The ratio study is used to measure and evaluate the level and uniformity of mass appraisal models, determine time trends, and to adjust assessed values between general reassessments.

(Department of Local Government Finance; 50 IAC 27-4-3; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 157. 50 IAC 27-4-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-4-4 Frequency of ratio studies

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4; IC 6-1.1-14-12

Sec. 4. (a) A ratio study shall be conducted by the county assessor annually for the entire county for each property class and for each township in the county that has a sufficient number of valid sales within property classes to satisfy the requirements of ~~50 IAC 27-4-1.5(b)~~ **section 6 of this rule** and 50 IAC 27-5-3.

(b) The department conducts independent ratio studies annually using the data contained in files submitted to the department by the counties. However, in addition to ratio studies that use the most recent calendar year sales

and the subsequent ~~March 1~~ **January 1** assessment data, the department may perform ratio studies using the most recent calendar year sales and the prior year ~~March 1~~ **January 1** assessments, which are usually determined prior to the most recent calendar year sales events, as a means of monitoring sales chasing.

(Department of Local Government Finance; 50 IAC 27-4-4; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 158. 50 IAC 27-4-5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-4-5 Ratio study statistics and standards

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-14-12; IC 6-1.1-33.5-6

Sec. 5. (a) Except for agricultural land, ratio study statistics shall be calculated based on the methods and procedures contained in the IAAO Standard on Ratio Studies ~~(July 2007),~~ **(April 2013),** as incorporated by reference in 50 IAC 27-1-4.

(b) The level of assessment, as determined by the median ratio, must fall between 0.90 and 1.10 for any class of property. However, ~~confidence intervals, rather than~~ the ~~median ratio itself, will be used~~ **department may use necessary measures of reliability** to determine **ratio study** compliance. ~~with this benchmark.~~

(c) The coefficient of dispersion (COD) standard for improved residential property is 15.0 or less. ~~Income-producing property, vacant land, and~~ **All** other real property ~~have~~ **has** a COD standard of 20.0 or less.

(d) The price-related differential (PRD) must be between 0.98 and 1.03. However, in accordance with the Standard on Ratio Studies, as incorporated by reference in 50 IAC 27-1-4, if there are fewer than twenty (20) sales in a particular township or class of property, the Spearman Rank test will be relied upon to determine if vertical equity has been met for that stratum. This will resolve the well-known sensitivity of the PRD to outliers in small samples.

~~(e) Confidence intervals are a way of capturing the variation in a sample of properties. For example, the median ratio is generally relied upon as the best estimate of the overall level of assessment for a given property stratum. However, the sample median itself is not an exact estimate of the population median, only the assessor's best guess. The accuracy of this estimate improves when more sales are used. For example, one would have more confidence that the sample median represented the actual level of assessment, if the stratum contained fifty (50) sales rather than five (5) sales. A confidence interval consists of a lower and upper bound for the median ratio and a given level of confidence that the actual median ratio is between those two (2) bounds. In all cases, the level of confidence used by the department will be ninety-five percent (95%) (two-tailed).~~

~~(f)~~ **(e)** The ~~goal is to achieve an~~ overall assessment level **shall be** equal to one hundred percent (100%) of market value-in-use. However, ensuring uniformity in assessment levels among strata is also important. Therefore, the assessment level of each township and major property class ~~(residential improved, residential vacant, commercial improved, commercial vacant, industrial improved, and industrial vacant),~~ **(improved residential, unimproved residential, improved commercial, unimproved commercial, improved industrial, and unimproved industrial),** must be within five percent (5%) of the overall assessment level of the county.

(f) The data used for ratio studies shall include the sales ratio data exported from the property tax management system under 50 IAC 26-3-6. If the county assessor or township assessor (if any) modifies any of the data exported from the property tax management system for the ratio study classification, an explanation of the modifications shall be provided to the department.

(Department of Local Government Finance; 50 IAC 27-4-5; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 159. 50 IAC 27-4-6 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-4-6 Classification of property for ratio studies

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-13

Sec. 6. (a) The county assessor shall calculate median assessment ratios for each of the following classes of property in the **entire** county and **for** each township in the county **where an adequate sales sample exists as defined in section 5 of this rule:**
(1) Improved residential.
(2) Unimproved residential.
(3) Improved commercial.
(4) Unimproved commercial.
(5) Improved industrial.
(6) Unimproved industrial.
~~(7) Agricultural land.~~

(b) If any of the classes of property listed in subsection (a) consists of fewer than twenty-five (25) parcels, no assessment ratio median is required to be calculated for that class.

(c) In calculating assessment ratios, each county assessor shall disregard distributable utility property. The county assessor shall classify locally assessed utility real property according to its use, for example, commercial or industrial, for purposes of calculating assessment ratios.

(Department of Local Government Finance; 50 IAC 27-4-6; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 160. 50 IAC 27-4-7 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-4-7 Verification requirements

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.7; IC 6-1.1-4-27.5; IC 6-1.1-5.5-3

Sec. 7. (a) The county assessor shall retain and properly verify all sales disclosure forms forwarded under IC 6-1.1-5.5-3. In conjunction with IAAO standards incorporated by reference in 50 IAC 27-1-4, the county assessor shall utilize the sales verified to perform value calibration analysis to determine whether adjustment factors are required within any neighborhoods and property classes of the county for annual adjustment and equalization as required by this article.

(b) Each county assessor shall complete all sales verification prior to ~~March 31~~ **February 1** for sales occurring before the ~~March 1~~ **January 1** assessment date, including inspection required under 50 IAC 27-3-1.

(c) Sales data must be routinely confirmed. Receipt of properly certified sales disclosure forms required by IC 6-1.1-5.5 initiates the verification process and provides important information by which sales data are confirmed.

(d) Sales used in a ratio study must be screened to ensure they reflect the market value-in-use of the real property transferred. Specific objectives of sales screening are to ensure the following:
(1) Sales used in ratio studies reflect market value-in-use.
(2) Sales prices reflect only the market value-in-use of the real property transferred and not the value of personal property, financing, leases, or other parcels of real property.
(3) Only sales that occurred during the period of analysis are used.
(4) Sales are excluded from the ratio study only with good cause, for example, when they compromise the reliability of the ratio study.

(e) Every arm's length, open market sale that appears to meet the conditions of a market value-in-use transaction shall be included in the ratio study unless one (1) of the following occurs:
(1) Data for the sale are incomplete, unverifiable, or suspect.
(2) The sale fails to pass one (1) or more specific tests of acceptability as listed in the IAAO Standard on Ratio

Studies, Appendix A ~~(July 2007),~~ **(April 2013),** as incorporated by reference in 50 IAC 27-1-4.

(f) All sales are candidates for the ratio study unless sufficient and compelling information can be documented to show otherwise.

(g) Sale prices used in the ratio study shall be adjusted for financing, assumed long-term leases, personal property, gift programs, and date of sale in accordance with the IAAO Standard on Ratio Studies, Appendix A ~~(July 2007),~~ **(April 2013),** as incorporated by reference in 50 IAC 27-1-4.

(h) When there is more than one (1) confirmed valid sale of the same property during a ratio study period, only the final transaction shall be used in the ratio study.

(i) Sales used for value calibration analysis studies must also have property characteristics at the time of the sale determined and recorded as required by 50 IAC 27-3-1.

(j) Some sales may be valid for value calibration analysis and not valid for sales ratio studies, such as a home site subdivided from a larger parcel of land and sold in an arm's-length transaction. Hence, sales transactions must be coded to indicate which type of validity applies so that valuable market information is available for value calibration and annual adjustment that would not be used for ratio studies.

(Department of Local Government Finance; 50 IAC 27-4-7; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 161. 50 IAC 27-5-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-5-1 Adjustment factors

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 1. (a) In the annual adjustment process the county assessor shall reevaluate the factors that affect value each year, express the interactions of those factors mathematically, and use mass appraisal techniques to estimate property values to reflect a property's market value-in-use. ~~Thus,~~ It is necessary to observe and evaluate, but not always to change, the assessment of each property each year in order to achieve current market value-in-use. Value calibration analysis studies performed by the county assessor will indicate where equalization action is needed to ensure annual equalization within the county.

(b) The annual adjustment process does not mean that each assessed valuation must be reviewed or recomputed individually. Instead, adjustment factors based on criteria such as property class, type, location, size, and age will be developed and applied to stratified groups of properties. These adjustment factors shall be derived from market value-in-use calibration analyses.

(c) Adjustment factors are not a substitute for physical reviews and individual reappraisals or reassessments, which are required to correct lack of uniformity within a class of property, and to obtain property characteristics data required by 50 IAC 27-3-1.

(Department of Local Government Finance; 50 IAC 27-5-1; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 162. 50 IAC 27-5-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-5-2 Valuation date and time adjustments

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 2. (a) The county assessor shall use sales of properties occurring during a time period that is as short as possible and ideally not more than ~~fourteen (14)~~ **twelve (12)** months before the ~~March 1~~ **January 1** assessment

and valuation date. A longer time period may be required to produce a representative sample for a property class within the county.

(b) To develop an adequate sample size, the sales used in ratio studies and value calibration analyses may span a period as long as five (5) years provided economic shifts are taken into account, property characteristics are as they were at the time of the sale, and sales prices have been adjusted for time as necessary.

(c) The valuation date is the ~~March 1~~ **January 1** assessment date. Sales occurring before that date shall be time adjusted if appropriate, in accordance with the IAAO standard. The time adjusted sale price shall become the basis for all ensuing analysis undertaken under this article.

(Department of Local Government Finance; 50 IAC 27-5-2; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 163. 50 IAC 27-5-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-5-3 Sample representativeness

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 3. (a) A ratio study or a value calibration analysis study is valid to the extent that the sample is sufficiently representative of the population. A study sample is representative when the distribution of ratios of properties in the sample reflects the distribution of ratios of properties in the population.

(b) To be a representative sample, the sample must proportionally reflect major property characteristics, for example, property class, type, location, size, and age, present in the population of sold and unsold properties. The county assessor must incorporate a quality control program to ensure that sold and unsold parcels are assessed at the same level. See IAAO Standard on Ratio Studies, ~~Appendix D (July 2007),~~ **Appendix E (April 2013),** as incorporated by reference in 50 IAC 27-1-4.

(c) A study sample with fewer than five (5) sales shall not be used due **to** its exceptionally poor reliability.

(Department of Local Government Finance; 50 IAC 27-5-3; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 164. 50 IAC 27-5-4 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-5-4 Sample size

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 4. (a) Neighborhoods **and other stratified groupings such as market areas** must have **a sample size of** five (5) or more sales if the ~~sales comparison approach~~ **data in the sample** is used to ~~value improvements or land,~~ **compute an adjustment factor for the neighborhood,** unless the assessing official is able to justify the use of fewer sales in the neighborhood within the ratio study narrative. **To increase the sample size, an assessing official must combine sample data from neighborhoods and other groupings that have similar parcel or market characteristics.** For greater assessment precision, a larger sample size is needed. Therefore, in accordance with IAAO standards incorporated by reference in 50 IAC 27-1-4, the department will require that adequate sample sizes be used.

(b) If commercial and industrial improved properties have a limited number of sales, for example, fewer than five (5) sales in the strata, the county must use the other approaches to value as outlined in section 8 of this rule, that is, cost tables, income data, MLS data, ~~etc.~~ **and any other relevant industry standards.**

(Department of Local Government Finance; 50 IAC 27-5-4; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 165. 50 IAC 27-5-5 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-5-5 Outlier ratios

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 5. (a) Outlier ratios are very low or high ratios as compared with other ratios in the sample. One (1) extreme outlier can have a controlling influence over some statistical measures. Outlier ratios can result from an erroneous sale price, a nonmarket sale, unusual market variability, a mismatch between property sold and the property assessed, and other reasons listed in the IAAO Standard on Ratio Studies, Standard 5.2 ~~(July 2007),~~ **(April 2013),** as incorporated by reference in 50 IAC 27-1-4.

(b) The preferred method of handling an outlier ratio is to subject it to additional scrutiny to determine whether the sale is a nonmarket transaction or contains an error in fact. If the error can be corrected, for example, data entry error, the property should be kept in the sample. If the error cannot be corrected, if correction of the error would cause the identified outlier to no longer be representative of the population, or if inclusion of the identified outlier would reduce sample representativeness, the sale shall be excluded.

(c) For guidelines on outlier identification and trimming, ~~see~~ **the department requires that assessing officials follow** the IAAO Standard on Ratio Studies, Appendix B ~~(July 2007),~~ **(April 2013),** as incorporated by reference in 50 IAC 27-1-4.

(Department of Local Government Finance; 50 IAC 27-5-5; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 166. 50 IAC 27-5-6 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-5-6 Review of neighborhood delineations

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 6. (a) The assessing official shall review existing neighborhood delineations to determine if the delineations used adequately placed like property into homogeneous geographic groups. The assessing official may only modify neighborhood boundaries if their neighborhood review identifies inadequacies in the original delineations. This modification may include the development of new neighborhood delineations. If the assessing official determines through review, ratio studies, or **assessment** appeals from previous assessment years that the neighborhood delineations need to be modified, the local assessing official shall proceed in setting new neighborhood boundaries.

(b) The assessing official shall base new neighborhood delineations on geographic areas sharing locational and physical similarities, and stratified groups exhibiting a high degree of similarity in the following:
(1) Amenities.
(2) Use.
(3) Economic trends.
(4) Building characteristics, such as the following:
  (A) Improvement quality.
  (B) Age.
  (C) Physical characteristics.

(c) In areas where values are erratic or neighborhood delineations are not sufficiently homogeneous, the real property in the area shall be reassessed or further stratified by property characteristics, developing separate factors for various property strata. For example, if older homes in a specific neighborhood are appreciating or depreciating at a more rapid rate than new homes, the two (2) groups should be stratified and analyzed separately with a factor determined for each property type within the specific neighborhood.

(d) It is not sufficient to merely stratify properties and sales according to their classification, that is, residential

and commercial, and develop one (1) neighborhood and one (1) annual adjustment factor for the entire class of property. Properties throughout any area within the county, even though they have the same classification, may vary considerably in quality, style, age, location, and amenities and, therefore, may change in value at differing rates. Sales used to develop annual adjustment factors must be comparable to the properties for which the factors are being developed. In other words, the assessor shall endeavor to ensure that adjustment factors are developed from a sample of sales that is representative to the population of parcels to which the factors will ultimately be applied.

(e) The assessing official may also determine that it is inappropriate to apply an annual adjustment factor on both the land and improvements of a property. For example, the assessing official may determine to apply the annual adjustment factor:

(1) only to the land; or

(2) to the dwelling and one (1) outbuilding or garage and not on other outbuildings, recent additions, or other improvements.

In that case, the assessing official shall document the reasons for application of the annual adjustment factor to some, but not all, of the improvements or land.

(Department of Local Government Finance; 50 IAC 27-5-6; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 167. 50 IAC 27-5-7 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-5-7 Review of land values

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 7. (a) The county assessor shall review land values as part of the annual adjustment process.

(b) If the county assessor determines through review, ratio studies, or **assessment** appeals from previous assessment years that the land base rate units need to be modified, the county assessor shall proceed to set new land base rates. The sales comparison approach is the primary approach to land valuation and is always preferred when sufficient sales are available. If there are fewer than five (5) sales in a strata, there are several methods of determining land values in the absence of adequate sales in a neighborhood, including, but not limited to, the following:

(1) Use land values from a similar neighborhood that has vacant land sales to support the land base rate.

(2) Extract the land value from valid sales of improved properties.

(3) Expand the period from which sales are drawn and adjust for time as necessary.

(Department of Local Government Finance; 50 IAC 27-5-7; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 168. 50 IAC 27-5-8 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-5-8 Preliminary analysis

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 8. (a) Ratio studies and value calibration analyses shall be used by local assessing officials to determine the need for and extent of annual adjustments required.

(b) The standards contained in Part 1, Section 9 of the IAAO Standard on Ratio Studies **(April 2013),** as incorporated by reference in 50 IAC 27-1-4 shall be used to determine the annual adjustment actions required by the local assessing official.

(Department of Local Government Finance; 50 IAC 27-5-8; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 169. 50 IAC 27-5-9 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-5-9 Mandatory application of factors

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 9. (a) If, upon review of the ratio studies and value calibration analyses, the local assessing official determines that adjustment factors must be applied in order to ensure assessed values reflect market value-in-use and meet the statistical standards of ~~50 IAC 27-4-1.4~~, **50 IAC 27-4-5,** the local assessing official shall proceed with the application of the annual adjustment factors in accordance with this article.

(b) If assessing officials determine that there are fewer than five (5) sales of commercial or industrial improved property in the strata to determine annual adjustment factors, the county shall use one (1) or more of the following to derive annual adjustment factors or modify the values of commercial and industrial property:

(1) Nationally published cost data from a credible source, such as Craftsman **or** Marshall and Swift, ~~or R.S. Means~~ and locally developed depreciation tables from the last calendar year preceding the assessment date.
(2) Income data, rental data, market value-in-use appraisals, and other relevant evidence derived from appeals of ~~the 2002 reassessment~~ **previous reassessments** and adjusted, as applicable, to the January 1 of the year preceding the assessment date.
(3) Commercial real estate reports.
(4) Governmental studies.
~~(5) Census data.~~
~~(6) Multiple listing service (MLS) data.~~

(Department of Local Government Finance; 50 IAC 27-5-9; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 170. 50 IAC 27-5-10 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-5-10 Stratification

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-39

Sec. 10. (a) Stratification is the sorting of parcels into relatively homogeneous groups based on use, physical characteristics, and location. Stratification permits analysis of mass appraisal performance within and between property groups. Care must be taken not to over-stratify, that is, to create strata that are too small to achieve statistical reliability. Ultimately, the degree of stratification will be determined largely by available sales data, unless it is cost-effective and practical to add sufficient independent appraisals. ~~If sufficient sales or appraisals are not available for~~ A ~~given~~ stratum ~~it should~~ **must** be combined with similar strata **if sufficient sales or appraisals are not available for that stratum.** Also, systematic sales chasing can occur if when creating adjustments for the market, characteristics are over-stratified. ~~The most~~ Over-stratification is **most likely to occur** with the creation of neighborhoods.

(b) If, upon review of preliminary value calibration analyses, ratio studies, neighborhood delineations, and land values, the assessing official determines that further categorization of property types is necessary to promote uniform and equal assessments, the local assessing official shall attempt stratification before commencing a reassessment to adjust real property market valuations.

(c) The assessing official will need to identify similar groups of property, by property class and property type within neighborhoods, based on criteria such as location, structure type, and age. This dividing of property into groups of similar or homogeneous types for analysis and value adjustment is stratification. Value calibration analyses are generated for various strata and adjustment factors are refined until the assessor determines that ~~(CODs)~~ **the coefficient of dispersion (COD)** and ~~(PRDs)~~ **the price-related differential (PRD)** are within the requirements of this rule. The calibrated adjustment factors are then applied to the valuation of all similarly situated properties so that the assessment statistics fall within the requirements ~~Part 1, Section 9~~ of the IAAO Standard on Ratio Studies. For example, if an examination of the ~~outlier~~ sales indicates that properties on large acreage tracks are undervalued causing the COD to be out of line, and grouping by land size shows an acceptable COD within the group but the median ratio for the larger tracks is lower than the smaller tracks, the

assessor might then adjust the excess acreage rate so that the median of the large acreage comes to the same median level as the remaining parcels. After this is accomplished in accordance with section 6 of this rule, the application of overall adjustment factors shall be applied based on the revised value calibration analyses.

(d) In accordance with IC 6-1.1-4-39, stratification, if appropriate, and annual adjustment of real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more and that has more than four (4) rental units shall take into account that the valuation of such property is to be determined by applying the least of the following appraisal approaches:
(1) The cost approach.
(2) The sales comparison approach.
(3) The income capitalization approach.

(e) In accordance with IC 6-1.1-4-39(b), stratification, if appropriate, and annual adjustment of real property that has at least one (1) and not more than four (4) rental units shall take into account that the gross rent multiplier method is the preferred method of valuing such property.

(Department of Local Government Finance; 50 IAC 27-5-10; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 171. 50 IAC 27-6-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-6-1 Agricultural property

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-13; IC 6-1.1-4-13.2

Sec. 1. (a) Land used for agricultural purposes shall be adjusted consistent with the guideline methodology developed for the ~~2002 and~~ 2012 general reassessments agricultural land value except, in determining the annual base rate, the department shall adjust the methodology to use a six (6) year rolling average. The department will issue annually, before ~~March 1,~~ **January 1,** the base rate to be applied for that ~~March 1~~ **January 1** assessment date.

(b) Those portions of agricultural parcels that include land and buildings not used agriculturally, such as homes, homesites, and excess land and commercial or industrial land and buildings, shall be adjusted by the factor or factors developed for other similar property within the geographic stratification. The residence portion of agricultural properties will be adjusted by the factors applied to similar residential properties.

(Department of Local Government Finance; 50 IAC 27-6-1; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 172. 50 IAC 27-7-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-7-1 Time

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-22; IC 6-1.1-14; IC 6-1.1-33.5

Sec. 1. (a) Assessing officials shall do the following:
(1) Perform annual adjustments compliant with this article before tax rates are set by the department based on values generated by any form of annual adjustment performed under this rule.
(2) Execute the adjustment and subsequent finalization of values without interruption.
If the department determines that further review of a county's assessed values is warranted, the department ~~will~~ **shall conduct a review and** notify the county in accordance with 50 IAC 27-10, 50 IAC 27-11, IC 6-1.1-4, IC 6-1.1-14, or IC 6-1.1-33.5.

(b) If any annual adjustment factor is applied, a notice of assessment, for example, Form 11, shall be sent to each affected taxpayer pursuant to IC 6-1.1-4-22.

(Department of Local Government Finance; 50 IAC 27-7-1; filed Apr 8, 2010, 1:45 p.m.:

20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 173. 50 IAC 27-8-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-8-1 Mandatory analysis

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 1. After the application of annual adjustment factors, the county assessor shall calculate assessment ratio studies and provide the results to the department in the manner specified in ~~50 IAC 27-4-1.4, 50 IAC 27-4-1.5, and~~ **50 IAC 27-4-5, 50 IAC 27-4-6, and** 50 IAC 27-7-1.

(Department of Local Government Finance; 50 IAC 27-8-1; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 174. 50 IAC 27-9-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-9-1 Transfer of sale and parcel data

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-25; IC 6-1.1-5-14; IC 6-1.1-5.5-3; IC 6-1.1-33.5-3

Sec. 1. (a) On or before ~~March 31~~ **February 1** of each year, county assessors must submit to the department all sales disclosure data in the formats specified by the department in electronic form. The data format must include all sales disclosure data on all sales occurring in the county for the entire preceding calendar year and the current year before ~~March 1.~~ **January 1.**

(b) The county assessor must submit to the department all parcel data in the specified formats as required by IC 6-1.1-4-25 to be utilized by the department in accordance with IC 6-1.1-33.5-3. The data may be submitted upon certification of values by the assessor to the auditor on **or before** July 1 as required by IC 6-1.1-5-14 or thereafter, but in no event later than ~~October 1.~~ **August 31.**

(c) Upon request, the county assessor or any person that the county or township assessor, if any, has contracted to perform any studies associated with this annual adjustment rule shall provide, at no cost to the department, any further information that the department determines is necessary or proper to the department's determination of compliance with the requirements of IC 6-1.1-4-4.5, this rule, or the IAAO standards incorporated by reference in 50 IAC 27-1-4.

(Department of Local Government Finance; 50 IAC 27-9-1; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 175. 50 IAC 27-9-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-9-2 Computer assisted mass appraisal systems

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 2. The local assessing official shall be responsible for ensuring **that** the sales data is included in the database used in the property valuation software employed by the assessors. The local assessing official may also capture this data in other analytical or data capture software systems, but all transfers with a stated consideration must be included in the primary valuation software.

(Department of Local Government Finance; 50 IAC 27-9-2; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 176. 50 IAC 27-9-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-9-3 Transfer of statistical data

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 3. (a) County assessors shall forward to the division of data analysis electronic spreadsheets that contain all data used to calculate a **coefficient of dispersion** (COD) and median ratio for the county and each township **on or before March 1.** The data the county assessor provides must, at a minimum, include the following information for each property used to calculate the ~~coefficient of dispersion~~ **COD** and median ratio:

(1) Parcel number.
(2) Township.
(3) Neighborhood code.
(4) Property class code.
(5) Taxing district.
(6) Sale date.
(7) Sale price.
~~(2)~~ **(8)** Assessed value of land.
~~(3)~~ **(9)** Assessed value of improvement.
(10) Total assessed value.
(11) Ratio.
~~(4) Date of sale.~~
~~(5) Sale price.~~
~~(6) Township.~~
~~(7) School corporation.~~
~~(8) County taxing district number.~~
~~(9) Department taxing district number.~~
~~(10) Condition rating.~~
~~(11) Grade.~~
~~(12) Neighborhood code.~~
~~(13) Property class code.~~

(b) The division will review and verify the accuracy of the computations. If errors are found in the computations, the division will notify the county assessor, who shall correct all errors. Once all errors are corrected, the county assessor shall forward the corrected computations to the division for verification. When this verification is complete, the division will notify the county assessor.

(Department of Local Government Finance; 50 IAC 27-9-3; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 177. 50 IAC 27-10-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-10-1 Provision of information to the department

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 1. (a) If the median ratio or **coefficient of dispersion** (COD) calculated for the county and each township in any property classification specified in ~~50 IAC 27-4-1.5,~~ **50 IAC 27-4-6,** as verified by the department, falls outside the requirements of ~~50 IAC 27-4-1.4,~~ **50 IAC 27-4-5,** the county assessor shall apply an adjustment factor to bring the median ratio and COD into compliance.

(b) If the county assessor believes that reasons exist why no factor ~~or a factor other than that required to bring the median ratio to one (1.0),~~ should be applied in a particular township, the county assessor shall immediately:

(1) notify the commissioner in writing of those reasons; and
(2) request permission to take:
  (A) action other than that mandated in subsection (a); or
  (B) no action.

(c) The commissioner shall act on the request within thirty (30) days of receiving the request. In response to a county assessor's request for permission to take action other than that mandated in subsection (a), the

commissioner may:
(1) require the county assessor to take the action mandated in subsection (a);
(2) permit the action requested by the county assessor; or
(3) require the county assessor to take other action short of that required in subsection (a).

(Department of Local Government Finance; 50 IAC 27-10-1; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 178. 50 IAC 27-11-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-11-1 Reassessment

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. (a) If the **coefficient of dispersion** (COD) calculated for the county or township for any property classification specified in ~~50 IAC 27-4-1.5~~, **50 IAC 27-4-6,** as verified by the department, falls outside the requirements of ~~50 IAC 27-4-1.4~~ **50 IAC 27-4-5** and cannot be corrected by use of the annual adjustment and equalization methods specified in this article or IC 6-1.1-13 or IC 6-1.1-14, the county assessor shall reassess the property class in the county or township, whichever is applicable, to bring it into compliance with the requirements of the IAAO standards incorporated by reference by 50 IAC 27-1-4.

(b) If the **price-related differential** (PRD) calculated for the county or township for any property classification specified in ~~50 IAC 27-4-1.5~~, **50 IAC 27-4-6,** as verified by the department, falls outside the requirements of ~~50 IAC 27-4-1.4~~ **50 IAC 27-4-5** and cannot be corrected by use of the annual adjustment and equalization methods specified in this article, the county assessor shall reassess the property class in the county or township in order to bring it into compliance with the requirements of the IAAO standard.

(c) If the county assessor believes that reasons exist not to reassess a property class in the county under subsection (a) or (b), the county assessor shall immediately:
(1) notify the commissioner in writing of those reasons; and
(2) request permission to take:
(A) action other than that mandated in subsection (a) or (b); or
(B) no action.

(d) The commissioner shall act on the request within thirty (30) days of receiving the request. In response to a county assessor's request for permission to take action other than mandated in subsection (a) or (b), the commissioner may:
(1) require the county assessor to take the action mandated in subsection (a) or (b);
(2) permit the action requested by the county assessor; or
(3) require the county assessor to take other action short of that required in subsection (a) or (b).

(Department of Local Government Finance; 50 IAC 27-11-1; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 179. 50 IAC 27-11-2 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-11-2 Sales chasing

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4; IC 6-1.1-13; IC 6-1.1-14

Sec. 2. (a) Sales chasing is the practice of adjusting the value on properties that sold without regard to the market analysis performed in setting values for the population. Sales chasing can occur on an individual basis or ~~done~~ **can occur** systematically. First, on an individual basis, it may occur when individual sales are reviewed with focus on the assessed value to the sales price. In such a situation, the assessor changes characteristics of the property in order for the value to come in line with the sales price. Systematic sales chasing may occur if, when creating adjustments for the market, characteristics are over-stratified. The most common over-stratification is with the creation of neighborhoods.

(b) A subtle, possibly inadvertent, variety of sales chasing occurs when the recorded property characteristics of sold properties are differentially changed relative to unsold properties. Then the application of a uniform valuation model to all properties results in the recently sold properties being more accurately appraised than the unsold ones.

(c) Local assessors shall avoid the practice of sales chasing. The department shall monitor and discourage sales chasing because unless similar unsold parcels are reassessed at the same level as sold parcels, sales chasing causes inequitable treatment of taxpayers by shifting the tax burden to taxpayers who have recently bought property.

(d) As long as sold and unsold parcels are assessed in the same manner and the data describing them are coded consistently, statistics calculated in a sales ratio study can be used to infer assessment performance for unsold parcels. However, if parcels that sell are selectively reassessed or recoded based on their sales prices or some other criterion, such as listing price, and if such parcels are in the ratio study, sales ratio study uniformity inferences will not be accurate (assessments will appear more uniform than they are).

(e) Local assessors and the department are not required to employ all of the detection techniques described in Appendix ~~D~~ **E** of the IAAO Standard on Ratio Studies ~~(July 2007),~~ **(April 2013),** but shall consider implementing at least one (1) procedure.

(f) Once it is determined that sales chasing probably has occurred and probably is reducing the validity of ratio study statistical measures of level or uniformity, it is necessary for the assessor to redo the ratio study to establish valid measures before any other recommendations, such as reassessment in accordance with IC 6-1.1-4 or equalization action in IC 6-1.1-14, may be made.

(Department of Local Government Finance; 50 IAC 27-11-2; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 180. 50 IAC 27-12-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-12-1 Action

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 1. The department shall take all action necessary under the laws and administrative rules to ensure ~~the~~ timely completion of the annual adjustment process by local assessing officials.

(Department of Local Government Finance; 50 IAC 27-12-1; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 181. 50 IAC 27-13-1 IS AMENDED TO READ AS FOLLOWS:

50 IAC 27-13-1 Procedures in townships

Authority: IC 6-1.1-4-4.5; IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-4-4.5

Sec. 1. (a) The township:
(1) is an integral component of the county; and
(2) shall be analyzed and assessed accordingly.

(b) In those townships with a township assessor, the township assessor shall perform the functions ~~of the county assessor~~ under this article within that township.

(Department of Local Government Finance; 50 IAC 27-13-1; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 182. 50 IAC 29-3-3 IS AMENDED TO READ AS FOLLOWS:

50 IAC 29-3-3 Income capitalization

Authority: IC 6-1.1-4-42
Affected: IC 6-1.1-35-9

Sec. 3. (a) In assessing golf courses by means of the income capitalization method, an assessing official shall derive a value indication for income-producing property by ~~converting the anticipated benefits of ownership of the property.~~ **dividing the three (3) year average net operating income by the cap rate as determined annually by the department.**

(b) Through use of income capitalization, an assessing official shall rely on the economic principles of the following:
(1) Anticipation.
(2) Change.
(3) Supply and demand and competition.
(4) Substitution.
(5) Balance and contribution.
(6) Industry standard cap rates.

(c) Because a golf course may generate multiple sources of income, including greens fees, membership dues, and concessions, assessing officials shall solicit data for gross income and allowable operating expenses from the golf course operators and use federal tax returns or similar evidence as verification that the submissions are correct.

(d) **The date of assessment is January 1. An** assessing ~~officials may~~ **official shall** examine ~~multiple years of~~ **the** financial records and federal tax returns ~~up to and including the most current financial records and federal tax returns of the taxpayer~~ **for the three (3) immediately preceding years to obtain the average net operating income. The three-year average should include the most current completed financial records and filed federal tax returns for the golf course** as of ~~March 1 of the year of assessment,~~ **January 1** to ensure that the appropriate income and expense information for the subject property is utilized. Under IC 6-1.1-35-9, all income and expense information provided to the assessing official is confidential.

(Department of Local Government Finance; 50 IAC 29-3-3; filed Aug 30, 2012, 2:00 p.m.: 20120926-IR-050120274FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA)

SECTION 183. THE FOLLOWING ARE REPEALED: 50 IAC 4.2-1-4; 50 IAC 4.2-1-6; 50 IAC 4.2-2-3.1; 50 IAC 4.2-2-7; 50 IAC 4.2-3.1-1; 50 IAC 4.2-3.1-2; 50 IAC 4.2-3.1-3; 50 IAC 4.2-3.1-4; 50 IAC 4.2-3.1-10; 50 IAC 4.2-4-9.1; 50 IAC 4.2-11.1-3; 50 IAC 4.2-11.1-4; 50 IAC 4.2-11.1-7; 50 IAC 4.2-11.1-8; 50 IAC 4.2-11.1-9; 50 IAC 4.2-11.1-10; 50 IAC 4.2-11.1-11; 50 IAC 5.1-1-8; 50 IAC 5.1-1-29; 50 IAC 5.1-3-3; 50 IAC 5.1-4-7; 50 IAC 5.1-4-8; 50 IAC 5.1-11-5; 50 IAC 10-1-7; 50 IAC 10-1-8; 50 IAC 10-4-1; 50 IAC 15-1-1.5; 50 IAC 15-5-4.

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