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**TITLE 50 DEPARTMENT OF LOCAL
GOVERNMENT FINANCE**

NOTE: Under IC 6-1.1-31-1, the name of the State Board of Tax Commissioners is changed to Department of Local Government Finance, effective January 1, 2002.

LSA Document #02-82

December 5, 2002

The Honorable Luke Kenley, Chair
Administrative Rules Oversight Committee

Re: Notice of Delay in Adoption of Rule defining procedures that will allow local assessing officials to establish a substantial relationship between property and use for exempt purposes / LSA Document #02-82

Dear Senator Kenley:

Notice of Delay

This is to notify you that pursuant to IC 4-22-2-25, the Department of Local Government Finance has determined that it may not be able to adopt, and obtain the Governor's approval of, the proposed rule governing standards for determining exemptions and whether tangible property used by an exempt organization in a trade or business is substantially related to the exercise or performance of the organization's exempt purpose. IC 6-1.1-36.5 (LSA Document #02-82) within one (1) year of the date of notice of intent to adopt the rule as published under IC 4-22-2-23.

Reasons for Delay

This rule requires that provisions be established to govern the standard of determining whether tangible property is exempt from taxation. Public Law 198-2001 (HEA 1499) effective January 1, 2002, establishes criteria that must be used in evaluating property to determine exempt purposes. The Department of Local Government Finance, a successor entity to the State Board of Tax Commissioners, did not consider it prudent to attempt to adopt a rule and set standards till HEA 1499 took effect and the department better understood the needs of the assessing community.

Expected Adoption Date

The Department of Local Government Finance expects to forward the promulgation of LSA Document #02-82 in the near future. It is anticipated that we will be able to adopt the rule and obtain the Governor's approval, before the end of 2003. Because the stated "expected date" will control the validity of the rule, we present this notice and state that we now expect to adopt and obtain the Governor's approval of the rules governing assessment tangible property as used for exempt purposes (LSA Doc. #02-82), before November 1, 2003.

Your understanding of these circumstances is greatly appreciated. If you need additional information please do not hesitate to contact me at 232-5895. Thank you.

Sincerely,

Heather A. Scheel
Attorney

Copy to:

Representative Jerry Denbo

Susan Kennell, Attorney for the Committee

Chuck Mayfield, Fiscal Analyst for Committee