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**TITLE 50 DEPARTMENT OF LOCAL
GOVERNMENT FINANCE**

LSA Document #06-89(E)

DIGEST

Temporarily establishes procedures for application and administration of the investment deduction established by IC 6-1.1-12.4 until the department establishes permanent rules on this subject or July 1, 2006, whichever comes first. Authority: IC 4-22-2-37.1; SEA 260-2006. Effective March 29, 2006.

SECTION 1. The purpose of this document is to establish formal procedures to govern the application and administration of the investment deduction established under IC 6-1.1-12.4. The:

- (1) procedures;**
- (2) procedural requirements; and**
- (3) standards;**

established by this document are intended to ensure that the investment deduction is properly administered.

SECTION 2. This document applies to taxpayers applying for and local assessing officials exercising authority under IC 6-1.1-12.4 in administering the investment deduction applicable to real and personal property.

SECTION 3. The definitions in this document apply throughout this document.

SECTION 4. (a) For real property, “creates or retains employment” means a development, redevelopment, or rehabilitation of the real property that:

- (1) produces new jobs that were not previously performed; or**
- (2) maintains existing jobs performed before the development, redevelopment, or rehabilitation of the real property; by employees located at the site of the real property. The term may also refer to a development, redevelopment, or rehabilitation of real property that keeps an existing business in operation that otherwise would have ceased to maintain operations in Indiana without the development, redevelopment, or rehabilitation even though the total number of jobs that exists after the development, redevelopment, or rehabilitation may be less than before the development, redevelopment, or rehabilitation occurred.**

(b) For personal property, “creates or retains employment” means a purchase of personal property other than inventory that:

- (1) produces new jobs that were not previously performed; or**
- (2) maintains existing jobs performed before the purchase of the personal property; by employees of the owner or lessee of the personal property in Indiana. The term may also refer to a purchase of personal property other than inventory that keeps an existing business in operation that otherwise would have ceased to maintain operations in Indiana without the purchase of the personal property, even though the total number of jobs that exists after the purchase of the personal property may be fewer than before the purchase of personal property occurred.**

SECTION 5. “Department” means the department of local government finance.

SECTION 6. “Development” means construction that improves a parcel of land.

SECTION 7. “Inventory” has the meaning set forth in 50 IAC 4.2-5-1.

SECTION 8. “Investment deduction” means the deduction for real or personal property provided in IC 6-1.1-12.4.

SECTION 9. “Official” means any of the following:

- (1) A county auditor.
- (2) A county assessor.
- (3) A township assessor.

SECTION 10. "Personal property" has the meaning set forth in IC 6-1.1-1-11, except, for purposes of this document, the term excludes inventory.

SECTION 11. "Purchase" means the act of obtaining title to real or personal property. A person is deemed to be purchasing property when:

- (1) title to the property is transferred into the person's name; or
- (2) a person assumes a legal obligation to pay the property taxes on the property.

SECTION 12. "Real property" has the meaning set forth in IC 6-1.1-1-15.

SECTION 13. "Redevelopment" means the construction of new improvements on either of the following:

- (1) Unimproved real estate.
- (2) Real estate upon which a prior existing improvement is demolished to allow for new construction.

SECTION 14. "Rehabilitation" means either of the following:

- (1) The remodeling, repair, or betterment of property in any manner.
- (2) Any enlargement or extension of an improvement.

SECTION 15. (a) In order to be eligible for the investment deduction:

- (1) real property must meet the requirements of IC 6-1.1-12.4-2; and
- (2) the real property owner must timely file a notice to claim the investment deduction.

(b) The investment deduction does not apply to a facility listed in IC 6-1.1-12.1-3(e).

(c) For purposes of the limitation of the investment deduction to two million dollars (\$2,000,000) in assessed value for real property for the assessment year, a real property owner is limited to a total two million dollar (\$2,000,000) deduction in assessed value for all eligible development, redevelopment, or rehabilitation on all real property owned within a county. The two million dollar (\$2,000,000) in assessed value limitation of the investment deduction shall not be applied individually to each parcel of property owned within a county by the real property owner.

SECTION 16. (a) In order to be eligible for the investment deduction:

- (1) personal property must meet the requirements of IC 6-1.1-12.4-3; and
- (2) the personal property owner must claim the investment deduction on a timely filed:
 - (A) annual; or
 - (B) amended;personal property tax return.

(b) For purposes of the limitation of the investment deduction to two million dollars (\$2,000,000) in assessed value for personal property for the assessment year, a personal property owner is limited to a total two million dollar (\$2,000,000) deduction in assessed value for all eligible personal property owned within the county. The two million dollar (\$2,000,000) in assessed value limitation of the investment deduction shall not be applied individually to each personal property return filed in the county by the personal property owner.

SECTION 17. Real property and personal property located in an area that has been designated as an allocation area, as defined in IC 6-1.1-21.2-3, are not eligible for the investment deduction.

SECTION 18. If the investment deduction has been claimed for an assessment year, all other statutory deductions as set forth in IC 6-1.1-12.4-5 shall not be claimed on the:

- (1) development, redevelopment, or rehabilitation of real property; or
 - (2) purchase of personal property;
- subject to the investment deduction.

SECTION 19. The investment deduction on eligible real property:

- (1) is first available in the year in which the increase in assessed value resulting from the development, redevelopment, or rehabilitation occurs; and**
- (2) continues for the following two (2) years.**

SECTION 20. The investment deduction on eligible personal property:

- (1) is first available in the year in which the increase in assessed value resulting from the purchase of the personal property occurs; and**
- (2) continues for the following two (2) years.**

SECTION 21. The annual amount of the investment deduction on eligible real property is calculated using the formula set forth in IC 6-1.1-12.4-2(c).

SECTION 22. The annual amount of the investment deduction on eligible personal property is calculated using the formula set forth in IC 6-1.1-12.4-3(c).

SECTION 23. If the assessed value of real property or personal property receiving the investment deduction is subsequently decreased as the result of an appeal, or by other action of an assessing official, the amount of the investment deduction shall be adjusted by the township assessor to reflect the percentage decrease that results from the change and submitted to the county auditor. Other actions of an assessing official include, but are not limited to, the following:

- (1) General reassessment.**
- (2) Annual adjustments.**
- (3) The processing of an amended personal property return.**

SECTION 24. If the assessed value of real property or personal property receiving the investment deduction is subsequently increased as the result of an appeal, or by other action of an assessing official, the amount of the investment deduction shall be adjusted by the township assessor to reflect the percentage increase that results from the change and submitted to the county auditor. Other actions of an assessing official include, but are not limited to, changes made to the assessment as a result of any of the following:

- (1) A general reassessment.**
- (2) An annual adjustment.**
- (3) The processing of an amended personal property return.**

SECTION 25. (a) A property owner must claim the real property investment deduction for all eligible years by completing a notice on Form RPID-1 for the first year the investment deduction is claimed.

(b) Form RPID-1 is available:

- (1) from the county assessor; and**
- (2) on the department's Web site at www.in.gov/dlgf/.**

(c) The completed Form RPID-1 is to be filed with the township assessor of the township in which the property is located. The completed Form RPID-1 must be filed:

- (1) by May 10 of each year; or**
 - (2) within thirty (30) days of receipt of a notice of new assessment or reassessment given under IC 6-1.1-4-22;**
- whichever is later.**

SECTION 26. (a) A property owner must claim the personal property investment deduction by completing Schedule PPID-1 and attaching that schedule to a timely filed:

- (1) personal; or**
 - (2) amended personal;**
- property tax return.**

(b) Schedule PPID-1 is available:

- (1) at the offices of the:**
 - (A) county assessor; and**

(B) township assessor; and
(2) on the department's Web site at www.in.gov/dlgf/.

(c) The completed Schedule PPID-1 shall be:

(1) attached to the property owner's:

(A) personal; or

(B) amended personal;

property tax return; and

(2) filed with the township assessor of the township in which the property is located.

SECTION 27. (a) A township assessor receiving a Form RPID-1 from a property owner shall inform the county auditor of the following:

(1) The real property eligible for the investment deduction as contained in the notice filed by the taxpayer.

(2) The investment deduction amount.

(b) The township assessor shall accomplish the tasks referenced in subsection (a) by doing the following:

(1) Completing the township assessor's section of the RPID-1.

(2) Sending a duplicate of the completed form to the county auditor:

(A) not later than July 1 of the assessment year; or

(B) within thirty (30) days after receipt of a properly filed application;

whichever is later.

SECTION 28. (a) A township assessor receiving a Schedule PPID-1 attached to a property owner's annual personal property tax return or amended personal property tax return shall do the following:

(1) Identify the personal property eligible for the investment deduction.

(2) Inform the county auditor of the investment deduction amount.

(b) The township assessor shall accomplish the tasks referenced in subsection (a) by doing the following:

(1) Completing the appropriate section of the first page of the:

(A) personal property return (Form 102 or 103); or

(B) amended personal property return.

(2) Sending a duplicate of the first page to the county auditor:

(A) not later than July 1 of the assessment year; or

(B) within thirty (30) days after receipt of a properly filed schedule;

whichever is later.

SECTION 29. A county auditor receiving a completed Form RPID-1 from a township assessor shall do the following:

(1) Make the investment deduction in the amount certified by the township assessor.

(2) Notify the county property tax board of appeals of the amount of the investment deduction granted.

SECTION 30. A county auditor receiving the first page of a personal property tax return (Form 102 or 103) showing a personal property investment deduction from a township assessor shall do the following:

(1) Make the investment deduction in the amount certified by the township assessor.

(2) Notify the county property tax board of appeals of the amount of the investment deduction granted.

SECTION 31. (a) An official may review an investment deduction to determine whether the property has created or retained jobs as set forth in IC 6-1.1-12.4-6 and this document.

(b) An official who determines that the creation or retention of employment has not occurred shall follow the notification and hearing procedures outlined in IC 6-1.1-12.4-6 through IC 6-1.1-12.4-9.

(c) The review referenced in subsection (a) is only to determine the eligibility of property for the investment deduction. An official may not use the statutory procedure in IC 6-1.1-12.4-6 through IC 6-1.1-12.4-9 to appeal the amount of the investment deduction.

(d) If an official disallows or modifies the claimed investment deduction for any reason other than a determination under subsection (a), the taxpayer may appeal the denial or modification in accordance with the statutory provisions and procedural remedies otherwise applicable and available when an assessment is changed or a deduction is denied.

SECTION 32. (a) If there is a change in ownership of property that has been granted an investment deduction, the investment deduction shall continue to apply to the property.

(b) The amount of the investment deduction on the property shall continue to be calculated using the formula set forth in:

(1) IC 6-1.1-12.4-2; or

(2) IC 6-1.1-12.4-3.

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