

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: County Assessors and County Auditors
FROM: Brian Bailey, Interim Commissioner **BEB**
RE: Deduction for Personal Property within Certified Technology Park
DATE: April 7, 2010

House Enrolled Act (HEA) 1086-2010, Section 28 added Indiana Code 6-1.1-12.7, effective July 1, 2010. This new section allows a deduction for qualified personal property in a certified technology park.

I. Definitions

Certified Technology Park

For purposes of the deduction, "certified technology park" is defined as a certified technology park that is:

- (1) established under IC 36-7-32 (Certified Technology Parks); and
- (2) certified as of the assessment date for which the deduction is claimed.

High Technology Activity

For purposes of the deduction, "high technology activity" has the meaning set forth in IC 36-7-32-7 and includes one or more of the following:

- (1) Advanced computing, which is any technology used in the design and development of any of the following:
 - (A) Computer hardware and software.
 - (B) Data communications.
 - (C) Information technologies.
- (2) Advanced materials, which are materials with engineered properties created through the development of specialized process and synthesis technology.
- (3) Biotechnology, which is any technology that uses living organisms, cells, macromolecules, microorganisms, or substances from living organisms to make or modify a product, improve plants or animals, or develop microorganisms for useful purposes. Biotechnology does not include human cloning or stem cell research with embryonic tissue.
- (4) Electronic device technology, which is any technology that involves:
 - (A) microelectronics, semiconductors, or electronic equipment;

- (B) instrumentation, radio frequency, microwave, and millimeter electronics;
 - (C) optical and optic electrical devices; or
 - (D) data and digital communications and imaging devices.
- (5) Engineering or laboratory testing related to the development of a product.
 - (6) Technology that assists in the assessment or prevention of threats or damage to human health or the environment, including environmental cleanup technology, pollution prevention technology, or development of alternative energy sources.
 - (7) Medical device technology, which is any technology that involves medical equipment or products other than a pharmaceutical product that has therapeutic or diagnostic value and is regulated.
 - (8) Product research and development.
 - (9) Advanced vehicles technology, which is any technology that involves:
 - (A) electric vehicles, hybrid vehicles, or alternative fuel vehicles; or
 - (B) components used in the construction of electric vehicles, hybrid vehicles, or alternative fuel vehicles.

Qualified Personal Property

For purposes of the deduction, the term “qualified personal property” is defined as personal property:

- (1) assessed for the first time after December 31, 2010;
- (2) located within a certified technology park;
- (3) primarily used to conduct high technology activities; and
- (4) not part of the assessed value for which a personal property tax allocation has been made for the principal and interest on bonds or lease rentals under:
 - IC 5-28-26 Global Commerce Center Pilot Program,
 - IC 6-1.1-39 Economic Development Districts,
 - IC 8-22-3.5 Airport Development Zone,
 - IC 36-7-14 Local Planning and Zoning,
 - IC 36-7-14.5 Redevelopment Authority,
 - IC 36-7-15.1 Redevelopment Areas in Marion County,
 - IC 36-7-30 Reuse of Military Bases,
 - IC 36-7-30.5 Redevelopment of Multi-county Military Bases, or
 - IC 36-7-32 Certified Technology Parks.

“Qualified personal property” does not include personal property that is used primarily for routine administrative purposes such as office communications, accounting, record keeping, and human resources

II. Procedure

1. A county fiscal body may adopt an ordinance providing that a deduction applies to the assessed value of qualified personal property located in the county. The ordinance must be adopted before January 1 of the first assessment year for which a taxpayer may claim a deduction.

2. The county fiscal body must send a certified copy of the adopted ordinance to the county assessor, county auditor and the Indiana Economic Development Corporation (IEDC).
3. The IEDC must review an adopted ordinance and determine whether it is in the best interest of the development of the certified technology park to permit the deduction.

The IEDC must conduct a hearing prior to making its determination regarding the ordinance. The IEDC may, thereafter, approve the ordinance, approve the ordinance with modifications or disapprove the ordinance. An owner of qualified personal property is eligible for the deduction only to the extent permitted under the ordinance as modified and properly approved by the IEDC.

4. To obtain the deduction, an owner of qualified personal property must file a certified deduction schedule on the form prescribed by the Department of Local Government Finance (DLGF) with the county assessor in the county where the property is located. This form will be made available online at <http://www.in.gov/dlgf/8516.htm> by July 1, 2010.

Schedule must be filed each year

A certified deduction schedule must be filed for each year the deduction is claimed.

Schedule must be filed with return

The certified deduction schedule must be filed with a timely filed personal property return or a timely amended personal property return.

Schedule must contain required information

The schedule must contain at least the following:

- (1) the name of the owner of the qualified personal property;
- (2) a description of the qualified personal property and the address of the real estate where it is located;
- (3) documentation that the qualified property is located in a certified technology park; and
- (4) documentation that the qualified personal property is primarily used to conduct high technology activity.

5. The county assessor must send a copy of each schedule filed to the county auditor.
6. The deduction applies to the qualified personal property claimed in a schedule. However, the county assessor may review the schedule and before the March 1 that next succeeds the assessment date, for which the deduction is claimed, deny or alter the amount of the deduction.

A county assessor who denies or alters a deduction must notify the person who claimed the deduction and the county auditor of the assessor's determination.

7. A person may appeal a determination by the county assessor to deny or alter the deduction amount by filing a written request for a meeting with the county assessor within forty-five (45) days after the county assessor gives the person notice of the determination. Such an appeal must be processed and determined in the same manner that an appeal is processed and determined under IC 6-1.1-15.

The county assessor may not participate in any action that the county property tax assessment board of appeals takes with respect to an appeal of a determination of the county assessor.

8. If the county assessor does not deny the deduction, the county auditor must apply the deduction in the amount claimed in the schedule or in the amount as altered by the county assessor.

III. Deduction

Amount

The deduction is equal to one hundred percent (100%) of the assessed value of qualified personal property located in the county for each year specified in the ordinance adopted by the county fiscal body.

Duration

The ordinance must specify the number of assessment years that a deduction is allowed. The deduction may not be allowed for:

- (1) less than two (2) assessment years; or
- (2) more than ten (10) assessment years.

With certain exceptions, the fiscal body's determination of the number of years for a deduction is final and may not be changed.

Limitation

A deduction ordinance may not allow a deduction for qualified personal property installed after March 1, 2015.

If you have questions or concerns, please contact Staff Attorney Cathy Wolter at 317-233-4361 or cwolter@dlgf.in.gov.