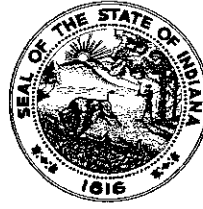

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: County Auditors and Assessing Officials
FROM: Brian E. Bailey, Commissioner *BEB*
RE: Solar Power Device Deduction
DATE: April 4, 2012

I. Introduction

Section 15 of House Enrolled Act 1072 ("HEA 1072") provides for a property tax deduction for solar power devices installed after December 31, 2011. The effective date for the deduction was made retroactive to January 1, 2012.

This memorandum provides an overview of the solar power device deduction under the new IC 6-1.1-12-26.1, the deduction filing requirements of IC 6-1.1-12-27.1, and the availability of the deduction for taxes first due and payable in 2013.

II. Solar Power Device Deduction (IC 6-1.1-12-26.1)

Who qualifies for the deduction?

Indiana Code 6-1.1-12-26.1 provides that a person who is the owner of real property equipped with a solar power device that is assessed as a real property improvement, distributable property under IC 6-1.1-8, or personal property may receive the deduction if the applicant for the deduction:

- (1) owns the real property, mobile home, or manufactured home or owns the solar power device;
 - (2) is buying the real property, mobile home, manufactured home, or solar power device under contract; or
 - (3) is leasing the real property from the real property owner and be subject to assessment and property taxation with respect to the solar power device;
- on the date the application is filed.

This deduction is not applicable to a solar power device owned or operated by a person who provides electricity at wholesale or retail for consideration unless:

- (1) the owner participates in a net metering or feed-in-tariff program offered by an electric utility with respect to the solar power device; or

(2) the applicant is the owner or host of the solar power device site and a person consumes on the site the equivalent amount of electricity that is generated by the solar power device on an annual basis even if the electricity is sold to a public utility, including a solar power device directly serving a public utility's business operations site.

What type of device qualifies for the deduction?

Assuming all other requirements are met, a device qualifies for the deduction if it is a solar power device such as a solar thermal, a photovoltaic, or other solar energy system, designed to use the radiant light or heat from the sun to produce electricity.

What is the deduction amount?

If the solar power device is assessed as a real property improvement, the deduction is the remainder of :

- (1) the real property assessed value **with** the device installed; minus
- (2) the real property assessed value **without** the device installed.

Example: John Doe has a solar power device installed on his property. With the device installed, the property has an assessed value of \$200,000. Without the device installed, John Doe's property has an assessed value of \$185,000. The deduction equals the remainder of these two values, which is \$15,000.

If the solar power device is assessed as either distributable or personal property, the allowable deduction is equal to the assessed value of the solar power device itself.

Example: John Doe owns a solar power device used by a local public utility. The value of the solar power device is \$7,500. John Doe is entitled to a deduction equal to the value of the solar power device, which is \$7,500.

III. Deduction Filing Requirements (IC 6-1.1-12-27.1)

HEA 1072 amends IC 6-1.1-12-27.1 to provide filing requirements for the solar power device deduction. Specifically, IC 6-1.1-12-27.1 requires a person to file an application for the deduction with the auditor of the county in which the solar power device is subject to assessment. The applicant must use the application prescribed by the Department of Local Government Finance. With respect to real property or a solar power device that is assessed as distributable or personal property, the person must file the statement during the year for which the person desires to obtain the deduction. With respect to a mobile home not assessed as real property, the person must file the statement during the twelve months before March 31 of each year for which the person desires to obtain the deduction.

The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. On verification of the application by the township assessor (if any) or the county assessor, the county auditor must allow the deduction.

IV. Availability of Deduction for Taxes Due in 2013 (non-code Section 126)

Non-code Section 126 of HEA 1072 provides that the deduction applies to property taxes first due and payable after 2012. An application filed before September 1, 2012 is considered timely filed for purposes of obtaining the deduction in 2012 for property taxes first due and payable in 2013. Section 126 expires January 1, 2014.

Questions may be directed to Staff Attorney David Marusz at (317) 233-6770 or dmarusz@dlgf.in.gov.