STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058 (B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3756
FAX (317) 232-8779

TO: All Railroad Companies

FROM: Barry Wood, Assessment Division Director

RE: Information and Instructions for Filing Annual Report (UD-32 & attachments)

DATE: January 14, 2016

PLEASE NOTE: This memorandum is simply intended to be informative and does not take the place of Indiana law. In the event any part of this memorandum conflicts with Indiana law, Indiana law governs.

The Annual Report (UD-32 & attachments) is to be completed by all railroad companies. Please read all of the instructions before completing the Annual Report. This report is for the current tax year. Forms are available at: http://www.in.gov/dlgf/8516.htm. Please be sure to keep a copy of your return for your own records.

Who Must File

Any individual, partnership, corporation, or cooperative operating as a railroad company must file the Annual Report UD-32. A railroad company is defined in IC 6-1.1-8-2 as a company which owns or operates a steam or electric railroad; a suburban or interurban railroad; a switching or terminal railroad; a railroad station, track, or bridge; or a facility which is part of a railroad system.

When to File

The Annual Report and all other required documents must be filed, by statute, on or before April 1 (IC 6-1.1-8-19). Extensions beyond the April 1 deadline will be granted only in the most extraordinary of circumstances and must be made in writing at least five (5) days prior to the due date. No extensions will be granted past May 1. *Failure to file the Annual Report by the due date will result in a penalty of $100 a day for every day the report is late (IC 6-1.1-8-20), with a maximum penalty of $1000.* Non-filers will be subject to the same penalty.

Where to File

The Annual Report and all other required material should be mailed to:

Department of Local Government Finance
Assessment Division/Utility Specialist
100 North Senate Ave., Room IGCN 1058
Indianapolis, IN 46204
Phone: (317) 232-3756 or (317) 232-3765
Fax: (317) 974-1629

What to File

One copy of each of the following must be filed:

- Annual Report prescribed by the Department of Local Government Finance ("Department"), including Schedules A through F.
- Form R-1 prescribed by the ICC (Class I's only).
- Annual Stockholders Report and/or certified financial statements.

Tentative Assessment and Appeal Rights

An Order notifying each railroad company of its tentative assessment will be mailed on or before June 1 (IC 6-1.1-8-28(b)).

Not later than ten (10) days after the taxpayer receives notice of the Department's tentative assessment, the taxpayer may:

(1) file with the Department its objections to the tentative assessment; and

(2) request that the Department hold a preliminary conference on the tentative assessment (IC 6-1.1-8-28(c)).

Any appeal should be made in writing and state the nature of the objections.

If the taxpayer does not file a timely, written appeal, the tentative assessment is considered final. However, the assessment may still be appealed to the Board of Tax Review (IC 6-1.1-8-28(d)). The taxpayer must initiate the appeal in writing with the Board of Tax Review within forty-five (45) days after receiving notice of the tentative assessment if that tentative assessment becomes final due to the taxpayer's failure to timely file an objection with the Department or not later than forty-five (45) days after the Department gives notice of its final determination on an objection filed by the taxpayer (IC 6-1.1-8-30).

If the taxpayer files a timely appeal and a request for a preliminary conference on the tentative assessment, the Department may hold a preliminary conference at a time and place fixed by the Department. After the conference, the Department will make a final assessment of the taxpayer's distributable property and will notify the taxpayer not later than June 30 (IC 6-1.1-8-29).

INSTRUCTIONS FOR COMPLETING THE ANNUAL REPORT

General Instructions

All of the information requested is necessary for the Department to determine the taxpayer's assessed value and to apportion that value among the various taxing districts in the state. All questions, statements, and schedules must be completed. All of the schedules must be completed properly. If there is nothing to report, enter "N/A".

Unless otherwise indicated, all financial amounts should be federal tax basis and rounded to the nearest whole number. All amounts should be reported as of year-end December 31. The track mileage amounts should be reported to two (2) decimal places.

All schedules may be copied and additional forms are available upon request and are on the Department website.

A computer-prepared worksheet may be substituted for any prescribed form or schedule. The substitute worksheet must contain all of the information set forth in the prescribed form or schedule and properly identify the form or schedule being substituted.

An Annual Report will not be accepted if it is incomplete, illegible, or displays information in a manner other than as prescribed. Annual Reports that are rejected may be subject to a late filing penalty if not corrected and resubmitted by the filing deadline.

If you have any information that should be considered or would assist the Department in determining the assessed value of the taxpayer's property, it should be submitted with the Annual Report.

* INSTRUCTIONS FOR INDIVIDUAL FORMS AND SCHEDULES *

SUPPLEMENTAL INFORMATION

Miles of Road Operated

Side track includes all passing track, crossovers, turnouts, switching track, and yard track.

Operating Statistics

A Ton-Mile is the movement of a ton a distance of one mile.

Revenues shall be the total revenues from railroad operations, both within Indiana and outside Indiana.

Revenues shall be assigned as follows:

(1) Revenues from the sale, rental, or lease of real property shall be assigned to the state in which the real property is located;

(2) Revenues from the rental, lease, or licensing of the use of tangible personal property shall be assigned to the state in which the tangible personal property is located. If the property was within two or more states during the year, then the revenues attributable to the period or the extent the property was used in a state are considered revenues assignable to that state;
(3) Revenues from intangible personal property are assignable to the state of the taxpayer's domicile unless such property has acquired a business situs elsewhere; and

(4) Revenues from the performance of services are assignable to the state in which the services were performed. If such services are performed partly within two or more states, a portion of the revenues from performance of the services shall be attributable to a state based upon the ratio which direct costs incurred in that state bears to the total direct costs of the services.

Railroad Performance Data

All numbers in this section should be reported as system totals for the year ending December 31.

Train Miles are the total miles run by all trains.

A Gross Ton-Mile is the total weight of a train (in tons) moved a distance of one mile.

Train Hours - Road Service is the elapsed time of trains between the time of leaving initial terminals and the time of arrival at final terminals, including train switching and delays on the road, as shown by conductors' train reports or dispatchers' train sheets. They do not include delays at initial or final terminals nor time spent in other service, such as a road freight train, which may temporarily set out its train at an intermediate station to perform service as a work train.

Ton Miles Revenue Freight is the number of tons of revenue-producing freight moved one mile in a transportation train.

Ton(s) Revenue Freight is the number of tons of revenue-producing freight.

SCHEDULE A - SUMMARY OF SELECTED INFORMATION

Operating Properties

All of the figures in this section should be the numbers reported for federal tax purposes for the year ending December 31. If the actual amounts are unavailable, please use estimated numbers and indicate such. The Department may ask to see how the amounts were estimated, so please keep records of the data and method of estimation.

SCHEDULE A-1 - PROPERTY LEASED FROM OTHERS

Section 1

This section is to be used to report property that is being leased from others and is to be assessed to you. If the cost and depreciation amounts are unavailable, please indicate with "N/A".

SCHEDULE A-2 - PROPERTY LEASED TO OTHERS

Section 1

This section is to be used to report property that you own that is being leased to others and is to be assessed to you.

Section 2

This section is to be used to report property that you are leasing to others and is to be assessed to the entity leasing the property.

SCHEDULE C - INCOME STATEMENT FOR LAST FIVE YEARS

Please report the most previous year's amounts in the first column and preceding years in descending order.

SCHEDULE D - TRACK DISTRIBUTION

Please use the taxing district names and district numbers as shown on the Department's webpage: http://www.in.gov/dlgf/files/140606_-_Township_Lookup_-_Township-Taxing_Districts_List.pdf for taxing district information. The Department number is made up of the county number (first two digits) and the taxing district number (the last three digits). Example: for Adams County, North Blue Creek Township, the Department number would be 01001. Please split out track distribution and operating improvements by reporting lines and then list taxing district numbers in numerical order, low to high. Attach as many schedules as needed. The mileage amounts should be provided to the nearest two decimal places. Please attach an additional Schedule D at the end of the other completed Schedule Ds, which shows the state totals of each type of track. Be sure to list your taxing district numbers in numerical order, low to high. This will also ensure that the counties are in alphabetical order. A check box has been added to this schedule. **Please check this box if no change has been made to the schedule as compared to the prior year's return.**

SCHEDULE E - NON-OPERATING FIXED PROPERTY

This schedule is to be used to report all of the railroad company's property that is assessed by the local assessor. Again, please use the taxing district names and district numbers as shown on the Department's website.

The description of the property should include items such as parcel number, acreage, and type of property (abandoned R/O/W, leased R/O/W, land held for future use, or any structures contained on aforementioned real estate).

A check box has been added to this schedule. Please check this box if no change has been made to the schedule as compared to the prior year's return.

SCHEDULE F - OPERATING FIXED PROPERTY

This schedule is to be used to report personal property, material & supplies, and the operating improvements that are to be sitused to the taxing districts throughout Indiana. Examples of personal property would be office furniture and fixtures, small tools, office equipment, microwave towers, and yard machinery and equipment.

A check box has been added to this schedule. Please check this box if no change has been made to the schedule as compared to the prior year's return.

The assessed value of the improvements is the value placed upon the property by the Department during the last reassessment or the cost of building the completed improvement. If the improvement does not have a value placed upon it by the Department, please indicate such. Please be sure to indicate if the improvement is new.

IMPORTANT INFORMATION CONCERNING SCHEDULES D, E, AND F

It is very important that you use the listing of the taxing district names and numbers available under the tax rates on the Department's website. The Department has had problems in the past distributing the assessment to the proper taxing districts because of incorrect numbers and/or missing numbers.

The Department specifically requests that before completing Schedules D, E, and F, you determine from local officials the proper taxing districts in which the property is located. Please include the Department Taxing District Number (Department #) when completing Schedules D, E, and F.

To assist in your determination of a Department Taxing District Number, a listing of the taxing district names with their corresponding taxing district numbers is available at http://www.in.gov/dlgf/files/140606_-_Township_Lookup_-_Township-Taxing_Districts_List.pdf . The Department number consists of five numbers. The first two being the county code, the last three, being the taxing district code. For example, clicking on the link above, for the first district listed, the DLGF number for Adams County-North Blue Creek Township, would be 01001.

If you have any questions, please contact Marlo Hayden at (317) 232-3756 or mhayden@dlgf.in.gov and Julie Waddell at (317) 232-3765 or jwaddell@dlgf.in.gov.

Special note to those taxpayers claiming an exemption under IC 6-1.1-3-7.2: If you own distributable property in just one county (but more than one taxing district) in Indiana and the total acquisition cost of that property is less than $20,000, you must file a notarized certification with the county assessor and file a copy with the Department. You will not file any returns with either the county or the Department. If you own distributable property in just one county (and in only one taxing district in that county) in Indiana and the total acquisition cost of that property is less than $20,000 and you otherwise would have filed locally rather than with the Department, you must file a notarized certification with the county assessor but do not need to file anything with the Department. If you own distributable property in multiple counties, you are responsible for backing out the exempt property from the overall sum you report to the Department. You must file a notarized certification in the county or counties where are claiming an exemption and include copies of the certifications with your filing to the Department.

NOTE-This exemption does NOT apply to distributable property that is assessed under IC 6-1.1-8 and is owned by a public utility subject to regulation by the Indiana Utility Regulatory Commission.