

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: County Auditors and County Assessors

FROM: Amanda J. Stanley, Assistant Director of Communications *AS*

RE: Deduction for Geothermal Energy Heating or Cooling Device, IC 6-1.1-12-24

DATE: June 15, 2010

The purpose of this memorandum is to provide an overview of the geothermal energy heating and cooling device ("geothermal device") deduction currently available and applicable to real property and mobile/manufactured homes not assessed as real property ("mobile/manufactured home") located in the State of Indiana. **These provisions are the same as they have been in previous years;** the Department of Local Government Finance ("Department") is providing this memo as a reminder and reference due to an apparent surge in taxpayer filings.

Who qualifies?

A person who, on the date the application is filed, either:

- (1) owns the real property or mobile/manufactured home that is equipped with a geothermal device; or
- (2) is buying under a contract the real property or mobile/manufactured home that is equipped with a geothermal device.

What type of device qualifies?

A geothermal device is a device, installed after December 31, 1981, designed to use the natural heat from the earth to provide hot water, produce electricity, or generate heating or cooling.

The Indiana Department of Environmental Management (IDEM) shall certify whether a geothermal device qualifies for a deduction upon application by the property owner.

What is the deduction amount?

The amount of the deduction equals the remainder of:

- (1) the assessed value of the real property or mobile/manufactured home **with** the geothermal device; minus

(2) the assessed value of the real property or mobile/manufactured home **without** the geothermal device.

Example: A property is assessed at \$120,000 with the value of the geothermal device included. Without the geothermal device, the property is assessed at \$100,000. The amount of the geothermal device deduction is \$20,000.

How can a person file for the deduction?

A person shall complete State Form 18865 or Part F (the deduction application portion) of the Sales Disclosure Form. In addition to the completed application or Sales Disclosure Form, the person must also provide proof of certification from IDEM.

Note: The application or Sales Disclosure Form and accompanying certification may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing.

Real Property

The application or Sales Disclosure Form must be completed and dated in the calendar year for which the person wishes to obtain the deduction and filed with accompanying certification with the county auditor on or before January 5 of the immediately succeeding calendar year. (Therefore, if the application or Sales Disclosure Form is completed and dated on or before December 31, 2010 and filed with the county auditor on or before January 5, 2011, the geothermal device deduction application deadline would be satisfied for property taxes first due and payable in 2011.)

Mobile/Manufactured Home

The application or Sales Disclosure Form must be completed, dated and filed with accompanying certification with the county auditor during the twelve (12) months before March 31 of each year for which the person wishes to obtain the deduction. (Therefore, if the application is filed before March 31, 2011, the geothermal device deduction application deadline would be satisfied for property taxes first due and payable in 2011.)

How is certification from IDEM obtained?

To obtain certification of the geothermal device by IDEM, the applicant should contact IDEM using the contact information provided below.

Indiana Department of Environmental Managements
Office of Water Quality
100 North Senate Ave. Room 1255
Indianapolis, IN 46204
<http://www.in.gov/idem/>
Toll Free: 800-451-6027

If IDEM determines that a geothermal device qualifies for a deduction, it must certify the device and provide proof of the certification to the property owner. If IDEM fails to make a determination regarding certification of the geothermal device before December 31 of the year in which the application is completed, the device is considered certified.

For example, the owner of real property equipped with a geothermal device submits an application for certification to IDEM. The property owner also completes and dates the deduction application by December 31, 2010 and files the application with the county auditor on or before January 5, 2011. IDEM fails to make a determination by December 31, 2010. The property owner's geothermal device is considered certified and the deduction allowed for property taxes first payable in 2011 assuming all other requirements are met.

What is the county assessor's responsibility?

The county assessor or township assessor, if applicable, must verify the information in the geothermal device deduction application. Upon verification by the assessor, the county auditor must allow the deduction.

If you have any questions, please contact Assistant Director of Communications Amanda Stanley at 317-233-9218 or astanley@dlgf.in.gov.