

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7009

BILL NUMBER: HB 1324

NOTE PREPARED: Jan 14, 2014

BILL AMENDED:

SUBJECT: Property tax payment plans.

FIRST AUTHOR: Rep. Slager

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that a taxpayer who defaults on a payment arrangement under which the taxpayer's real property is removed from the tax sale list may enter into a new payment arrangement for taxes due on the same real property if the taxpayer agrees: (1) to make a down payment of 1/3 of the property taxes owed when the new payment arrangement is entered into; and (2) to pay the remaining balance of the taxes owed within one year after the new payment arrangement is entered into.

Effective Date: July 1, 2014.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Summary:* If the county and the taxpayer decide to enter into a second arrangement, this bill would afford the taxpayer an additional year to pay the taxpayer's property taxes. Also, the taxpayer's property would not be subject to sale at a tax sale during the additional year.

There would be two potential impacts. The first is that the taxpayer could default under the new arrangement causing the property to be placed on the tax sale list. Assuming that the property would be sold, but that it also would have been sold when the taxpayer defaulted the first time, the county would have to forgo the revenue from the sale for one year. If the one year delay caused the property not to be sold at all, the county would have to forgo the revenue from the potential sale.

The second impact is that the additional year afforded the taxpayer by this bill would probably benefit some taxpayers who were temporarily unable to pay their property taxes but are now capable of doing so. This, in turn, would ultimately lead to an increase in property tax revenues. The total net increase in local revenues is indeterminable at this time.

Additional Information

Under current law, if a county treasurer and a taxpayer agree to a mutually satisfactory arrangement for the payment of the taxpayer's delinquent taxes, and the taxpayer defaults on a payment, the county auditor shall immediately remove the taxpayer's item of real property from the tax sale list. Additionally, the current statute prohibits the taxpayer and the county auditor from entering into a new arrangement concerning the taxpayer's property taxes for five years.

If the taxpayer defaults under the agreement, this bill permits the treasurer and the taxpayer to enter into a new arrangement for the payment of the taxpayer's property taxes. Under this arrangement, the taxpayer has to pay at least one-third of the property taxes due when the new payment arrangement is entered into, and pay the balance of the taxes within a year of the date of the new arrangement. Under this new arrangement, the taxpayer cannot enter into another arrangement for five years.

State Agencies Affected:

Local Agencies Affected: County treasurers; County auditors; Local taxing units.

Information Sources:

Fiscal Analyst: David Lusan, 317-232-9592