

SENATE BILL No. 218

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-4.

Synopsis: Property tax assessments. Provides that, if the assessed value of real property is reduced as a result of a property tax appeal, the subsequent assessed value of the real property may not be increased by more than 5% per year for the next four years after the assessment date in which the reduction was applied. Specifies that the 5% limitation does not apply to any part of a change in an assessment: (1) that is directly applicable to any change in an objective factor or feature relating to the property, including an improvement or enlargement of the property; or (2) that results from the correction of an error or omission, including the correction of a mathematical error.

Effective: Upon passage.

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January 6, 2016, read first time and referred to Committee on Appropriations.



Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

SENATE BILL No. 218

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-4-4.2, AS AMENDED BY P.L.111-2014,
2 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 4.2. (a) The county assessor of each county
4 shall, before July 1, 2013, and before May 1 of every fourth year
5 thereafter, prepare and submit to the department of local government
6 finance a reassessment plan for the county. The following apply to a
7 reassessment plan prepared and submitted under this section:
8 (1) The reassessment plan is subject to approval by the
9 department of local government finance. The department of local
10 government finance shall complete its review and approval of the
11 reassessment plan before:
12 (A) March 1, 2015; and
13 (B) January 1 of each subsequent year that follows a year in
14 which the reassessment plan is submitted by the county.
15 (2) The department of local government finance shall determine
16 the classes of real property to be used for purposes of this section.
17 (3) Except as provided in subsection (b), the reassessment plan



1 must divide all parcels of real property in the county into four (4)
 2 different groups of parcels. Each group of parcels must contain
 3 approximately twenty-five percent (25%) of the parcels within
 4 each class of real property in the county.

5 (4) Except as provided in subsection (b), all real property in each
 6 group of parcels shall be reassessed under the county's
 7 reassessment plan once during each four (4) year cycle.

8 (5) The reassessment of a group of parcels in a particular class of
 9 real property shall begin on May 1 of a year.

10 (6) The reassessment of parcels:

11 (A) must include a physical inspection of each parcel of real
 12 property in the group of parcels that is being reassessed; and

13 (B) shall be completed on or before January 1 of the year after
 14 the year in which the reassessment of the group of parcels
 15 begins.

16 **(C) is subject to any limitation on increases to assessed**
 17 **value of real property applicable under section 45 of this**
 18 **chapter.**

19 (7) For real property included in a group of parcels that is
 20 reassessed, the reassessment is the basis for taxes payable in the
 21 year following the year in which the reassessment is to be
 22 completed.

23 (8) The reassessment plan must specify the dates by which the
 24 assessor must submit land values under section 13.6 of this
 25 chapter to the county property tax assessment board of appeals.

26 (9) Subject to review and approval by the department of local
 27 government finance, the county assessor may modify the
 28 reassessment plan.

29 (b) A county may submit a reassessment plan that provides for
 30 reassessing more than twenty-five percent (25%) of all parcels of real
 31 property in the county in a particular year. A plan may provide that all
 32 parcels are to be reassessed in one (1) year. However, a plan must
 33 cover a four (4) year period. All real property in each group of parcels
 34 shall be reassessed under the county's reassessment plan once during
 35 each reassessment cycle.

36 (c) The reassessment of the first group of parcels under a county's
 37 reassessment plan shall begin on July 1, 2014, and shall be completed
 38 on or before January 1, 2015.

39 (d) The department of local government finance may adopt rules to
 40 govern the reassessment of property under county reassessment plans.

41 SECTION 2. IC 6-1.1-4-4.5, AS AMENDED BY P.L.112-2012,
 42 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 UPON PASSAGE]: Sec. 4.5. (a) The department of local government
2 finance shall adopt rules establishing a system for annually adjusting
3 the assessed value of real property to account for changes in value in
4 those years since a reassessment under section 4 or 4.2 of this chapter
5 for the property last took effect.

6 (b) Subject to subsection (e) **and section 45 of this chapter**, the
7 system must be applied to adjust assessed values beginning with the
8 2006 assessment date and each year thereafter that is not a year in
9 which a reassessment under section 4 or 4.2 of this chapter for the
10 property becomes effective.

11 (c) The rules adopted under subsection (a) must include the
12 following characteristics in the system:

13 (1) Promote uniform and equal assessment of real property within
14 and across classifications.

15 (2) Require that assessing officials:

16 (A) reevaluate the factors that affect value;

17 (B) express the interactions of those factors mathematically;

18 (C) use mass appraisal techniques to estimate updated property
19 values within statistical measures of accuracy; and

20 (D) provide notice to taxpayers of an assessment increase that
21 results from the application of annual adjustments.

22 (3) Prescribe procedures that permit the application of the
23 adjustment percentages in an efficient manner by assessing
24 officials.

25 (d) The department of local government finance must review and
26 certify each annual adjustment determined under this section.

27 (e) In making the annual determination of the base rate to satisfy the
28 requirement for an annual adjustment under subsection (c) for current
29 property taxes first due and payable in 2011 and thereafter, the
30 department of local government finance shall determine the base rate
31 using the methodology reflected in Table 2-18 of Book 1, Chapter 2 of
32 the department of local government finance's Real Property Assessment
33 Guidelines (as in effect on January 1, 2005), except that the department
34 shall adjust the methodology to:

35 (1) use a six (6) year rolling average adjusted under subdivision

36 (2) instead of a four (4) year rolling average; and

37 (2) eliminate in the calculation of the rolling average the year
38 among the six (6) years for which the highest market value in use
39 of agricultural land is determined.

40 (f) For assessment dates after December 31, 2009, an adjustment in
41 the assessed value of real property under this section shall be based on
42 the estimated true tax value of the property on the assessment date that



1 is the basis for taxes payable on that real property.

2 SECTION 3. IC 6-1.1-4-45 IS ADDED TO THE INDIANA CODE
3 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
4 UPON PASSAGE]: **Sec. 45. (a) This section applies to an assessment
5 for which a petition for review under IC 6-1.1-15-1 is filed:**

- 6 (1) after the effective date of this section; or
7 (2) before the effective date of this section and is still pending
8 review or an appeal to the Indiana board, the tax court, or the
9 Indiana supreme court on the effective date of this section.

10 (b) This section applies to real property for which the original
11 assessed value of the real property is reduced under a final
12 determination in a review or an appeal of the assessment initiated
13 under IC 6-1.1-15.

14 (c) For purposes of this section, "final determination" means
15 any of the following:

- 16 (1) An agreed resolution signed by the taxpayer and the
17 county or township official under IC 6-1.1-15-1(i).
18 (2) A written determination of the county board.
19 (3) A stipulated determination entered by the county board
20 under IC 6-1.1-15-2.5(g).
21 (4) A decision or order of the:
22 (A) Indiana board of tax review; or
23 (B) Indiana tax court.

24 (d) For each of the next four (4) years after an assessment date
25 for which the assessed value of real property is reduced as
26 described in subsection (b), an assessing official may not increase
27 the assessed value of the real property to an amount that exceeds
28 the lesser of the following:

- 29 (1) The amount determined under STEP TWO of the
30 following formula:

31 **STEP ONE:** Determine the assessed value of the real
32 property for the immediately preceding year, as
33 determined after applying the final determination in the
34 review or appeal of the assessment and (if applicable) this
35 section.

36 **STEP TWO:** Increase the STEP ONE amount to the lesser
37 of:

- 38 (A) the result of the STEP ONE amount as adjusted by
39 applying to the assessed value of the real property the
40 applicable annual adjustment for the assessment date as
41 determined under rules adopted under section 4.5 of this
42 chapter; or



- 1 **(B) the result of the STEP ONE amount multiplied by**
- 2 **one hundred five percent (105%).**
- 3 **(2) The assessed value of the property as determined by any**
- 4 **other method permitted under this article.**
- 5 **(e) The limits in this section do not apply to any part of a change**
- 6 **in an assessment:**
- 7 **(1) that is directly applicable to any change in an objective**
- 8 **factor or feature relating to a property, including an**
- 9 **improvement or enlargement of the property; or**
- 10 **(2) that results from the correction of an error or omission,**
- 11 **including the correction of a mathematical error.**
- 12 **(f) An assessing official shall apply this section without the**
- 13 **initiation of a review by the taxpayer.**
- 14 **SECTION 4. An emergency is declared for this act.**

