SENATE BILL No. 623

DIGEST OF SB 623 (Updated February 25, 2019 4:58 pm - DI 120)

Citations Affected: IC 6-1.1.

Synopsis: Property tax matters. Provides that a county assessor or township assessor (if any) may request the department of local government finance (department) to perform a state conducted assessment of a particular commercial building or structure used for retail purposes. Specifies the procedures for the state conducted assessment. Provides that the true tax value of commercial real property used for retail purposes that is occupied by the original owner or by a tenant for which the improvement was built shall be determined by the cost approach for the first 10 years of occupancy of the property, less normal depreciation and normal obsolescence under the rules and guidelines of the department of local government finance. Provides that a county fiscal body may adopt an ordinance to provide that the county assessor be reimbursed for legal costs (in addition to other specified costs under current law) incurred by the county assessor in defending an appeal that is uncommon and infrequent in the normal course of defending appeals.

Effective: January 1, 2020.

Buchanan, Boots, Becker, Walker, Ford J.D., Messmer, Buck, Charbonneau, Stoops


SB 623—LS 7306/DI 120
SENATE BILL No. 623

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

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

SECTION 1. IC 6-1.1-4-28.5, AS AMENDED BY P.L.86-2018,
SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2020]: Sec. 28.5. (a) Money assigned to a property reassessment fund under section 27.5 of this chapter may be used only to pay the costs of:

(1) the reassessment of one (1) or more groups of parcels under a county's reassessment plan prepared under section 4.2 of this chapter, including the computerization of assessment records;
(2) payments to assessing officials and hearing officers for county property tax assessment boards of appeals under IC 6-1.1-35.2;
(3) the development or updating of detailed soil survey data by the United States Department of Agriculture or its successor agency;
(4) the updating of plat books;
(5) payments for the salary of permanent staff or for the contractual services of temporary staff who are necessary to assist assessing officials;

SB 623—LS 7306/DI 120
(6) making annual adjustments under section 4.5 of this chapter; and

(7) the verification under 50 IAC 27-4-7 of sales disclosure forms forwarded to:
(A) the county assessor; or
(B) township assessors (if any);
under IC 6-1.1-5.5-3; and

(8) state conducted assessments requested under section 31.8 of this chapter.

Money in a property reassessment fund may not be transferred or reassigned to any other fund and may not be used for any purposes other than those set forth in this section.

(b) All counties shall use modern, detailed soil maps in the reassessment of agricultural land.

(c) The county treasurer of each county shall, in accordance with IC 5-13-9, invest any money accumulated in the property reassessment fund. Any interest received from investment of the money shall be paid into the property reassessment fund.

(d) An appropriation under this section must be approved by the fiscal body of the county after the review and recommendation of the county assessor. However, in a county with a township assessor in every township, the county assessor does not review an appropriation under this section, and only the fiscal body must approve an appropriation under this section.

SECTION 2. IC 6-1.1-4-31.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2020]: Sec. 31.8. (a) As used in this section, "department" refers to the department of local government finance.

(b) This section applies only to a real property assessment of a commercial building or structure used for retail purposes.

(c) A county assessor or a township assessor (if any) may request the department to perform a state conducted assessment of a particular property in the county for a specified assessment date. The request must be made in the form and in the manner prescribed by the department.

(d) If the department receives a request for a state conducted assessment of a particular property in a county, the department shall assume the duties of the county assessor with regard to the assessment of that property for that assessment date.

(e) Before assuming the duties of a county assessor, the department shall transmit a notice of the state conducted
assessment of the property for the assessment date to the county
assessor, the county fiscal body, and the county auditor.

(f) A county assessor that requests the department to perform
a state conducted assessment under this section shall make
available and provide access to all information requested by the
department or the department's contractor that is related to the
assessment of real property that is subject to the state conducted
assessment in the county.

(g) The department may enter into a contract with a
professional appraising firm to conduct a requested assessment of
the property under this section.

(h) After receiving the report of the assessed value of the
property from the appraisal firm acting under a contract described
in subsection (g), the department shall give notice to the taxpayer
and the county assessor, by mail, of the amount of the assessment
of the property.

(i) The department shall forward a bill for services provided
under a contract described in subsection (g) to the auditor of the
county in which the state conducted assessment occurs. The county
shall pay the bill, without appropriation, from the county
reassessment fund.

SECTION 3. IC 6-1.1-4-43.5 IS ADDED TO THE INDIANA
CODE AS A NEW SECTION TO READ AS FOLLOWS
[EFFECTIVE JANUARY 1, 2020]: Sec. 43.5. (a) This section applies
to a real property assessment of commercial real property used for
retail purposes:

(1) for the 2020 assessment date and assessments dates
thereafter; and

(2) if the commercial real property is occupied by the original
owner or by a tenant for which the improvement was built.

(b) This section does not apply to real property described in
subsection (a) if the real property is sold:

(1) by the original owner for which the improvement was
built; and

(2) to a subsequent purchaser in an arm's length transaction.

(c) This subsection applies to a taxpayer that files a notice under
IC 6-1.1-15 after December 31, 2019, requesting a review of the
assessment of the taxpayer's real property that is subject to this
section. In determining the true tax value of real property under
this section, true tax value shall be determined by the cost
approach for the first ten (10) years of occupancy of the subject
property, less normal depreciation and normal obsolescence under

SB 623—LS 7306/DI 120
the rules and guidelines of the department. For purposes of this
subsection, the land value shall be assessed separately. The assessed
value of the land underlying the improvements assessed under this
section may be assessed or challenged based on the market value
of comparable land. For purposes of this section, economic and
functional obsolescence of the subject property may be determined
by application of aggregate market data, but shall not be
determined by comparison to any other individual parcels.

(d) This subsection applies to a taxpayer that files a notice under
IC 6-1.1-15 after December 31, 2019, requesting a review of the
assessment of the taxpayer's real property that is subject to this)section. A taxpayer must provide to the appropriate county or
township assessing official information concerning the actual
construction costs for the real property. Notwithstanding
IC 6-1.1-15, if a taxpayer does not provide all relevant and
reasonably available information concerning the actual
construction costs for the real property before the hearing
scheduled by the county property tax assessment board of appeals
regarding the assessment of the real property, the appeal may not
be reviewed until all the information is provided. If a taxpayer has
not provided all relevant and reasonably available information
concerning the actual construction costs of the property under
appeal within ten (10) days prior to the scheduled hearing by the
county property tax assessment board of appeals, the appeal is
deemed void for that assessment year and may not be refiled or
appealed. If a taxpayer does provide the information concerning
the actual construction costs for the real property and the
construction costs for the real property are greater than the cost
values determined by using the cost tables under the rules and
guidelines of the department of local government finance, then for
purposes of applying the cost approach under subsection (c), the
normal depreciation and normal obsolescence factor as calculated
under the rules and guidelines of the department shall be deducted
from the actual construction costs rather than the cost values
determined by using the cost tables under the rules and guidelines
of the department of local government finance.

SECTION 4. IC 6-1.1-15-10.7, AS ADDED BY P.L.180-2016,
SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
JANUARY 1, 2020]: Sec. 10.7. (a) The county fiscal body may adopt
an ordinance to provide that the county assessor be reimbursed for
certain costs incurred by the county assessor in defending an appeal
under this chapter that is uncommon and infrequent in the normal
course of defending appeals under this chapter. Costs include appraisal, legal, and expert witness fees incurred in defending an appeal.

(b) The ordinance must specify:

(1) the appeal or appeals and why they are uncommon and infrequent;

(2) a detailed list of expenses incurred by fund and by parcel number; and

(3) that the county auditor will deduct the expenses listed in the ordinance from property tax receipts collected in the taxing district in which the parcel is located before apportioning receipts to taxing units for the next semiannual settlement under IC 6-1.1-27.

(c) Property tax receipts that are collected under this section must be deposited in the county fund that incurred the initial expense.

(d) Expenses for an appeal that are deducted from a civil taxing unit's property tax revenue under this section are not considered to be part of a payment of a refund resulting from an appeal for purposes of a maximum permissible property tax levy appeal under IC 6-1.1-18.5-16.
COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 623, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 3, delete lines 36 through 42, begin a new paragraph and insert:

"(c) This subsection applies to a taxpayer that files a notice under IC 6-1.1-15 after December 31, 2019, requesting a review of the assessment of the taxpayer's real property that is subject to this section. In determining the true tax value of real property under this section, true tax value shall be determined by the cost approach for the first ten (10) years of occupancy of the subject property, less normal depreciation and normal obsolescence under the rules and guidelines of the department. For purposes of this subsection, the land value shall be assessed separately. The assessed value of the land underlying the improvements assessed under this section may be assessed or challenged based on the market value of comparable land. For purposes of this section, economic and functional obsolescence of the subject property may be determined by application of aggregate market data, but shall not be determined by comparison to any other individual parcels.

(d) This subsection applies to a taxpayer that files a notice under IC 6-1.1-15 after December 31, 2019, requesting a review of the assessment of the taxpayer's real property that is subject to this section. A taxpayer must provide to the appropriate county or township assessing official information concerning the actual construction costs for the real property. Notwithstanding IC 6-1.1-15, if a taxpayer does not provide all relevant and reasonably available information concerning the actual construction costs for the real property before the hearing scheduled by the county property tax assessment board of appeals regarding the assessment of the real property, the appeal may not be reviewed until all the information is provided. If a taxpayer has not provided all relevant and reasonably available information concerning the actual construction costs of the property under appeal within thirty (30) days after the scheduled hearing by the county property tax assessment board of appeals, the appeal is deemed void for that assessment year and may not be refiled or appealed. If a taxpayer does provide the information concerning the actual construction costs for the real property and the construction costs for the real property are greater than the cost..."
values determined by using the cost tables under the rules and guidelines of the department of local government finance, then for purposes of applying the cost approach under subsection (c), the normal depreciation and normal obsolescence factor as calculated under the rules and guidelines of the department shall be deducted from the actual construction costs rather than the cost values determined by using the cost tables under the rules and guidelines of the department of local government finance."

Delete page 4.
Page 5, delete lines 1 through 4.
Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 623 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 13, Nays 1.

SENATE MOTION

Madam President: I move that Senate Bill 623 be amended to read as follows:
Page 4, line 23, delete "thirty (30) days after" and insert "ten (10) days prior to".

(Reference is to SB 623 as printed February 22, 2019.)

BUCHANAN