

**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 7458**

**BILL NUMBER: HB 1535**

**NOTE PREPARED: Mar 3, 2003**

**BILL AMENDED: Mar 3, 2003**

**SUBJECT:** Property tax assessments in Lake County.

**FIRST AUTHOR:** Rep. Dobis

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) With respect to the general reassessment of real property in Lake County effective March 1, 2002: This bill (1) allows the Department of Local Government Finance (DLGF) to contract for the reassessment contractor to hold informal hearings with taxpayers and represent the department in assessment appeal proceedings; (2) establishes informal hearing procedures; (3) provides that a taxpayer must participate in an informal hearing to be eligible to file an assessment appeal; (4) permits the Indiana board of tax review (IBTR) to designate special masters to conduct evidentiary hearings of assessment appeals; and (5) authorizes the IBTR and the DLGF to adopt emergency rules.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** (Revised) *Department of Local Government Finance:* Under current law, the Lake County reassessment is being performed by an outside contractor under contract with the DLGF. Lake County is obligated to pay for the contractor's reassessment work. All original appeals from Lake County will be made to the IBTR. In all other counties, the county property tax assessment board of appeals hears original appeals. The DLGF must defend the assessments appealed directly to the IBTR.

This bill would permit the DLGF to negotiate an addendum to the contract to require the contractor to hold informal hearings to review assessments with taxpayers. At the hearings, the contractor would explain the assessment, provide information to the taxpayer about the reassessment statutes and rules, note taxpayer objections, and consider all errors alleged by the taxpayer. The contractor would also be required to represent the DLGF in appeals hearings before the IBTR. The bill specifies that the contract addendum would be paid in the same manner as the original contract. This means that Lake County would be liable for the additional expenses related to the defense of assessments.

The advent of informal hearings under this bill could cause the number of formal appeals from Lake County to be reduced. With the informal appeal process in place, the DLGF and IBTR estimate that about 20,000 appeals could be generated by Lake County taxpayers.

*Indiana Board of Tax Review:* The IBTR would be permitted, under the bill, to contract with, appoint, or designate licensed appraisers, attorneys, Level II assessor-appraisers, IBTR Administrative Law Judges, or other qualified individuals to serve as special masters to conduct hearings on appeals by Lake County taxpayers. The IBTR would be able to make final determinations without additional hearings by the board.

Compensation for the contractors would be paid from the Lake County Property Reassessment Fund and would be limited to a total of \$500,000.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Lake County would be required, under this bill, to pay the reassessment contractor to defend assessments on behalf of the DLGF at hearings held by or for the IBTR. The expense would be paid from the Lake County Property Reassessment Fund. The total cost could be around \$1 M from CY 2004 to CY 2006.

Under this bill, Lake County could be liable for up to \$500,000 in compensation for special masters to handle appeals hearings for the IBTR. The expense would be paid from the Lake County Property Reassessment Fund.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Local Government Finance; Indiana Board of Tax Review.

**Local Agencies Affected:** Lake County.

**Information Sources:** Beth Henkel, Commissioner, Department of Local Government Finance, (232-3777); Bill Waltz, Commissioner, Indiana Board of Tax Review (232-3786).

**Fiscal Analyst:** Bob Sigalow, 317-232-9859