

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6742**

**BILL NUMBER: SB 355**

**NOTE PREPARED: Jan 24, 2006**

**BILL AMENDED: Jan 23, 2006**

**SUBJECT:** Property Tax Late Payment Penalty Waiver.

**FIRST AUTHOR:** Sen. Lawson C

**FIRST SPONSOR:**

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

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill provides for a waiver by the county treasurer of a property tax late payment penalty if the taxpayer or an immediate family member of the taxpayer was hospitalized or died in the week preceding the installment due date. This bill allows an appeal of a penalty waiver denial.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:** (Revised) *Forms for Petitions.* The Department of Local Government Finance (DLGF) must prescribe the form that the taxpayer or taxpayer's representative must submit to the county treasurer in order to petition for the waiver. The DLGF must also prescribe what type of written proof is necessary in order to obtain the waiver. The DLGF should be able to cover any additional administrative expenses associated with these provisions given its existing resources and budget.

*Indiana Board of Review and the Indiana Tax Court.* Because appeals of the local decision regarding the waiver are subject to the same procedures as appeals of assessments and correction of errors, it is possible that the State Board and the Tax Court would review additional cases which would add to their administrative expenses. However, the impact would depend on the number of relevant cases that the board and court receive. Given the eligibility criteria for the waiver, the impact is expected to be negligible.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) The bill provides that the county treasurer must waive the property tax late payment penalty if the taxpayer or taxpayer's representative petitions the county treasurer to

waive the penalty not later than 30 days after the due date and the taxpayer files with the petition written proof that during the seven-day period ending on the installment due date the taxpayer or a family member was admitted to a hospital or died. The county treasurer must give written notice to the taxpayer by mail of the treasurer's determination on the petition not later than 30 days after the petition is filed. A taxpayer or the taxpayer's representative may appeal the determination by requesting in writing a preliminary conference with the treasurer. The appeal must be processed and determined in the same manner that an appeal is processed and determined under IC 6-1.1-15, which pertains to appeals of assessments and corrections of errors.

Under IC 6-1.1-15, a taxpayer may obtain a review by the county property tax assessment board of appeals. Not later than 10 days after the conference, the county must forward to the county auditor and the county property tax assessment board of appeals the results of the conference. The determination of the property tax assessment board of appeals may be appealed to the State Board of Review.

The above provisions will add administrative expenses to the counties affected. However, it is presumed that counties will be able to cover additional expenses given their existing budgets and resources.

The bill applies only to property taxes first due and payable after June 30, 2006.

**Explanation of Local Revenues:** Under current law, if an installment of property taxes is not completely paid on or before the due date, a penalty equal to 10% of the amount of delinquent taxes is added to the unpaid portion. This bill provides for a waiver under certain limited circumstances. The provision could reduce the amount of revenue collected for late payment penalties. The specific impact is indeterminable. Penalties collected are credited to the appropriate taxing units and are distributed in the same manner as other property taxes—based on a unit's levy as a proportion of all levies within the taxing district.

**State Agencies Affected:** DLGF.

**Local Agencies Affected:** Counties.

**Information Sources:**

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.