
HOUSE BILL No. 1696

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-22-2-37.1; IC 6-1.1-4-4.5.

Synopsis: Annual adjustments of property tax assessments. Delays annual adjustment procedures (trending) for the property tax assessment of real property by one year. Changes the valuation procedures to be used in trending. Permits the department of local government finance to adopt emergency rules to implement trending.

Effective: Upon passage; March 1, 2006 (retroactive).

Smith M, Cheatham

January 26, 2007, read first time and referred to Committee on Ways and Means.

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First Regular Session 115th General Assembly (2007)

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 2006 Regular Session of the General Assembly.

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HOUSE BILL No. 1696



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 4-22-2-37.1, AS AMENDED BY P.L.47-2006,
2 SECTION 2, AS AMENDED BY P.L.91-2006, SECTION 2, AND AS
3 AMENDED BY P.L.123-2006, SECTION 12, IS CORRECTED AND
4 AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON
5 PASSAGE]: Sec. 37.1. (a) This section applies to a rulemaking action
6 resulting in any of the following rules:

7 (1) An order adopted by the commissioner of the Indiana
8 department of transportation under IC 9-20-1-3(d) or
9 IC 9-21-4-7(a) and designated by the commissioner as an
10 emergency rule.

11 (2) An action taken by the director of the department of natural
12 resources under IC 14-22-2-6(d) or IC 14-22-6-13.

13 (3) An emergency temporary standard adopted by the
14 occupational safety standards commission under
15 IC 22-8-1.1-16.1.

16 (4) An emergency rule adopted by the solid waste management
17 board under IC 13-22-2-3 and classifying a waste as hazardous.



- 1 (5) A rule, other than a rule described in subdivision (6), adopted
- 2 by the department of financial institutions under IC 24-4.5-6-107
- 3 and declared necessary to meet an emergency.
- 4 (6) A rule required under IC 24-4.5-1-106 that is adopted by the
- 5 department of financial institutions and declared necessary to
- 6 meet an emergency under IC 24-4.5-6-107.
- 7 (7) A rule adopted by the Indiana utility regulatory commission to
- 8 address an emergency under IC 8-1-2-113.
- 9 (8) An emergency rule adopted by the state lottery commission
- 10 under IC 4-30-3-9.
- 11 (9) A rule adopted under IC 16-19-3-5 that the executive board of
- 12 the state department of health declares is necessary to meet an
- 13 emergency.
- 14 (10) An emergency rule adopted by the Indiana finance authority
- 15 under IC 8-21-12.
- 16 (11) An emergency rule adopted by the insurance commissioner
- 17 under IC 27-1-23-7.
- 18 (12) An emergency rule adopted by the Indiana horse racing
- 19 commission under IC 4-31-3-9.
- 20 (13) An emergency rule adopted by the air pollution control
- 21 board, the solid waste management board, or the water pollution
- 22 control board under IC 13-15-4-10(4) or to comply with a
- 23 deadline required by federal law, provided:
- 24 (A) the variance procedures are included in the rules; and
- 25 (B) permits or licenses granted during the period the
- 26 emergency rule is in effect are reviewed after the emergency
- 27 rule expires.
- 28 (14) An emergency rule adopted by the Indiana election
- 29 commission under IC 3-6-4.1-14.
- 30 (15) An emergency rule adopted by the department of natural
- 31 resources under IC 14-10-2-5.
- 32 (16) An emergency rule adopted by the Indiana gaming
- 33 commission under IC 4-32.2-3-3(b), IC 4-33-4-2, IC 4-33-4-3, or
- 34 IC 4-33-4-14.
- 35 (17) An emergency rule adopted by the alcohol and tobacco
- 36 commission under IC 7.1-3-17.5, IC 7.1-3-17.7, or
- 37 IC 7.1-3-20-24.4.
- 38 (18) An emergency rule adopted by the department of financial
- 39 institutions under IC 28-15-11.
- 40 (19) An emergency rule adopted by the office of the secretary of
- 41 family and social services under IC 12-8-1-12.
- 42 (20) An emergency rule adopted by the office of the children's

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- 1 health insurance program under IC 12-17.6-2-11.
- 2 (21) An emergency rule adopted by the office of Medicaid policy
- 3 and planning under IC 12-15-41-15.
- 4 (22) An emergency rule adopted by the Indiana state board of
- 5 animal health under IC 15-2.1-18-21.
- 6 (23) An emergency rule adopted by the board of directors of the
- 7 Indiana education savings authority under IC 21-9-4-7.
- 8 (24) An emergency rule adopted by the Indiana board of tax
- 9 review under IC 6-1.1-4-34 **(repealed)**.
- 10 (25) An emergency rule adopted by the department of local
- 11 government finance under ~~IC 6-1.1-4-33~~ **IC 6-1.1-4-4.5**.
- 12 (26) An emergency rule adopted by the boiler and pressure vessel
- 13 rules board under IC 22-13-2-8(c).
- 14 (27) An emergency rule adopted by the Indiana board of tax
- 15 review under IC 6-1.1-4-37(l) **(repealed)** or an emergency rule
- 16 adopted by the department of local government finance under
- 17 IC 6-1.1-4-36(j) **(repealed)** or IC 6-1.1-22.5-20.
- 18 (28) An emergency rule adopted by the board of the Indiana
- 19 economic development corporation under IC 5-28-5-8.
- 20 (29) A rule adopted by the department of financial institutions
- 21 under IC 34-55-10-2.5.
- 22 (30) *A rule adopted by the Indiana finance authority:*
- 23 *(A) under IC 8-15.5-7 approving user fees (as defined in*
- 24 *IC 8-15.5-2-10) provided for in a public-private agreement*
- 25 *under IC 8-15.5;*
- 26 *(B) under IC 8-15-2-17.2(a)(10):*
- 27 *(i) establishing enforcement procedures; and*
- 28 *(ii) making assessments for failure to pay required tolls;*
- 29 *(C) under IC 8-15-2-14(a)(3) authorizing the use of and*
- 30 *establishing procedures for the implementation of the*
- 31 *collection of user fees by electronic or other nonmanual*
- 32 *means; or*
- 33 *(D) to make other changes to existing rules related to a toll*
- 34 *road project to accommodate the provisions of a*
- 35 *public-private agreement under IC 8-15.5.*
- 36 (b) The following do not apply to rules described in subsection (a):
- 37 (1) Sections 24 through 36 of this chapter.
- 38 (2) IC 13-14-9.
- 39 (c) After a rule described in subsection (a) has been adopted by the
- 40 agency, the agency shall submit the rule to the publisher for the
- 41 assignment of a document control number. The agency shall submit the
- 42 rule in the form required by section 20 of this chapter and with the

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1 documents required by section 21 of this chapter. The publisher shall
 2 determine the *number of copies format* of the rule and other documents
 3 to be submitted under this subsection.

4 (d) After the document control number has been assigned, the
 5 agency shall submit the rule to the *secretary of state publisher* for
 6 filing. The agency shall submit the rule in the form required by section
 7 20 of this chapter and with the documents required by section 21 of this
 8 chapter. The *secretary of state publisher* shall determine the *number*
 9 *of copies format* of the rule and other documents to be submitted under
 10 this subsection.

11 (e) Subject to section 39 of this chapter, the *secretary of state*
 12 *publisher* shall:

13 (1) accept the rule for filing; and

14 (2) *file stamp and indicate electronically record* the date and time
 15 that the rule is accepted. *on every duplicate original copy*
 16 *submitted.*

17 (f) A rule described in subsection (a) takes effect on the latest of the
 18 following dates:

19 (1) The effective date of the statute delegating authority to the
 20 agency to adopt the rule.

21 (2) The date and time that the rule is accepted for filing under
 22 subsection (e).

23 (3) The effective date stated by the adopting agency in the rule.

24 (4) The date of compliance with every requirement established by
 25 law as a prerequisite to the adoption or effectiveness of the rule.

26 (g) Subject to subsection (h), IC 14-10-2-5, IC 14-22-2-6,
 27 IC 22-8-1.1-16.1, and IC 22-13-2-8(c), and except as provided in
 28 subsections (j), ~~and~~ (k), and (l), a rule adopted under this section
 29 expires not later than ninety (90) days after the rule is accepted for
 30 filing under subsection (e). Except for a rule adopted under subsection
 31 (a)(13), (a)(24), (a)(25), or (a)(27), the rule may be extended by
 32 adopting another rule under this section, but only for one (1) extension
 33 period. The extension period for a rule adopted under subsection
 34 (a)(28) may not exceed the period for which the original rule was in
 35 effect. A rule adopted under subsection (a)(13) may be extended for
 36 two (2) extension periods. Subject to subsection (j), a rule adopted
 37 under subsection (a)(24), (a)(25), or (a)(27) may be extended for an
 38 unlimited number of extension periods. Except for a rule adopted under
 39 subsection (a)(13), for a rule adopted under this section to be effective
 40 after one (1) extension period, the rule must be adopted under:

41 (1) sections 24 through 36 of this chapter; or

42 (2) IC 13-14-9;

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as applicable.

(h) A rule described in subsection (a)(6), (a)(8), (a)(12), **(a)(25)**, or (a)(29) expires on the earlier of the following dates:

- (1) The expiration date stated by the adopting agency in the rule.
- (2) The date that the rule is amended or repealed by a later rule adopted under sections 24 through 36 of this chapter or this section.

(i) This section may not be used to readopt a rule under IC 4-22-2.5.

(j) A rule described in subsection (a)(24) or (a)(25) expires not later than January 1, 2006.

(k) A rule described in subsection (a)(28) expires on the expiration date stated by the board of the Indiana economic development corporation in the rule.

(l) A rule described in subsection (a)(30) expires on the expiration date stated by the Indiana finance authority in the rule.

SECTION 2. IC 6-1.1-4-4.5, AS AMENDED BY P.L.228-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2006 (RETROACTIVE)]: Sec. 4.5. (a) The department of local government finance shall adopt rules establishing a system for annually adjusting the assessed value of real property to account for changes in value in those years since a general reassessment of property last took effect.

(b) ~~Subject to subsection (c);~~ The system must be applied to adjust assessed values beginning with the ~~2006~~ **2007** assessment date and each year thereafter that is not a year in which a reassessment becomes effective.

(c) The rules adopted under subsection (a) must ~~include the following characteristics in the system:~~ **do the following to provide for the annual adjustment of assessed values:**

- (1) Promote uniform and equal assessment of real property within and across classifications.
- (2) ~~Require that assessing officials:~~
 - (A) ~~reevaluate the factors that affect value;~~
 - (B) ~~express the interactions of those factors mathematically;~~
 - (C) ~~use mass appraisal techniques to estimate updated property values within statistical measures of accuracy; and~~
 - (D) ~~provide notice to taxpayers of an assessment increase that results from the application of annual adjustments.~~
- (3) ~~Prescribe procedures that permit the application of the adjustment percentages in an efficient manner by assessing officials.~~

(2) Provide for the adjustment of the assessed value of

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tangible property on the assessment date using mass appraisal techniques to estimate updated property values without the physical inspection of the real property.

(3) Provide a valuation date that is two (2) years immediately preceding the assessment date for real property in existence on the valuation date.

(4) Value land in the manner provided by statute or, in the absence of a specific valuation statute for the particular real property, in the manner provided for the valuation of land in a general reassessment under sections 13.6 and 13.8 of this chapter and other related statutes.

(5) Value improvements to land in the manner provided by statute or, in the absence of a specific valuation statute for the particular improvement, according to replacement value using a nationally recognized valuation service, such as Marshall Swift Valuation Service, after deducting a reasonable allowance for exhaustion, wear, and tear (including a reasonable allowance for obsolescence) of the tangible property.

(6) Establish a schedule for the completion of each step of the valuation process.

(d) The annual adjustment under this section shall be conducted in accordance with the rules adopted under IC 4-22-2 by the department of local government finance. must review and certify each annual adjustment determined under The department of local government finance may adopt emergency rules under IC 4-22-2-37.1 to carry out this section.

(e) In making the annual determination of the base rate to satisfy the requirement for an annual adjustment under subsection (a), the department of local government finance shall determine the base rate using the methodology reflected in Table 2-18 of Book 1, Chapter 2 of the department of local government finance's Real Property Assessment Guidelines (as in effect on January 1, 2005), except that the department shall adjust the methodology to use a six (6) year rolling average instead of a four (4) year rolling average.

SECTION 3. An emergency is declared for this act.

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