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FISCAL IMPACT STATEMENT

LS 6651 | **NOTE PREPARED:** Apr 19, 2011
BILL NUMBER: SB 381 | **BILL AMENDED:** Apr 18, 2011

SUBJECT: Tax representatives.

FIRST AUTHOR: Sen. Charbonneau | **BILL STATUS:** CR Adopted - 2nd House
FIRST SPONSOR: Rep. Friend

FUNDS AFFECTED: X GENERAL | **IMPACT:** State & Local
X DEDICATED
FEDERAL

Summary of Legislation: (Amended) *Standard Deduction:* This bill requires a county auditor to allow the standard deduction to an individual whose spouse also claims a standard or substantially similar deduction for a different property if the property owned by the individual's spouse is located outside Indiana and the individual submits an affidavit containing the names of the county and state in which the property owned by the individual's spouse is located and stating that the following are true: (1) That the individual and the individual's spouse maintain separate principal places of residence. (2) That neither the individual nor the individual's spouse has an ownership interest in the other's principal place of residence. (3) That neither the individual nor the individual's spouse have, for that same year, claimed a standard or substantially similar deduction for any property other than the property maintained as a principal place of residence by the respective individuals.

Assessment Review: The bill provides that the assessment of a property may not be increased for an assessment date subject to review by the county property tax assessment board of appeals (PTABOA) if the PTABOA fails to complete its statutory duties with respect to the conduct of the review. It allows a taxpayer to petition the Indiana Board of Tax Review (IBTR) to review the PTABOA's conduct of the review and determine whether any increase of the assessed value of the taxpayer's property should be prohibited.

The bill also permits the IBTR to review a PTABOA's conduct of a review of a property tax assessment to determine whether the PTABOA completed its statutory duties. It permits the IBTR to remand the case to the PTABOA for further proceedings if the IBTR determines that the PTABOA has failed to complete its statutory duties.

Tax Representatives: This bill provides that certain local officials of a county or their employees or contractors may not serve as a tax representative for any taxpayer with respect to property subject to property taxes in the same county before the PTABOA or the IBTR. It provides that this prohibition does not prohibit a contract employee or contractor of a tax official from serving as a tax representative unless the contract employee or contractor personally and substantially participated in the assessment of the property. The bill specifies that an individual who is a former assessor or a former employee, contract employee, or contractor of an assessor may not represent or assist another person in an assessment appeal before the IBTR or a PTABOA if, while the individual was an assessor or an employee, contract employee, or contractor of an assessor, the individual personally and substantially participated in the assessment of the property.

Uniformity Appeals: The bill specifies that a property owner may prove that the property owner's property is assessed without uniformity using certain comparable properties. It provides that the taxpayer prevails in an appeal unless the assessor rebuts the property owner's evidence with alternative evidence of comparable properties.

RV Excise Tax: This bill provides for the collection of the recreational vehicle and truck camper excise tax from the owners of recreational vehicles that are not registered in any state but are permanently located in Indiana

Effective Date: July 1, 2011.

Explanation of State Expenditures: (Revised) *Assessment Review:* Under this provision, the IBTR is likely to receive additional petitions for review of PTABOA assessments. According to the IBTR, the Board would likely need to hire additional employees (such as hearing examiners, a program director, and an administrative assistant). The number of new employees needed would depend on the number of additional appeals received. The IBTR currently has 18 full-time employees. The IBTR would also have additional costs for creation or modification of an appeals database, travel, equipment, and general office expenses. The IBTR is funded from the state General Fund.

(Revised) *Uniformity Appeals:* This provision could also result in an increase in the number of appeals to the IBTR. The number of additional appeals is unknown so the impact on the IBTR is not known.

(Revised) *RV Excise Tax:* The Bureau of Motor Vehicles (BMV) would be required to provide assistance to county assessors and county treasurers as necessary under this bill. The BMV could incur minimal administrative costs to assist local officials. The fund affected is the Motor Vehicle Highway Account, which supports the BMV.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) *Standard Deduction:* Under current law, a county auditor may not grant a standard deduction to an individual or a married couple if the individual or couple is claiming the deduction on two or more applications.

Beginning with taxes payable in 2011 under this provision, an individual would qualify for the standard deduction even if their spouse claims a deduction on property not located in Indiana if the individual files an affidavit containing:

1) The names of the county and state in which the spouse claims a similar deduction; and

2) A statement under penalty of perjury that the individual and spouse maintain separate principal residences, that neither spouse has an ownership interest in the other's homestead, and that neither party has claimed a deduction for any property than their principal residence.

The number of taxpayers who would be impacted by this provision is not known. For taxes payable in 2011, if a taxpayer is retroactively granted a standard deduction, then the taxpayer will pay only a portion of their original tax bill. Local civil taxing units and school corporations would forgo the uncollected revenue. For taxes payable after 2011, this provision would result in a shift of a part of the tax burden from the affected individuals to all other taxpayers.

(Revised) *Assessment Review:* Under this provision, the PTABOA may not increase an assessment subject to review if the PTABOA fails to complete its duties related to the review. A taxpayer may petition the IBTR to review the PTABOA's conduct of the assessment review. The DLGF would hold a hearing and make a determination. If the IBTR finds that the PTABOA failed to complete its statutory duties, the IBTR would order the PTABOA to establish the property's assessed value without an increase. An IBTR final determination would be subject to review by the Indiana Tax Court. The effect on assessments, if any, depends on the PTABOA's execution of its statutory duties regarding assessment reviews.

(Revised) *Uniformity Appeals:* This provision would permit a taxpayer to present evidence of nonuniform assessments in a property assessment appeal. The taxpayer may prove that their assessment is not uniform by showing that their assessment (from the property record card) is greater than the median assessment of a reasonable number of appropriately adjusted comparable properties. The taxpayer would prevail unless the assessor rebuts the taxpayer's evidence with alternative evidence of comparable properties.

This provision could result in the filing of additional appeals. It could also affect the outcome of both pending and future appeals. If more appeals are successful, there would be a shift of a part of the tax burden from the successful appellants to all other taxpayers.

(Revised) *RV Excise Tax:* Under current law, an excise tax applies to truck campers and to RVs that are registered in Indiana. The RV excise tax is payable to the BMV at the time of vehicle registration.

Beginning in 2012, in addition to RVs registered in Indiana and truck campers owned by Indiana residents, this provision would impose the RV Excise Tax on RVs that are permanently located in Indiana but not registered in Indiana or any other state.

Under this provision, campground owners would be required to submit a report to the county assessor each year by April 14th that identifies persons occupying spaces on March 1st, the date that the RV was parked at the campground, the year and model of the RV, and whether the RV displays a license plate from Indiana or any other state.

An RV that (1) is located in Indiana on March 1st, (2) has been parked on the same campground space for at least 6 months, and (3) is not registered in Indiana or another state, is presumed to be permanently located in Indiana under this bill.

The county assessor would determine by August 14th whether or not an RV is permanently located in Indiana. By August 19th, the assessor would report to the county treasurer the tax liability and the name and address of the owner if the RV is not registered in Indiana. The county treasurer would mail an RV Excise Tax bill to the owner by August 31st with taxes due by September 30th.

RV Excise Tax is distributed to the local civil taxing units and school corporations. This bill would provide an increase in RV excise tax revenue in areas where RVs subject to the tax under this bill are located. There is currently no estimate of the number of RVs that would be affected by this bill.

State Agencies Affected: Indiana Board of Tax Review; Indiana Tax Court; Bureau of Motor Vehicles.

Local Agencies Affected: County assessors; County treasurers; Local civil taxing units and school corporations; County property tax boards of review.

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