

HOUSE BILL No. 1026

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-4.

Synopsis: Assessment of real property. Provides that after the assessed value of real property is determined in an appeal, the amount by which the assessed value of the real property can increase in the next three years is limited.

Effective: Upon passage.

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January 7, 2013, read first time and referred to Committee on Local Government.

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First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

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HOUSE BILL No. 1026



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 6-1.1-4-4, AS AMENDED BY P.L.112-2012,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 4. (a) A general reassessment, involving a
4 physical inspection of all real property in Indiana, shall begin July 1,
5 2010. The reassessment under this subsection:
6 (1) shall be completed on or before March 1 of the year that
7 succeeds by two (2) years the year in which the general
8 reassessment begins; and
9 (2) **subject to section 43 of this chapter**, shall be the basis for
10 taxes payable in the year following the year in which the general
11 assessment is to be completed.
12 (b) In order to ensure that assessing officials are prepared for a
13 general reassessment of real property, the department of local
14 government finance shall give adequate advance notice of the general
15 reassessment to the assessing officials of each county.
16 SECTION 2. IC 6-1.1-4-4.5, AS AMENDED BY P.L.112-2012,
17 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 UPON PASSAGE]: Sec. 4.5. (a) The department of local government
 2 finance shall adopt rules establishing a system for annually adjusting
 3 the assessed value of real property to account for changes in value in
 4 those years since a reassessment under section 4 or 4.2 of this chapter
 5 for the property last took effect.

6 (b) Subject to subsection (e) **and section 43 of this chapter**, the
 7 system must be applied to adjust assessed values beginning with the
 8 2006 assessment date and each year thereafter that is not a year in
 9 which a reassessment under section 4 or 4.2 of this chapter for the
 10 property becomes effective.

11 (c) The rules adopted under subsection (a) must include the
 12 following characteristics in the system:

13 (1) Promote uniform and equal assessment of real property within
 14 and across classifications.

15 (2) Require that assessing officials:

16 (A) reevaluate the factors that affect value;

17 (B) express the interactions of those factors mathematically;

18 (C) use mass appraisal techniques to estimate updated property
 19 values within statistical measures of accuracy; and

20 (D) provide notice to taxpayers of an assessment increase that
 21 results from the application of annual adjustments.

22 (3) Prescribe procedures that permit the application of the
 23 adjustment percentages in an efficient manner by assessing
 24 officials.

25 (d) The department of local government finance must review and
 26 certify each annual adjustment determined under this section.

27 (e) In making the annual determination of the base rate to satisfy the
 28 requirement for an annual adjustment under subsection (c) for current
 29 property taxes first due and payable in 2011 and thereafter, the
 30 department of local government finance shall determine the base rate
 31 using the methodology reflected in Table 2-18 of Book 1, Chapter 2 of
 32 the department of local government finance's Real Property Assessment
 33 Guidelines (as in effect on January 1, 2005), except that the department
 34 shall adjust the methodology to:

35 (1) use a six (6) year rolling average adjusted under subdivision

36 (2) instead of a four (4) year rolling average; and

37 (2) eliminate in the calculation of the rolling average the year
 38 among the six (6) years for which the highest market value in use
 39 of agricultural land is determined.

40 (f) For assessment dates after December 31, 2009, an adjustment in
 41 the assessed value of real property under this section shall be based on
 42 the estimated true tax value of the property on the assessment date that

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1 is the basis for taxes payable on that real property.

2 SECTION 3. IC 6-1.1-4-43 IS ADDED TO THE INDIANA CODE
 3 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
 4 **UPON PASSAGE]: Sec. 43. This section does not apply to any part**
 5 **of a change in an assessment directly applicable to an improvement**
 6 **or enlargement of property. In each of the next three (3) years**
 7 **after an assessment date for which the assessed value of property**
 8 **is determined in an appeal initiated under IC 6-1.1-15-1, an**
 9 **assessing official may not increase the assessed value of the**
 10 **property by more than the lesser of the following:**

11 (1) **The amount determined under the last STEP of the**
 12 **following formula:**

13 **STEP ONE: Determine the assessed value of the property**
 14 **for the immediately preceding year, as determined after**
 15 **applying the decision in the appeal and this section.**

16 **STEP TWO: If the assessed value in the appeal was**
 17 **determined based on the gross rent multiplier method,**
 18 **determine the greater of:**

19 (A) **one (1); or**

20 (B) **the amount of rent received from the property for**
 21 **the year divided by the amount of rent received from the**
 22 **property in the immediately preceding year.**

23 **STEP THREE: Multiply the STEP ONE amount by:**

24 (A) **the STEP TWO amount; or**

25 (B) **if the assessed value in the appeal was not**
 26 **determined based on the gross rent multiplier method,**
 27 **an amount determined by the assessing official that is not**
 28 **more than one and three-hundredths (1.03).**

29 (2) **The increase in the true tax value of the property**
 30 **determined by any other method permitted under this article.**

31 **An assessing official shall apply this section without the initiation**
 32 **of an appeal by the taxpayer.**

33 **SECTION 4. An emergency is declared for this act.**

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