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**TITLE 50 DEPARTMENT OF LOCAL  
GOVERNMENT FINANCE**

January 12, 2004

The Honorable Jerry Denbo, Chair  
Administrative Rules Oversight Committee

Re: Notice of Delay in Adoption of Rule that prescribes a process which assessors can use in the gathering and processing of information for the application of the income capitalization method and the gross rent multiplier method

Dear Representative Denbo:

Notice of Delay

This is to notify you that pursuant to IC 4-22-2-19, the Department of Local Government Finance will not begin the rulemaking process within (60) sixty days after the effective date of the statute [*sic.*] that authorizes the rule. SB 1 that passed during the 2003 Legislative Short Session added IC 6-1.1-4-39. The Governor signed the Bill December 12, 2003, making the section effective immediately. Department of Local Government Finance shall adopt rules under IC 4-22-2 to carry out the particular section.

Reasons for Delay

This rule will establish standards for determining the lowest valuation of a property regularly used to rent or furnish residential accommodations for periods of thirty (30) days or more and have more than (4) four rental units. The assessor will be required to apply each of the following appraisal approaches: 1) the cost approach, 2) the sales comparison approach, and 3) the income capitalization approach, and the true tax value shall be the lowest of the three values. The rule will also establish a process by which the assessor may use the gross rent multiplier approach to value real property that has between one (1) and four (4) units; and mobile homes assessed under IC 6-1.1-7, if the assessor prefers. The Department did issue a memorandum to local assessing officials outlining the gross rent multiplier approach as soon as SB 1 passed, but has not yet determined the most efficient way to compile all the necessary steps to accomplish the legislative intent of this particular provision. Due to holidays and the on-going 2002 general reassessment including the Department's Lake County obligation, employees of the Department will be unable to devote quality time to this rule till the 2004 General Session is complete. There has also been speculation about the 2004 session altering this same provision, and it is in everyone's better interest to await the outcome.

Expected Date to Begin

The Department of Local Government Finance expects to begin the promulgation process in the near future. Once the Department has established a system of gathering and processing all the relevant information required under IC 6-1.1-4-39, it will be able to proceed forward in the rule making process.

Your understanding of these circumstances is greatly appreciated. If you have any further concerns or require additional information, please do not hesitate to contact me, at 317-233-5895 or [hscheel@tcb.state.in.us](mailto:hscheel@tcb.state.in.us). Thank you.

Sincerely,

Heather A. Scheel  
General Counsel

Copy to: The Honorable Luke Kenley  
Chuck Mayfield, Fiscal Analyst

Sarah Burkman, Attorney