LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

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ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT

PROPOSED RULE: 97-141 **DATE RECEIVED:** Nov 5, 1997
STATE AGENCY: State Board of Tax Commissioners **DATE PREPARED:** Dec 20, 1997

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Digest of Proposed Rule: This proposal adds 50 IAC 12 to establish property tax assessment computer standards for counties.

IC 6-1.1-31.5, as added by HEA 1783-1997 requires the State Board of Tax Commissioners to adopt rules to prescribed computer specification standards and for the certification of computer systems, computer software, computer service providers, and computer equipment providers. The computer standards and certification will pertain to the computers used by the county and township assessors and their assessment records.

Governmental Entities:

State: There are no unfunded mandates placed upon any state agency by this proposed rule.

Local: Currently, there are no administrative rules dealing with hardware and software standards for counties. However, since July 1, 1983, the State Tax Board has been required to develop specifications for computer software and hardware to be used by counties for assessment purposes under IC 6-1.1-31-1. The Tax Board currently has a set of standards in effect. Much of the proposed rule is a restatement of those specifications. There are, however, several changes and additions that would have a fiscal impact on counties.

The substantial differences between the current standards and the proposed rule include:

1) Software must be able to store sketches and digitized photographs.
2) All counties must have a parcel numbering system that identifies parcels by geographic location by December 31, 2002.
3) All hardware and software must be year 2000 compliant.
4) The user must be able to browse assessment records in the database using any property characteristic listed.
5) There are several new data integrity requirements.
6) The system must provide an appropriate response time for the application being run.
7) All hardware must be a currently supported model.
8) The software must provide certain user-defined reports.

After December 31, 1998, the rule would prohibit a county from purchasing or acquiring computer software, services, or hardware unless it is certified by the Tax Board.

Overall, counties will have increased costs for computer software and hardware used to complete the reassessment of real property. Some counties may already be using compliant systems and therefore would not be affected by this rule. Other counties, however, may need to update, purchase or lease new software and hardware. The majority of the counties are clients of a small number of computer services vendors. Some of these vendors have already incorporated much of these requirements into their existing software.

One vendor currently contracts with 46 counties. This vendor already meets most of the requirements of the proposed rule. It is estimated that it will take under 30 days of programming time to comply with the rule. At the rate of $17.00/hr., the programming should cost around $4,000.

Another vendor currently contracts with 35 counties. This vendor is almost in full compliance with the rule. It is estimated that the remaining changes will cost no more than $10,000.

Five counties contract with two other vendors. There may be some cost involved in achieving compliance for these two counties. However, the magnitude of the necessary changes is not known.

These 86 counties that contract for services can each expect to pay a share of the increased costs. The amount charged to each client county would be at the discretion of the vendor.

Four counties use in-house computer services. They are already substantially in compliance with the proposed rule. Any further expenditures that are necessary for full compliance would be minimal.

Two counties, Sullivan and Union, are not currently computerized. The cost to equip these counties with the minimum hardware and software under the proposed rule is estimated at $16,000 each.

The total cost to all counties to conform to the proposed rule is estimated at $50,000 - $100,000.

There are no unfunded mandates placed upon any political subdivision by this proposed rule. Counties impose a reassessment fund property tax levy. The proceeds from this fund are used by county and township assessors to perform the reassessment. The levy is based on the estimated cost to complete reassessment, including computer costs.

Regulated Entities: None.

Information Sources: State Board of Tax Commissioners, Leon Adkinson, 232-3761.