



Reprinted
February 26, 2019

SENATE BILL No. 623

DIGEST OF SB 623 (Updated February 25, 2019 4:58 pm - DI 120)

Citations Affected: IC 6-1.1.

Synopsis: Property tax matters. Provides that a county assessor or township assessor (if any) may request the department of local government finance (department) to perform a state conducted assessment of a particular commercial building or structure used for retail purposes. Specifies the procedures for the state conducted assessment. Provides that the true tax value of commercial real property used for retail purposes that is occupied by the original owner or by a tenant for which the improvement was built shall be determined by the cost approach for the first 10 years of occupancy of the property, less normal depreciation and normal obsolescence under the rules and guidelines of the department of local government finance. Provides that a county fiscal body may adopt an ordinance to provide that the county assessor be reimbursed for legal costs (in addition to other specified costs under current law) incurred by the county assessor in defending an appeal that is uncommon and infrequent in the normal course of defending appeals.

Effective: January 1, 2020.

**Buchanan, Boots, Becker, Walker,
Ford J.D., Messmer, Buck,
Charbonneau, Stoops**

January 15, 2019, read first time and referred to Committee on Tax and Fiscal Policy.
February 21, 2019, amended, reported favorably — Do Pass.
February 25, 2019, read second time, amended, ordered engrossed.

SB 623—LS 7306/DI 120



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First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

SENATE BILL No. 623

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 6-1.1-4-28.5, AS AMENDED BY P.L.86-2018,
2 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2020]: Sec. 28.5. (a) Money assigned to a property
4 reassessment fund under section 27.5 of this chapter may be used only
5 to pay the costs of:
6 (1) the reassessment of one (1) or more groups of parcels under
7 a county's reassessment plan prepared under section 4.2 of this
8 chapter, including the computerization of assessment records;
9 (2) payments to assessing officials and hearing officers for county
10 property tax assessment boards of appeals under IC 6-1.1-35.2;
11 (3) the development or updating of detailed soil survey data by
12 the United States Department of Agriculture or its successor
13 agency;
14 (4) the updating of plat books;
15 (5) payments for the salary of permanent staff or for the
16 contractual services of temporary staff who are necessary to assist
17 assessing officials;

SB 623—LS 7306/DI 120



(6) making annual adjustments under section 4.5 of this chapter;

~~and~~

(7) the verification under 50 IAC 27-4-7 of sales disclosure forms forwarded to:

(A) the county assessor; or

(B) township assessors (if any);

under IC 6-1.1-5.5-3; **and**

(8) state conducted assessments requested under section 31.8 of this chapter.

Money in a property reassessment fund may not be transferred or reassigned to any other fund and may not be used for any purposes other than those set forth in this section.

(b) All counties shall use modern, detailed soil maps in the reassessment of agricultural land.

(c) The county treasurer of each county shall, in accordance with IC 5-13-9, invest any money accumulated in the property reassessment fund. Any interest received from investment of the money shall be paid into the property reassessment fund.

(d) An appropriation under this section must be approved by the fiscal body of the county after the review and recommendation of the county assessor. However, in a county with a township assessor in every township, the county assessor does not review an appropriation under this section, and only the fiscal body must approve an appropriation under this section.

SECTION 2. IC 6-1.1-4-31.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2020]: **Sec. 31.8. (a) As used in this section, "department" refers to the department of local government finance.**

(b) This section applies only to a real property assessment of a commercial building or structure used for retail purposes.

(c) A county assessor or a township assessor (if any) may request the department to perform a state conducted assessment of a particular property in the county for a specified assessment date. The request must be made in the form and in the manner prescribed by the department.

(d) If the department receives a request for a state conducted assessment of a particular property in a county, the department shall assume the duties of the county assessor with regard to the assessment of that property for that assessment date.

(e) Before assuming the duties of a county assessor, the department shall transmit a notice of the state conducted



1 assessment of the property for the assessment date to the county
2 assessor, the county fiscal body, and the county auditor.

3 (f) A county assessor that requests the department to perform
4 a state conducted assessment under this section shall make
5 available and provide access to all information requested by the
6 department or the department's contractor that is related to the
7 assessment of real property that is subject to the state conducted
8 assessment in the county.

9 (g) The department may enter into a contract with a
10 professional appraising firm to conduct a requested assessment of
11 the property under this section.

12 (h) After receiving the report of the assessed value of the
13 property from the appraisal firm acting under a contract described
14 in subsection (g), the department shall give notice to the taxpayer
15 and the county assessor, by mail, of the amount of the assessment
16 of the property.

17 (i) The department shall forward a bill for services provided
18 under a contract described in subsection (g) to the auditor of the
19 county in which the state conducted assessment occurs. The county
20 shall pay the bill, without appropriation, from the county
21 reassessment fund.

22 SECTION 3. IC 6-1.1-4-43.5 IS ADDED TO THE INDIANA
23 CODE AS A NEW SECTION TO READ AS FOLLOWS
24 [EFFECTIVE JANUARY 1, 2020]: Sec. 43.5. (a) This section applies
25 to a real property assessment of commercial real property used for
26 retail purposes:

27 (1) for the 2020 assessment date and assessments dates
28 thereafter; and

29 (2) if the commercial real property is occupied by the original
30 owner or by a tenant for which the improvement was built.

31 (b) This section does not apply to real property described in
32 subsection (a) if the real property is sold:

33 (1) by the original owner for which the improvement was
34 built; and

35 (2) to a subsequent purchaser in an arm's length transaction.

36 (c) This subsection applies to a taxpayer that files a notice under
37 IC 6-1.1-15 after December 31, 2019, requesting a review of the
38 assessment of the taxpayer's real property that is subject to this
39 section. In determining the true tax value of real property under
40 this section, true tax value shall be determined by the cost
41 approach for the first ten (10) years of occupancy of the subject
42 property, less normal depreciation and normal obsolescence under



the rules and guidelines of the department. For purposes of this subsection, the land value shall be assessed separately. The assessed value of the land underlying the improvements assessed under this section may be assessed or challenged based on the market value of comparable land. For purposes of this section, economic and functional obsolescence of the subject property may be determined by application of aggregate market data, but shall not be determined by comparison to any other individual parcels.

(d) This subsection applies to a taxpayer that files a notice under IC 6-1.1-15 after December 31, 2019, requesting a review of the assessment of the taxpayer's real property that is subject to this section. A taxpayer must provide to the appropriate county or township assessing official information concerning the actual construction costs for the real property. Notwithstanding IC 6-1.1-15, if a taxpayer does not provide all relevant and reasonably available information concerning the actual construction costs for the real property before the hearing scheduled by the county property tax assessment board of appeals regarding the assessment of the real property, the appeal may not be reviewed until all the information is provided. If a taxpayer has not provided all relevant and reasonably available information concerning the actual construction costs of the property under appeal within ten (10) days prior to the scheduled hearing by the county property tax assessment board of appeals, the appeal is deemed void for that assessment year and may not be refiled or appealed. If a taxpayer does provide the information concerning the actual construction costs for the real property and the construction costs for the real property are greater than the cost values determined by using the cost tables under the rules and guidelines of the department of local government finance, then for purposes of applying the cost approach under subsection (c), the normal depreciation and normal obsolescence factor as calculated under the rules and guidelines of the department shall be deducted from the actual construction costs rather than the cost values determined by using the cost tables under the rules and guidelines of the department of local government finance.

SECTION 4. IC 6-1.1-15-10.7, AS ADDED BY P.L.180-2016, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2020]: Sec. 10.7. (a) The county fiscal body may adopt an ordinance to provide that the county assessor be reimbursed for certain costs incurred by the county assessor in defending an appeal under this chapter that is uncommon and infrequent in the normal



1 course of defending appeals under this chapter. Costs include appraisal,
2 **legal**, and expert witness fees incurred in defending an appeal.

3 (b) The ordinance must specify:

4 (1) the appeal or appeals and why they are uncommon and
5 infrequent;

6 (2) a detailed list of expenses incurred by fund and by parcel
7 number; and

8 (3) that the county auditor will deduct the expenses listed in the
9 ordinance from property tax receipts collected in the taxing
10 district in which the parcel is located before apportioning receipts
11 to taxing units for the next semiannual settlement under
12 IC 6-1.1-27.

13 (c) Property tax receipts that are collected under this section must
14 be deposited in the county fund that incurred the initial expense.

15 (d) Expenses for an appeal that are deducted from a civil taxing
16 unit's property tax revenue under this section are not considered to be
17 part of a payment of a refund resulting from an appeal for purposes of
18 a maximum permissible property tax levy appeal under
19 IC 6-1.1-18.5-16.



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 623, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 3, delete lines 36 through 42, begin a new paragraph and insert:

"(c) This subsection applies to a taxpayer that files a notice under IC 6-1.1-15 after December 31, 2019, requesting a review of the assessment of the taxpayer's real property that is subject to this section. In determining the true tax value of real property under this section, true tax value shall be determined by the cost approach for the first ten (10) years of occupancy of the subject property, less normal depreciation and normal obsolescence under the rules and guidelines of the department. For purposes of this subsection, the land value shall be assessed separately. The assessed value of the land underlying the improvements assessed under this section may be assessed or challenged based on the market value of comparable land. For purposes of this section, economic and functional obsolescence of the subject property may be determined by application of aggregate market data, but shall not be determined by comparison to any other individual parcels.

(d) This subsection applies to a taxpayer that files a notice under IC 6-1.1-15 after December 31, 2019, requesting a review of the assessment of the taxpayer's real property that is subject to this section. A taxpayer must provide to the appropriate county or township assessing official information concerning the actual construction costs for the real property. Notwithstanding IC 6-1.1-15, if a taxpayer does not provide all relevant and reasonably available information concerning the actual construction costs for the real property before the hearing scheduled by the county property tax assessment board of appeals regarding the assessment of the real property, the appeal may not be reviewed until all the information is provided. If a taxpayer has not provided all relevant and reasonably available information concerning the actual construction costs of the property under appeal within thirty (30) days after the scheduled hearing by the county property tax assessment board of appeals, the appeal is deemed void for that assessment year and may not be refiled or appealed. If a taxpayer does provide the information concerning the actual construction costs for the real property and the construction costs for the real property are greater than the cost



values determined by using the cost tables under the rules and guidelines of the department of local government finance, then for purposes of applying the cost approach under subsection (c), the normal depreciation and normal obsolescence factor as calculated under the rules and guidelines of the department shall be deducted from the actual construction costs rather than the cost values determined by using the cost tables under the rules and guidelines of the department of local government finance."

Delete page 4.

Page 5, delete lines 1 through 4.

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 623 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 13, Nays 1.

SENATE MOTION

Madam President: I move that Senate Bill 623 be amended to read as follows:

Page 4, line 23, delete "thirty (30) days after" and insert "**ten (10) days prior to**".

(Reference is to SB 623 as printed February 22, 2019.)

BUCHANAN

