

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington St., Suite 301
Indianapolis, IN 46204
(317) 233-0696
iga.in.gov

FISCAL IMPACT STATEMENT

LS 7399

BILL NUMBER: HB 1348

NOTE PREPARED: Apr 6, 2021

BILL AMENDED: Apr 6, 2021

SUBJECT: Assessment of Land Used for Renewable Energy Production Purposes.

FIRST AUTHOR: Rep. Soliday

FIRST SPONSOR: Sen. Messmer

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill requires the Department of Local Government Finance (DLGF) to determine a base rate value per acre for land used for renewable energy production (REP) purposes that is based on an income capitalization rate determined by the DLGF.

The bill defines "renewable energy production" for purposes of the provision. It provides that an assessing official may not determine an assessed value for land upon which renewable energy production is located that exceeds the REP base rate value per acre determined by the DLGF for the assessment year.

Effective Date: (Amended) January 1, 2022.

Explanation of State Expenditures: (Revised) The DLGF will have an increased workload in determining the base rate for land used for REP. The DLGF should be able to implement the bill's requirements with no additional appropriations, assuming near customary agency staffing and resource levels.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) Beginning with taxes payable in CY 2023, this bill will set the assessment cap for land used for REP. The bill could reduce the assessments of some REP land, depending on where the assessment under current law falls in relation to the statewide base rate calculated by the DLGF. Reduced assessments will increase tax rates and potentially increase tax cap losses. The actual impact on local revenues will vary by location.

Currently, most counties with REP installations assess the land using the base rate for commercial land. The county may have multiple base rates, based on location. In most counties, there is no difference between the AV of land classified as commercial and land classified as industrial.

Additionally, in some cases, the assessor has already created a special base rate for REP land and in some cases, the assessor and the utility have negotiated an assessment. Assessors will still be able to set a REP land assessment at an amount lower than the statewide base rate.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Local assessors; Local civil taxing units and school corporations.

Information Sources: County assessors.

Fiscal Analyst: Bob Sigalow, 317-232-9859.