

HOUSE BILL No. 1218

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1.

Synopsis: Expedited assessment appeals. Provides that the appeal process for an assessment, deduction, or other appealable item begins with a hearing before the assessing official who made the assessment. Eliminates the preliminary informal meeting with the assessing official who made the assessment. Provides that for assessment purposes the true tax value of real property is the fair market value of the property. Voids the rule of the Indiana Administrative Code that requires assessments of real property to be based on the 2011 real property assessment manual.

Effective: July 1, 2018; January 1, 2019.

Smith V

January 9, 2018, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 120th General Assembly (2018)

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 2017 Regular Session of the General Assembly.

HOUSE BILL No. 1218

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 6-1.1-15-1.1, AS ADDED BY P.L.232-2017,
2 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2019]: Sec. 1.1. (a) A taxpayer may appeal an
4 assessment of a taxpayer's tangible property by filing a notice in writing
5 with the township assessor, or the county assessor if the township is not
6 served by a township assessor. Except as provided in subsection (e), an
7 appeal under this section may raise any claim of an error related to the
8 following:
9 (1) The assessed value of the property.
10 (2) The assessment was against the wrong person.
11 (3) The approval, denial, or omission of a deduction, credit,
12 exemption, abatement, or tax cap.
13 (4) A clerical, mathematical, or typographical mistake.
14 (5) The description of the real property.
15 (6) The legality or constitutionality of a property tax or
16 assessment.
17 A written notice under this section must be made on a form designated



1 by the department of local government finance. A taxpayer must file a
 2 separate petition for each parcel.

3 (b) A taxpayer may appeal an error in the assessed value of the
 4 property under subsection (a)(1) any time after the official's action, but
 5 not later than the following:

6 (1) For assessments before January 1, 2019, the earlier of:

7 (A) forty-five (45) days after the date on which the notice of
 8 assessment is mailed by the county; or

9 (B) forty-five (45) days after the date on which the tax
 10 statement is mailed by the county treasurer, regardless of
 11 whether the assessing official changes the taxpayer's
 12 assessment.

13 (2) For assessments after December 31, 2018, the earlier of:

14 (A) June 15 of the assessment year, if the notice of assessment
 15 is mailed by the county before May 1 of the assessment year;
 16 or

17 (B) June 15 of the year in which the tax statement is mailed by
 18 the county treasurer, if the notice of assessment is mailed by
 19 the county on or after May 1 of the assessment year.

20 A taxpayer may appeal an error in the assessment under subsection
 21 (a)(2), (a)(3), (a)(4), (a)(5), or (a)(6) not later than three (3) years after
 22 the taxes were first due.

23 (c) Except as provided in subsection (d), an appeal under this
 24 section applies only to the tax year corresponding to the tax statement
 25 or other notice of action.

26 (d) An appeal under this section applies to a prior tax year if a
 27 county official took action regarding a prior tax year, and such action
 28 is reflected for the first time in the tax statement. A taxpayer who has
 29 timely filed a written notice of appeal under this section may be
 30 required to file a petition for each tax year, and each petition filed later
 31 must be considered timely.

32 (e) A taxpayer may not appeal under this section any claim of error
 33 related to the following:

34 (1) The denial of a deduction, exemption, abatement, or credit if
 35 the authority to approve or deny is not vested in the county board,
 36 county auditor, county assessor, or township assessor.

37 (2) The calculation of interest and penalties.

38 (3) A matter under subsection (a) if a separate appeal or review
 39 process is statutorily prescribed.

40 However, a claim may be raised under this section regarding the
 41 omission or application of a deduction approved by an authority other
 42 than the county board, county auditor, county assessor, or township



1 assessor under subdivision (2).

2 (f) The filing of a written notice under this section constitutes a
3 request by the taxpayer for a ~~preliminary informal meeting with~~
4 **hearing before** the township assessor, or the county assessor if the
5 township is not served by a township assessor.

6 ~~(g) A county or township official who receives a written notice~~
7 ~~under this section shall forward the notice to the county board.~~

8 SECTION 2. IC 6-1.1-15-1.2, AS ADDED BY P.L.232-2017,
9 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JANUARY 1, 2019]: Sec. 1.2. (a) A county or township official who
11 receives a written notice under section 1.1 of this chapter shall
12 schedule, at a time during business hours that is convenient to the
13 taxpayer, a ~~preliminary informal meeting hearing~~ with the taxpayer in
14 order to resolve the appeal. ~~At the preliminary informal meeting;~~
15 **Before the hearing**, in order to facilitate understanding and the
16 resolution of disputed issues, a county or township official and the
17 taxpayer shall exchange the information that each party **is will be**
18 relying on at the time of the ~~preliminary informal meeting hearing~~ to
19 support the party's respective position on each disputed issue
20 concerning the assessment or deduction. ~~If additional information is~~
21 ~~obtained by the county or township official or the taxpayer after the~~
22 ~~preliminary informal meeting and before the hearing held by the county~~
23 ~~board; the party obtaining the information shall provide the information~~
24 ~~to the other party.~~ If the county or township official or the taxpayer
25 obtains additional information and provides the information to the
26 other party for the first time at the hearing held by the county ~~board;~~ **or**
27 **township official**, the county ~~board;~~ **or township official**, unless
28 waived by the receiving party, shall continue the hearing until a future
29 hearing date of the county ~~board or township official~~ so that the
30 receiving party has an opportunity to review all the information that the
31 offering party is relying on to support the offering party's positions on
32 the disputed issues concerning the assessment or deduction.

33 (b) The ~~county or township~~ official shall ~~report issue a written~~
34 **decision of the appeal** on a form prescribed by the department of local
35 government finance. ~~the results of the informal meeting.~~ ~~If the taxpayer~~
36 ~~and the official agree on the resolution of all issues in the appeal;~~ the
37 report shall state the agreed resolution of the matter and be signed by
38 the official and the taxpayer. ~~If an informal meeting is not held;~~ ~~or the~~
39 ~~informal meeting is unsuccessful;~~ the official shall report those facts on
40 the form. ~~The official shall forward the report on the informal meeting~~
41 ~~to the county board.~~ **A county or township official may, based on the**
42 **evidence before it, increase an assessment. Written notice of the**



1 **decision shall be given to the county official, if the decision is issued**
 2 **by a township official, the county auditor, the county board, and**
 3 **the taxpayer.**

4 (c) If the county board receives a report on the informal meeting
 5 indicating an agreed resolution of the matter, the county board shall
 6 vote to accept or deny the agreed resolution. If the county board accepts
 7 the agreed resolution, the county board shall issue a notification of final
 8 assessment determination adopting the agreed resolution and vacating
 9 the hearing if scheduled. **A taxpayer may appeal the decision of a**
 10 **county or township official under subsection (b) to the county**
 11 **board. A taxpayer who wishes to appeal the decision of a county or**
 12 **township official under subsection (b) must file a written notice of**
 13 **appeal with the county board not later than forty-five (45) days**
 14 **after the county or township official issues the decision.**

15 (d) The county board, upon receipt of a written notice under ~~section~~
 16 ~~1.1 of this chapter,~~ **subsection (c)**, shall hold a hearing on the appeal
 17 not later than one hundred eighty (180) days after the filing date of the
 18 written notice. The county board shall, by mail, give at least thirty (30)
 19 days notice of the date, time, and place fixed for the hearing to the
 20 taxpayer, the county or township official with whom the taxpayer filed
 21 the written notice, and the county auditor. If the county board has
 22 notice that the taxpayer is represented by a third person, any hearing
 23 notice shall be mailed to the representative.

24 (e) If good cause is shown, the county board shall grant a request for
 25 continuance filed in writing at least ten (10) days before the hearing,
 26 and reschedule the hearing under subsection (d).

27 (f) A taxpayer may withdraw an appeal by filing a written request
 28 at least ten (10) days before the hearing. The county board shall issue
 29 a notification of final assessment determination indicating the
 30 withdrawal and no change in the assessment. A withdrawal waives a
 31 taxpayer's right to appeal to the Indiana board of tax review.

32 (g) The county board shall determine an appeal without a hearing if
 33 requested by the taxpayer in writing at least twenty (20) days before the
 34 hearing.

35 (h) If a taxpayer appeals the assessment of tangible property under
 36 section 1.1 of this chapter, the taxpayer is not required to have an
 37 appraisal of the property in order to initiate the appeal or prosecute the
 38 appeal.

39 (i) At a hearing under subsection (d), the taxpayer shall have the
 40 opportunity to present testimony and evidence regarding the matters on
 41 appeal. If the matters on appeal are in the discretion of the county
 42 auditor, the county auditor or the county auditor's representative shall



1 attend the hearing. A county or township official, or the county auditor
 2 or the county auditor's representative, shall have an opportunity to
 3 present testimony and evidence regarding the matters on appeal. The
 4 county board may adjourn and continue the hearing to a later date in
 5 order to make a physical inspection or consider the evidence presented.

6 (j) The county board shall determine the assessment by motion and
 7 majority vote. A county board may, based on the evidence before it,
 8 increase an assessment. The county board shall issue a written
 9 decision. Written notice of the decision shall be given to the township
 10 official, county official, county auditor, and the taxpayer.

11 (k) If more than one hundred eighty (180) days have passed since
 12 the date the notice of appeal was filed, and the county board has not
 13 issued a determination, a taxpayer may initiate any appeal with the
 14 Indiana board of tax review under section 3 of this chapter.

15 (l) The county assessor may assess a penalty of fifty dollars (\$50)
 16 against the taxpayer if the taxpayer or representative fails to appear at
 17 a hearing under subsection (d) and, under subsection (e), the taxpayer's
 18 request for continuance is denied, or the taxpayer's request for
 19 continuance, request for the board to take action without a hearing, or
 20 withdrawal is not timely filed. A taxpayer may appeal the assessment
 21 of the penalty to the Indiana board or directly to the tax court. The
 22 penalty may not be added as an amount owed on the property tax
 23 statement under IC 6-1.1-22 or IC 6-1.1-22.5.

24 SECTION 3. IC 6-1.1-31-6, AS AMENDED BY P.L.204-2016,
 25 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JANUARY 1, 2019]: Sec. 6. ~~(a) With respect to the assessment of real
 27 property, the rules of the department of local government finance shall
 28 provide for:~~

29 ~~(1) the classification of land on the basis of:~~

30 ~~(A) acreage;~~

31 ~~(B) lots;~~

32 ~~(C) size;~~

33 ~~(D) location;~~

34 ~~(E) use;~~

35 ~~(F) productivity or earning capacity;~~

36 ~~(G) applicable zoning provisions;~~

37 ~~(H) accessibility to highways, sewers, and other public
 38 services or facilities; and~~

39 ~~(I) any other factor that the department determines by rule is
 40 just and proper; and~~

41 ~~(2) the classification of improvements on the basis of:~~

42 ~~(A) size;~~



- 1 (B) location;
 2 (C) use;
 3 (D) type and character of construction;
 4 (E) age;
 5 (F) condition;
 6 (G) cost of reproduction;
 7 (H) market segmentation; and
 8 (I) any other factor that the department determines by rule is
 9 just and proper.
- 10 (b) With respect to the assessment of real property, the rules of the
 11 department of local government finance shall include instructions for
 12 determining:
- 13 (1) the proper classification of real property;
 14 (2) the size of real property;
 15 (3) the effects that location and use have on the value of real
 16 property;
 17 (4) the productivity or earning capacity of:
 18 (A) agricultural land; and
 19 (B) real property regularly used to rent or otherwise furnish
 20 residential accommodations for periods of thirty (30) days or
 21 more;
 22 (5) sales data for generally comparable properties; and
 23 (6) the true tax value of real property based on the factors listed
 24 in this subsection and any other factor that the department
 25 determines by rule is just and proper.
- 26 (c) (a) With respect to the assessment of real property, true tax value
 27 ~~does not mean~~ **means** fair market value.
- 28 (d) (b) With respect to the assessment of an improved property, a
 29 valuation does not reflect the true tax value of the improved property
 30 if the purportedly comparable sale properties supporting the valuation
 31 have a different market or submarket than the current use of the
 32 improved property, based on a market segmentation analysis. Any
 33 market segmentation analysis must be conducted in conformity with
 34 generally accepted appraisal principles and is not limited to the
 35 categories of markets and submarkets enumerated in the rules or
 36 guidance materials adopted by the department of local government
 37 finance.
- 38 (e) (c) True tax value does not mean the value of the property to the
 39 user.
- 40 (f) (d) Subject to this article, true tax value shall be determined
 41 under the rules of the department of local government finance. The
 42 department's rules may include examples to illustrate true tax value.



1 SECTION 4. [EFFECTIVE JANUARY 1, 2019] (a) **50 IAC 2.4-1,**
2 **requiring use of the 2011 real property assessment manual, is void**
3 **effective January 1, 2019. The publisher of the Indiana**
4 **Administrative Code and the Indiana Register shall remove 50 IAC**
5 **2.4-1 from the Indiana Administrative Code.**

6 **(b) This SECTION expires July 1, 2019.**

7 SECTION 5. [EFFECTIVE JULY 1, 2018] (a) **The legislative**
8 **services agency shall prepare legislation for introduction in the**
9 **2019 regular session of the general assembly to make appropriate**
10 **amendments to the Indiana Code necessary to conform with this**
11 **act.**

12 **(b) This SECTION expires July 1, 2019.**

