

# HOUSE BILL No. 1422

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1.

**Synopsis:** Property tax increase limits. Provides that for each calendar year beginning after December 31, 2021, an annual adjustment of the assessed value of certain real property must not exceed the lesser of: (1) an amount equal to the percentage change in the consumer price index for the prior calendar year; or (2) an amount equal to 3% over the assessed value of the real property for the prior tax year. Provides that the limitation does not apply if the assessment is based on substantial renovations or new improvements, a change of ownership, or uses that were not considered in the assessment for the prior tax year. Provides that the assessed value of substantial renovations or new improvements to a property as the result of a disaster may not increase the assessed value of the property, with certain restrictions. Provides that if a taxpayer presents an appraisal to the county property tax assessment board of appeals (county board) that is prepared by a certified appraiser in compliance with the Uniform Standards of Professional Appraisal Practice, the appraisal is presumed to be correct. Provides that if the county board disagrees with the taxpayer's appraisal, the county board may seek review of the appraisal by a third party independent certified appraiser.

**Effective:** July 1, 2021.

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## Smaltz

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January 14, 2021, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 122nd General Assembly (2021)

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 2020 Regular Session of the General Assembly.

# HOUSE BILL No. 1422

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 6-1.1-4-4.5, AS AMENDED BY P.L.86-2018,  
2 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2021]: Sec. 4.5. (a) The department of local government  
4 finance shall adopt rules establishing a system for annually adjusting  
5 the assessed value of real property to account for changes in value  
6 in those years since a reassessment under section 4.2 of this chapter for  
7 the property last took effect.  
8 (b) Subject to subsection ~~(e)~~, **(i)**, the system must be applied to  
9 adjust assessed values beginning with the 2006 assessment date and  
10 each year thereafter that is not a year in which a reassessment under  
11 section 4.2 of this chapter for the property becomes effective.  
12 (c) The rules adopted under subsection (a) must include the  
13 following characteristics in the system:  
14 (1) Promote uniform and equal assessment of real property within  
15 and across classifications.  
16 (2) Require that assessing officials:  
17 (A) reevaluate the factors that affect value;



- 1 (B) express the interactions of those factors mathematically;  
 2 (C) use mass appraisal techniques to estimate updated property  
 3 values within statistical measures of accuracy; and  
 4 (D) provide notice to taxpayers of an assessment increase that  
 5 results from the application of annual adjustments.  
 6 (3) Prescribe procedures that permit the application of the  
 7 adjustment percentages in an efficient manner by assessing  
 8 officials.  
 9 **(d) This subsection applies only to homesteads as defined in**  
 10 **IC 6-1.1-12-37(a)(2). For each calendar year beginning after**  
 11 **December 31, 2021, an annual adjustment of the assessed value of**  
 12 **any real property under this section must not exceed the lesser of:**  
 13 **(1) an amount equal to the percentage change in the consumer**  
 14 **price index for the prior calendar year; or**  
 15 **(2) an amount equal to three percent (3%) over the assessed**  
 16 **value of the real property for the prior tax year.**  
 17 **This subsection does not apply to an assessment if the assessment**  
 18 **is based on substantial renovations or new improvements, a change**  
 19 **of ownership, or uses that were not considered in the assessment**  
 20 **for the prior tax year.**  
 21 **(e) Substantial renovations or new improvements described**  
 22 **under subsection (d) will be assessed as of January 1 after the**  
 23 **substantial renovations or new improvements are substantially**  
 24 **completed.**  
 25 **(f) For purposes of this subsection, "homestead deduction"**  
 26 **refers to the standard deduction for homesteads under**  
 27 **IC 6-1.1-12-37. A change in ownership described under subsection**  
 28 **(d) means any sale, foreclosure, or transfer of legal title or**  
 29 **beneficial title in equity to any person. There is no change in**  
 30 **ownership described under subsection (d) if any of the following**  
 31 **apply:**  
 32 **(1) Subsequent to the change or transfer, the same person is**  
 33 **entitled to the homestead deduction as was previously entitled**  
 34 **and:**  
 35 **(A) the transfer of title is to correct an error;**  
 36 **(B) the transfer is between the holder or holders of legal**  
 37 **title and the holder or holders of equitable title, or between**  
 38 **the holder or holders of equitable title and another holder**  
 39 **or other holders of equitable title, and no additional person**  
 40 **applies for a homestead exemption on the property; or**  
 41 **(C) the change or transfer is by means of an instrument in**  
 42 **which the owner is listed as both grantor and grantee of**



1           the real property and one (1) or more other individuals are  
2           additionally named as a grantee. However, if any  
3           individual who is additionally named as a grantee applies  
4           for a homestead deduction on the property, the application  
5           shall be considered a change of ownership.

6           (2) Legal or equitable title is changed or transferred between  
7           spouses, including a change or transfer to a surviving spouse  
8           or a transfer due to a dissolution of marriage.

9           (3) The transfer occurs by operation of law to the surviving  
10          spouse or to a minor child or children.

11          (4) Upon the death of the owner, the transfer is between the  
12          owner and another individual who is a permanent resident  
13          and is legally dependent upon the owner.

14          (g) Substantial renovations or new improvements that replace  
15          all or a portion of a homestead property damaged or destroyed by  
16          a disaster (as defined in IC 10-14-3-1) may not increase the  
17          assessed value of the property when the square footage of the  
18          property as renovated or improved does not exceed one hundred  
19          ten percent (110%) of the square footage of the property before the  
20          damage or destruction. Additionally, the property's assessed value  
21          may not increase if the total square footage of the property as  
22          renovated or improved does not exceed one thousand five hundred  
23          (1,500) square feet. The property's assessed value may be increased  
24          proportionately with regard to the renovated or improved portion  
25          of the property that is in excess of one hundred ten percent (110%)  
26          of the square footage of the property before the damage or  
27          destruction or of that portion exceeding one thousand five hundred  
28          (1,500) square feet.

29          (h) The department of local government finance must review  
30          and certify each annual adjustment determined under this section.

31          (i) In making the annual determination of the base rate to satisfy  
32          the requirement for an annual adjustment for each assessment date, the  
33          department of local government finance shall not later than March 1 of  
34          each year determine the base rate using the methodology reflected in  
35          Table 2-18 of Book 1, Chapter 2 of the department of local government  
36          finance's Real Property Assessment Guidelines (as in effect on January  
37          1, 2005), except that the department shall adjust the methodology as  
38          follows:

39               (1) Use a six (6) year rolling average adjusted under subdivision  
40               (3) instead of a four (4) year rolling average.

41               (2) Use the data from the six (6) most recent years preceding the  
42               year in which the assessment date occurs for which data is



1 available, before one (1) of those six (6) years is eliminated under  
 2 subdivision (3) when determining the rolling average.

3 (3) Eliminate in the calculation of the rolling average the year  
 4 among the six (6) years for which the highest market value in use  
 5 of agricultural land is determined.

6 (4) After determining a preliminary base rate that would apply for  
 7 the assessment date without applying the adjustment under this  
 8 subdivision, the department of local government finance shall  
 9 adjust the preliminary base rate as follows:

10 (A) If the preliminary base rate for the assessment date would  
 11 be at least ten percent (10%) greater than the final base rate  
 12 determined for the preceding assessment date, a capitalization  
 13 rate of eight percent (8%) shall be used to determine the final  
 14 base rate.

15 (B) If the preliminary base rate for the assessment date would  
 16 be at least ten percent (10%) less than the final base rate  
 17 determined for the preceding assessment date, a capitalization  
 18 rate of six percent (6%) shall be used to determine the final  
 19 base rate.

20 (C) If neither clause (A) nor clause (B) applies, a capitalization  
 21 rate of seven percent (7%) shall be used to determine the final  
 22 base rate.

23 (D) In the case of a market value in use for a year that is used  
 24 in the calculation of the six (6) year rolling average under  
 25 subdivision (1) for purposes of determining the base rate for  
 26 the assessment date:

27 (i) that market value in use shall be recalculated by using the  
 28 capitalization rate determined under clauses (A) through (C)  
 29 for the calculation of the base rate for the assessment date;  
 30 and

31 (ii) the market value in use recalculated under item (i) shall  
 32 be used in the calculation of the six (6) year rolling average  
 33 under subdivision (1).

34 ~~(f)~~ (j) For assessment dates after December 31, 2009, an adjustment  
 35 in the assessed value of real property under this section shall be based  
 36 on the estimated true tax value of the property on the assessment date  
 37 that is the basis for taxes payable on that real property.

38 ~~(g)~~ (k) The department shall release the department's annual  
 39 determination of the base rate on or before March 1 of each year.

40 SECTION 2. IC 6-1.1-15-1.2, AS AMENDED BY P.L.121-2019,  
 41 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 42 JULY 1, 2021]: Sec. 1.2. (a) A county or township official who



1 receives a written notice under section 1.1 of this chapter shall  
2 schedule, at a time during business hours that is convenient to the  
3 taxpayer, a preliminary informal meeting with the taxpayer in order to  
4 resolve the appeal. If the taxpayer raises a claim regarding a matter that  
5 is in the discretion of the county auditor, the informal meeting must  
6 include the county auditor. At the preliminary informal meeting, in  
7 order to facilitate understanding and the resolution of disputed issues,  
8 a county or township official, the county auditor, if the matter is in the  
9 discretion of the county auditor, and the taxpayer shall exchange the  
10 information that each party is relying on at the time of the preliminary  
11 informal meeting to support the party's respective position on each  
12 disputed issue concerning the assessment or deduction. If additional  
13 information is obtained by the county or township official, the county  
14 auditor, or the taxpayer after the preliminary informal meeting and  
15 before the hearing held by the county board, the party obtaining the  
16 information shall provide the information to the other party. If the  
17 county or township official, the county auditor, or the taxpayer obtains  
18 additional information and provides the information to the other party  
19 for the first time at the hearing held by the county board, the county  
20 board, unless waived by the receiving party, shall continue the hearing  
21 until a future hearing date of the county board so that the receiving  
22 party has an opportunity to review all the information that the offering  
23 party is relying on to support the offering party's positions on the  
24 disputed issues concerning the assessment or deduction.

25 (b) The official shall report on a form prescribed by the department  
26 of local government finance the results of the informal meeting. If the  
27 taxpayer and the official agree on the resolution of all issues in the  
28 appeal, the report shall state the agreed resolution of the matter and be  
29 signed by the official and the taxpayer. If an informal meeting is not  
30 held, or the informal meeting is unsuccessful, the official shall report  
31 those facts on the form. The official shall forward the report on the  
32 informal meeting to the county board.

33 (c) If the county board receives a report on the informal meeting  
34 indicating an agreed resolution of the matter, the county board shall  
35 vote to accept or deny the agreed resolution. If the county board accepts  
36 the agreed resolution, the county board shall issue a notification of final  
37 assessment determination adopting the agreed resolution and vacating  
38 the hearing if scheduled.

39 (d) The county board, upon receipt of a written notice under section  
40 1.1 of this chapter, shall hold a hearing on the appeal not later than one  
41 hundred eighty (180) days after the filing date of the written notice.  
42 The county board shall, by mail, give at least thirty (30) days notice of



1 the date, time, and place fixed for the hearing to the taxpayer, the  
2 county or township official with whom the taxpayer filed the written  
3 notice, and the county auditor. If the county board has notice that the  
4 taxpayer is represented by a third person, any hearing notice shall be  
5 mailed to the representative.

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

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

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

17 (h) If a taxpayer appeals the assessment of tangible property under  
18 section 1.1 of this chapter, the taxpayer is not required to have an  
19 appraisal of the property in order to initiate the appeal or prosecute the  
20 appeal. **If the taxpayer presents an appraisal to the county board  
21 that is prepared by a certified appraiser in compliance with the  
22 Uniform Standards of Professional Appraisal Practice, the value  
23 of the property contained in the appraisal is presumed to be  
24 correct. If the county board disagrees with the taxpayer's  
25 appraisal, the county board may seek review of the appraisal by a  
26 third party independent certified appraiser.**

27 (i) At a hearing under subsection (d), the taxpayer shall have the  
28 opportunity to present testimony and evidence regarding the matters on  
29 appeal. If the matters on appeal are in the discretion of the county  
30 auditor, the county auditor or the county auditor's representative shall  
31 attend the hearing. A county or township official, or the county auditor  
32 or the county auditor's representative, shall have an opportunity to  
33 present testimony and evidence regarding the matters on appeal. The  
34 county board may adjourn and continue the hearing to a later date in  
35 order to make a physical inspection or consider the evidence presented.

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

41 (k) If more than one hundred eighty (180) days have passed since  
42 the date the notice of appeal was filed, and the county board has not



1 issued a determination, a taxpayer may initiate any appeal with the  
2 Indiana board of tax review under section 3 of this chapter.  
3 (l) The county assessor may assess a penalty of fifty dollars (\$50)  
4 against the taxpayer if the taxpayer or representative fails to appear at  
5 a hearing under subsection (d) and, under subsection (e), the taxpayer's  
6 request for continuance is denied, or the taxpayer's request for  
7 continuance, request for the board to take action without a hearing, or  
8 withdrawal is not timely filed. A taxpayer may appeal the assessment  
9 of the penalty to the Indiana board or directly to the tax court. The  
10 penalty may not be added as an amount owed on the property tax  
11 statement under IC 6-1.1-22 or IC 6-1.1-22.5.

