

HOUSE BILL No. 1562

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-36-7.

Synopsis: Cancellation of property taxes. Eliminates provisions that maintain a taxpayer's personal liability for property taxes, special assessments, fees, penalties, or other delinquencies after the department of local government finance has canceled those property taxes, special assessments, fees, penalties, or other delinquencies on property that is owned by the state, a county, a city, a town, a township, or a local port authority.

Effective: July 1, 2019.

Smith V

January 17, 2019, read first time and referred to Committee on Ways and Means.



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.

HOUSE BILL No. 1562

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 6-1.1-36-7, AS AMENDED BY P.L.187-2016,
2 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2019]: Sec. 7. (a) The department of local government finance
4 may cancel any property taxes, delinquencies, fees, special
5 assessments, and penalties assessed against real property owned by a
6 county, a township, a city, a town, or a body corporate and politic
7 established under IC 8-10-5-2(a), regardless of whether the county,
8 township, city, town, or body corporate and politic established under
9 IC 8-10-5-2(a) owned the property on the assessment date for which the
10 property taxes, delinquencies, fees, special assessments, or penalties
11 are imposed and regardless of when the county, township, city, town,
12 or body corporate and politic established under IC 8-10-5-2(a) acquired
13 the property, if a petition requesting that the department cancel the
14 taxes is submitted by the auditor, assessor, and treasurer of the county
15 in which the real property is located. ~~However, the cancellation of any~~
16 ~~property taxes, delinquencies, fees, special assessments, or penalties~~
17 ~~under this subsection does not affect the liability of any person that is~~



1 personally liable for the property taxes before the date the county;
 2 township, city, town, or body corporate and politic established under
 3 IC 8-10-5-2(a) acquired the property.

4 (b) The department of local government finance may cancel any
 5 property taxes, delinquencies, fees, special assessments, and penalties
 6 assessed against real property owned by this state, regardless of
 7 whether the state owned the property on the assessment date for which
 8 the property taxes, delinquencies, fees, special assessments, or
 9 penalties are imposed and regardless of when the state acquired the
 10 property, if a petition requesting that the department cancel the taxes
 11 is submitted by:

12 (1) the governor; or

13 (2) the chief administrative officer of the state agency which
 14 supervises the real property.

15 However, if the petition is submitted by the chief administrative officer
 16 of a state agency, the governor must approve the petition. ~~In addition;~~
 17 ~~the cancellation of any property taxes, delinquencies, fees, special~~
 18 ~~assessments, or penalties under this subsection does not affect the~~
 19 ~~liability of any person that is personally liable for the property taxes~~
 20 ~~before the date the state acquired the property.~~

21 (c) If property taxes are canceled under subsection (a) or (b), any
 22 lien on the real property shall be released and canceled to the extent the
 23 lien covers any property taxes, delinquencies, fees, special assessments,
 24 or penalties that were assessed against the real property before or after
 25 the county, township, city, town, body corporate and politic established
 26 under IC 8-10-5-2(a), or state became the owner of the real property.

27 (d) The department of local government finance may compromise
 28 the amount of property taxes, together with any interest or penalties on
 29 those taxes, assessed against the fixed or distributable property owned
 30 by a bankrupt railroad, which is under the jurisdiction of:

31 (1) a federal court under 11 U.S.C. 1163;

32 (2) Chapter X of the Acts of Congress Relating to Bankruptcy (11
 33 U.S.C. 701-799); or

34 (3) a comparable bankruptcy law.

35 (e) After making a compromise under subsection (d) and after
 36 receiving payment of the compromised amount, the department of local
 37 government finance shall distribute to each county treasurer an amount
 38 equal to the product of:

39 (1) the compromised amount; multiplied by

40 (2) a fraction, the numerator of which is the total of the particular
 41 county's property tax levies against the railroad for the
 42 compromised years, and the denominator of which is the total of



- 1 all property tax levies against the railroad for the compromised
2 years.
- 3 (f) After making the distribution under subsection (e), the
4 department of local government finance shall direct the auditors of
5 each county to remove from the tax rolls the amount of all property
6 taxes assessed against the bankrupt railroad for the compromised years.
- 7 (g) The county auditor of each county receiving money under
8 subsection (e) shall allocate that money among the county's taxing
9 districts. The auditor shall allocate to each taxing district an amount
10 equal to the product of:
- 11 (1) the amount of money received by the county under subsection
12 (e); multiplied by
- 13 (2) a fraction, the numerator of which is the total of the taxing
14 district's property tax levies against the railroad for the
15 compromised years, and the denominator of which is the total of
16 all property tax levies against the railroad in that county for the
17 compromised years.
- 18 (h) The money allocated to each taxing district shall be apportioned
19 and distributed among the taxing units of that taxing district in the
20 same manner and at the same time that property taxes are apportioned
21 and distributed.
- 22 (i) The department of local government finance may, with the
23 approval of the attorney general, compromise the amount of property
24 taxes, together with any interest or penalties on those taxes, assessed
25 against property owned by a person that has a case pending under state
26 or federal bankruptcy law. Property taxes that are compromised under
27 this section shall be distributed and allocated at the same time and in
28 the same manner as regularly collected property taxes. The department
29 of local government finance may compromise property taxes under this
30 subsection only if:
- 31 (1) a petition is filed with the department of local government
32 finance that requests the compromise and is signed and approved
33 by the assessor, auditor, and treasurer of each county and the
34 assessor of each township (if any) that is entitled to receive any
35 part of the compromised taxes;
- 36 (2) the compromise significantly advances the time of payment of
37 the taxes; and
- 38 (3) the compromise is in the best interest of the state and the
39 taxing units that are entitled to receive any part of the
40 compromised taxes.
- 41 (j) A taxing unit that receives funds under this section is not
42 required to include the funds in its budget estimate for any budget year



1 which begins after the budget year in which it receives the funds.
2 (k) A county treasurer, with the consent of the county auditor and
3 the county assessor, may compromise the amount of property taxes,
4 interest, or penalties owed in a county by an entity that has a case
5 pending under Title 11 of the United States Code (Bankruptcy Code)
6 by accepting a single payment that must be at least seventy-five percent
7 (75%) of the total amount owed in the county.

