



February 17, 2022

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# ENGROSSED SENATE BILL No. 145

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DIGEST OF SB 145 (Updated February 16, 2022 3:38 pm - DI 125)

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

**Synopsis:** Property tax matters. Provides that the true tax value of commercial real property commercial property with a structure, or a portion thereof, that: (1) is at least 100,000 square feet in area; (2) is used for retail purposes; and (3) is occupied by a single retailer; shall be determined by application of the cost approach. Provides that the application of the cost approach requirement is not applicable if the property was: (1) vacated by the original occupant for which the property was constructed; (2) constructed more than five years prior to the assessment date; or (3) substantially and adversely impacted by a  
(Continued next page)

**Effective:** January 1, 2023.

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**Buchanan, Rogers, Boots, Baldwin,  
Randolph Lonnie M, Qaddoura,  
Niemeyer, Raatz, Ford J.D., Melton**  
(HOUSE SPONSORS — BROWN T, SCHAIBLEY, THOMPSON)

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January 4, 2022, read first time and referred to Committee on Tax and Fiscal Policy.  
January 25, 2022, amended, reported favorably — Do Pass.  
January 27, 2022, read second time, ordered engrossed. Engrossed.  
January 31, 2022, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

February 7, 2022, read first time and referred to Committee on Ways and Means.  
February 17, 2022, amended, reported — Do Pass.

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ES 145—LS 6755/DI 120



Digest Continued

change in a roadway or traffic pattern. Provides that estimates of depreciation and obsolescence shall not be based on data derived from the sales comparison or income capitalization approaches. Requires the department of local government finance (department) to establish a standard construction cost per square foot for the purpose of applying the cost approach. Requires the department to update the standard construction cost per square foot annually. Provides that when requesting a review, a taxpayer may present an appraisal based on the cost approach as evidence that the actual construction cost was lower than the department's determined standard construction cost per square foot that was used to assess the property. Provides that the parties to any appeal may enter into a written agreement to stipulate to the true tax value of the property. Provides that the fiscal officer of the county may establish a separate account for the tax receipts that are attributable to the property tax assessment that is the subject of review.

**ES 145—LS 6755/DI 120**



February 17, 2022

Second Regular Session of the 122nd General Assembly (2022)

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 2021 Regular Session of the General Assembly.

## ENGROSSED SENATE BILL No. 145

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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 6-1.1-4-43.5 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE JANUARY 1, 2023]: **Sec. 43.5. (a) This section applies**  
4 **to a commercial property with a structure, or a portion thereof,**  
5 **that:**  
6 (1) is at least one hundred thousand (100,000) square feet in  
7 area;  
8 (2) is used for retail purposes;  
9 (3) is occupied by a single retailer; and  
10 (4) is assessed for the first time after December 31, 2022.  
11 (b) This section does not apply to a property described in  
12 subsection (a) that:  
13 (1) was vacated by the original occupant for which the  
14 property was constructed;  
15 (2) was constructed more than five (5) years prior to the  
16 assessment date; or  
17 (3) was substantially and adversely impacted by a change in

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1 a roadway or traffic pattern.

2 (c) If a single retailer leases or subleases small undivided  
3 portions of a structure, the structure shall still be considered  
4 occupied by a single retailer.

5 (d) For assessment dates beginning after December 31, 2022, the  
6 true tax value of a commercial property subject to this section shall  
7 be determined by application of the cost approach. In applying the  
8 cost approach, estimates of depreciation and obsolescence shall not  
9 be based on data derived from the sales comparison or income  
10 capitalization approaches. The department of local government  
11 finance shall establish a standard construction cost per square foot  
12 for the purpose of applying the cost approach to commercial  
13 property subject to this section. The department shall update the  
14 standard construction cost per square foot annually. When  
15 requesting a review of an assessment under this section, a taxpayer  
16 may present an appraisal based on the cost approach as evidence  
17 that the taxpayer's actual construction cost was lower than the  
18 department's determined standard construction cost per square  
19 foot that was used to assess the property. Notwithstanding this  
20 section, the value of the land component may be determined based  
21 on the sales comparison approach.

22 (e) If the entire commercial property is occupied by a single  
23 retailer as a single economic unit, the entire commercial property  
24 shall be valued under this section. If only a portion of the  
25 commercial property forms a single economic unit occupied by a  
26 single retailer, then only that portion of the commercial property  
27 shall be valued under this section.

28 (f) Notwithstanding subsections (c), (d), and (e), the parties to  
29 any appeal filed under IC 6-1.1-15 may enter into a written  
30 agreement to stipulate to the true tax value of the property under  
31 appeal.

32 (g) If a taxpayer files a notice under IC 6-1.1-15 requesting a  
33 review of the assessment of the taxpayer's commercial property  
34 that is subject to this section, the fiscal officer of the county may  
35 establish a separate account for purposes of the review. The fiscal  
36 officer shall deposit in the account the greater of the tax receipts  
37 that are attributable to:

- 38 (1) the property tax assessment that is the subject of the  
39 review minus the tax receipts attributable to the property tax  
40 assessment in the immediately prior year; or  
41 (2) twenty-five percent (25%) of the tax receipts attributable  
42 to the property tax assessment that is the subject of the



1           **review.**  
2           **Money transferred to an account is not considered miscellaneous**  
3           **revenue. Both the taxing units and the department of local**  
4           **government finance shall disregard any balance in the account in**  
5           **the determination of the taxing units' property tax levy, property**  
6           **tax rate, and budget until the calendar year in which the money is**  
7           **released from the account. The fiscal officer of the county,**  
8           **following a final determination of the review, or final judgment on**  
9           **an appeal if the review is appealed, shall disburse the money**  
10          **deposited in the account in accordance with the final determination**  
11          **or final judgment.**



## COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 145, 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, line 19, delete "for services as" and insert "**for:**

**(1) services as agreed to by the department and the county under specific terms contained in the contract described in subsection (g); and**

**(2) all administrative costs incurred by the department.**

**The county shall pay the bill, without appropriation, from the county reassessment fund."**

Page 3, delete lines 20 through 23, begin a new paragraph and insert:

**"(j) The county shall pay all costs associated with an appeal of a state conducted assessment if a taxpayer files a notice under IC 6-1.1-15."**

Page 4, line 16, delete "county" and insert "**region**".

Page 4, line 19, delete "county" and insert "**region**".

Page 4, line 19, delete "the region," and insert "**the state,**".

Page 4, line 21, delete "the county" and insert "**the region**".

Page 4, line 21, delete "that county." and insert "**that region. For purposes of this subsection, region has the meanings set forth in IC 6-1.1-8-2(20) through IC 6-1.1-8-2(22).**".

Page 5, line 12, after "account" insert "**the greater of**".

Page 5, line 13, delete "attributable to" and insert "**attributable to:**

**(1) the property tax assessment that is the subject of the review minus the tax receipts attributable to the property tax assessment in the immediately prior year; or**

**(2) twenty five percent (25%) of the tax receipts attributable to the property tax assessment that is the subject of the review."**

Page 5, line 13, delete "the property tax assessment that".

Page 5, line 14, delete "is the subject of the review."

Page 5, after line 23, begin a new paragraph and insert:

**"(g) If a taxpayer files a notice under IC 6-1.1-15 and a major roadway or traffic pattern located on the property is changed, that change must be considered in the determination of the property's assessed valuation in the appeal process under IC 6-1.1-15."**

and when so amended that said bill do pass.



(Reference is to SB 145 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 12, Nays 0.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 145, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 17.

Delete page 2.

Page 3, delete lines 1 through 28.

Page 3, line 31, after "applies" insert **"to a commercial property with a structure, or a portion thereof, that:**

- (1) is at least one hundred thousand (100,000) square feet in area;**
- (2) is used for retail purposes;**
- (3) is occupied by a single retailer; and**
- (4) is assessed for the first time after December 31, 2022.**

**(b) This section does not apply to a property described in subsection (a) that:**

- (1) was vacated by the original occupant for which the property was constructed;**
- (2) was constructed more than five (5) years prior to the assessment date; or**
- (3) was substantially and adversely impacted by a change in a roadway or traffic pattern.**

**(c) If a single retailer leases or subleases small undivided portions of a structure, the structure shall still be considered occupied by a single retailer.**

**(d) For assessment dates beginning after December 31, 2022, the true tax value of a commercial property subject to this section shall be determined by application of the cost approach. In applying the cost approach, estimates of depreciation and obsolescence shall not be based on data derived from the sales comparison or income capitalization approaches. The department of local government finance shall establish a standard construction cost per square foot for the purpose of applying the cost approach to commercial property subject to this section. The department shall update the**

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standard construction cost per square foot annually. When requesting a review of an assessment under this section, a taxpayer may present an appraisal based on the cost approach as evidence that the taxpayer's actual construction cost was lower than the department's determined standard construction cost per square foot that was used to assess the property. Notwithstanding this section, the value of the land component may be determined based on the sales comparison approach.

(e) If the entire commercial property is occupied by a single retailer as a single economic unit, the entire commercial property shall be valued under this section. If only a portion of the commercial property forms a single economic unit occupied by a single retailer, then only that portion of the commercial property shall be valued under this section.

(f) Notwithstanding subsections (c), (d), and (e), the parties to any appeal filed under IC 6-1.1-15 may enter into a written agreement to stipulate to the true tax value of the property under appeal."

Page 3, delete lines 32 through 42.

Delete page 4.

Page 5, delete lines 1 through 14.

Page 5, line 15, delete "(f)" and insert "(g)".

Page 5, line 15, delete "after December".

Page 5, line 16, delete "31, 2022,".

Page 5, line 17, delete "real" and insert "**commercial**".

Page 5, line 18, delete "shall" and insert "**may**".

Page 5, line 24, delete "twenty five" and insert "**twenty-five**".

Page 5, line 33, delete "judgement" and insert "**judgment**".

Page 5, delete lines 37 through 40.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 145 Digest Correction as printed January 26, 2022.)

BROWN T

Committee Vote: yeas 23, nays 0.

