



Reprinted
January 24, 2014

SENATE BILL No. 266

DIGEST OF SB 266 (Updated January 23, 2014 2:14 pm - DI 73)

Citations Affected: IC 6-1.1.

Synopsis: Assessment of real property. Provides a limit on the amount by which the assessed value of real property may be increased for the four assessment dates after the assessed value of the real property is determined in a property tax appeal, in the case of appeals initiated after the effective date of the statute. In the case of a property tax appeal that is pending on the effective date of the statute and that was filed within the preceding four years, the assessed value for the assessment date in question and for each of the following three assessment dates, may not be increased by more than a specified amount. Specifies that these limits do not apply to any part of a change in an assessment: (1) that is directly applicable to any change in the use of the property or in an objective factor or feature relating to the property, including an improvement or enlargement of the property; or (2) that results from the correction of an error or omission, including the correction of a mathematical error.

Effective: Upon passage.

Schneider, Miller Patricia, Tallian

January 13, 2014, read first time and referred to Committee on Appropriations.
January 16, 2014, reported favorably — Do Pass.
January 23, 2014, read second time, amended, ordered engrossed.

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Second Regular Session 118th General Assembly (2014)

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 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

SENATE BILL No. 266

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, AS AMENDED BY P.L.112-2012,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 4. (a) A general reassessment, involving a
4 physical inspection of all real property in Indiana, shall begin July 1,
5 2010. The reassessment under this subsection:
6 (1) shall be completed on or before March 1 of the year that
7 succeeds by two (2) years the year in which the general
8 reassessment begins; and
9 (2) **subject to section 43 of this chapter**, shall be the basis for
10 taxes payable in the year following the year in which the general
11 assessment is to be completed.
12 (b) In order to ensure that assessing officials are prepared for a
13 general reassessment of real property, the department of local
14 government finance shall give adequate advance notice of the general
15 reassessment to the assessing officials of each county.
16 SECTION 2. IC 6-1.1-4-4.5, AS AMENDED BY P.L.112-2012,

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1 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 UPON PASSAGE]: Sec. 4.5. (a) The department of local government
3 finance shall adopt rules establishing a system for annually adjusting
4 the assessed value of real property to account for changes in value in
5 those years since a reassessment under section 4 or 4.2 of this chapter
6 for the property last took effect.

7 (b) Subject to subsection (e) **and section 43 of this chapter**, the
8 system must be applied to adjust assessed values beginning with the
9 2006 assessment date and each year thereafter that is not a year in
10 which a reassessment under section 4 or 4.2 of this chapter for the
11 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;

18 (B) express the interactions of those factors mathematically;

19 (C) use mass appraisal techniques to estimate updated property
20 values within statistical measures of accuracy; and

21 (D) provide notice to taxpayers of an assessment increase that
22 results from the application of annual adjustments.

23 (3) Prescribe procedures that permit the application of the
24 adjustment percentages in an efficient manner by assessing
25 officials.

26 (d) The department of local government finance must review and
27 certify each annual adjustment determined under this section.

28 (e) In making the annual determination of the base rate to satisfy the
29 requirement for an annual adjustment under subsection (c) for current
30 property taxes first due and payable in 2011 and thereafter, the
31 department of local government finance shall determine the base rate
32 using the methodology reflected in Table 2-18 of Book 1, Chapter 2 of
33 the department of local government finance's Real Property Assessment
34 Guidelines (as in effect on January 1, 2005), except that the department
35 shall adjust the methodology to:

36 (1) use a six (6) year rolling average adjusted under subdivision

37 (2) instead of a four (4) year rolling average; and

38 (2) eliminate in the calculation of the rolling average the year
39 among the six (6) years for which the highest market value in use
40 of agricultural land is determined.

41 (f) For assessment dates after December 31, 2009, an adjustment in
42 the assessed value of real property under this section shall be based on



1 the estimated true tax value of the property on the assessment date that
 2 is the basis for taxes payable on that real property.

3 SECTION 3. IC 6-1.1-4-43 IS ADDED TO THE INDIANA CODE
 4 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 5 UPON PASSAGE]: **Sec. 43. (a) This section applies to the following:**

6 **(1) An assessment for which a petition for review under**
 7 **IC 6-1.1-15-1 or an appeal to the Indiana board of tax review**
 8 **or the Indiana tax court is filed after the effective date of this**
 9 **section.**

10 **(2) An assessment for which a petition for review under**
 11 **IC 6-1.1-15-1 or an appeal to the Indiana board of tax review**
 12 **or the Indiana tax court:**

13 **(A) was filed not more than four (4) years before the**
 14 **effective date of this section; and**

15 **(B) is still pending on the effective date of this section.**

16 **(b) The limits in this section do not apply to any part of a change**
 17 **in an assessment:**

18 **(1) that is directly applicable to:**

19 **(A) any change in use of a property; or**

20 **(B) any change in an objective factor or feature relating to**
 21 **a property, including an improvement or enlargement of**
 22 **the property; or**

23 **(2) that results from the correction of an error or omission,**
 24 **including the correction of a mathematical error.**

25 **(c) In the case of an assessment described in subsection (a)(1),**
 26 **for each of the next four (4) assessment dates after an assessment**
 27 **date for which the assessed value of property is finally determined**
 28 **in a review initiated under IC 6-1.1-15-1 or an appeal to the**
 29 **Indiana board of tax review or the Indiana tax court, an assessing**
 30 **official may not increase the assessed value of the property to an**
 31 **amount that exceeds the lesser of the following:**

32 **(1) The amount determined under the last STEP of the**
 33 **following formula:**

34 **STEP ONE: Determine the assessed value of the property**
 35 **for the immediately preceding year, as determined after**
 36 **applying the decision in the review or appeal and (if**
 37 **applicable) this section.**

38 **STEP TWO: If the assessed value in the review was**
 39 **determined based on the gross rent multiplier method,**
 40 **determine the greater of:**

41 **(A) one (1); or**

42 **(B) the result of:**



- 1 (i) the amount of rent received from the property for the
 2 year preceding the year of the assessment; divided by
 3 (ii) the amount of rent received from the property in the
 4 year preceding the year described in item (i).

5 **STEP THREE: Increase the STEP ONE amount to:**

6 (A) if the assessed value was not determined based on the
 7 gross rent multiplier method, the result of the STEP
 8 ONE amount as adjusted by applying to the assessed
 9 value of the property the applicable annual adjustment
 10 for the assessment date as determined under rules
 11 adopted under IC 6-1.1-4-4.5; and

12 (B) if the assessed value was determined based on the
 13 gross rent multiplier method, the lesser of:

- 14 (i) the result of the STEP ONE amount as adjusted by
 15 applying to the assessed value of the property the
 16 applicable annual adjustment for the assessment date as
 17 determined under rules adopted under IC 6-1.1-4-4.5; or
 18 (ii) the result of multiplying the STEP ONE amount by
 19 the STEP TWO result.

20 (2) The assessed value of the property as determined by any
 21 other method permitted under this article.

22 (d) In the case of an assessment described in subsection (a)(2),
 23 the assessed value for the assessment date in question and for each
 24 of the following three (3) assessment dates may not exceed the
 25 lesser of the following:

26 (1) The amount determined under the last STEP of the
 27 following formula:

28 **STEP ONE: Determine the assessed value of the property**
 29 **for the immediately preceding year, as determined after**
 30 **applying this section (if applicable).**

31 **STEP TWO: If the assessed value for the assessment date**
 32 **in question was determined based on the gross rent**
 33 **multiplier method, determine the greater of:**

34 (A) one (1); or

35 (B) the result of:

- 36 (i) the amount of rent received from the property for the
 37 year preceding the year of the assessment; divided by
 38 (ii) the amount of rent received from the property in the
 39 year preceding the year described in item (i).

40 **STEP THREE: Increase the STEP ONE amount to:**

41 (A) if the assessed value was not determined based on the
 42 gross rent multiplier method, the result of the STEP



1 **ONE amount as adjusted by applying to the assessed**
2 **value of the property the applicable annual adjustment**
3 **for the assessment date as determined under rules**
4 **adopted under IC 6-1.1-4-4.5; and**
5 **(B) if the assessed value in the review was determined**
6 **based on the gross rent multiplier method, the lesser of:**
7 **(i) the result of the STEP ONE amount as adjusted by**
8 **applying to the assessed value of the property the**
9 **applicable annual adjustment for the assessment date as**
10 **determined under rules adopted under IC 6-1.1-4-4.5; or**
11 **(ii) the result of multiplying the STEP ONE amount by**
12 **the STEP TWO result.**
13 **(2) The assessed value of the property as determined by any**
14 **other method permitted under this article.**
15 **(e) An assessing official shall apply this section without the**
16 **initiation of a review by the taxpayer.**
17 **SECTION 4. An emergency is declared for this act.**



COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 266, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 266 as introduced.)

Committee Vote: Yeas 11, Nays 0

Senator Kenley, Chairperson

 SENATE MOTION

Madam President: I move that Senate Bill 266 be amended to read as follows:

Page 3, line 7, after "IC 6-1.1-15-1" insert "**or an appeal to the Indiana board of tax review or the Indiana tax court**".

Page 3, line 9, after "IC 6-1.1-15-1" delete ":" and insert "**or an appeal to the Indiana board of tax review or the Indiana tax court**".

Page 3, line 15, after "to" insert ":

**(A) any change in use of a property; or
(B)**".

Page 3, line 21, delete "years" and insert "**assessment dates**".

Page 3, line 22, after "is" insert "**finally**".

Page 3, line 23, after "IC 6-1.1-15-1" delete "," and insert "**or an appeal to the Indiana board of tax review or the Indiana tax court**".

Page 3, line 30, after "review" insert "**or appeal**".

Page 3, delete lines 41 through 42, begin a new line double block indented and insert:

"STEP THREE: Increase the STEP ONE amount to:

(A) if the assessed value was not determined based on the gross rent multiplier method, the result of the STEP ONE amount as adjusted by applying to the assessed value of the property the applicable annual adjustment for the assessment date as determined under rules adopted under IC 6-1.1-4-4.5; and

(B) if the assessed value was determined based on the gross rent multiplier method, the lesser of:

(i) the result of the STEP ONE amount as adjusted by

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applying to the assessed value of the property the applicable annual adjustment for the assessment date as determined under rules adopted under IC 6-1.1-4-4.5; or (ii) the result of multiplying the STEP ONE amount by the STEP TWO result."

Page 4, delete lines 1 through 8.

Page 4, delete lines 29 through 38, begin a new line double block indented and insert:

"STEP THREE: Increase the STEP ONE amount to:

(A) if the assessed value was not determined based on the gross rent multiplier method, the result of the STEP ONE amount as adjusted by applying to the assessed value of the property the applicable annual adjustment for the assessment date as determined under rules adopted under IC 6-1.1-4-4.5; and

(B) if the assessed value in the review was determined based on the gross rent multiplier method, the lesser of:
(i) the result of the STEP ONE amount as adjusted by applying to the assessed value of the property the applicable annual adjustment for the assessment date as determined under rules adopted under IC 6-1.1-4-4.5; or
(ii) the result of multiplying the STEP ONE amount by the STEP TWO result."

(Reference is to SB 266 as printed January 17, 2014.)

SCHNEIDER

