



January 31, 2020

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## SENATE BILL No. 400

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DIGEST OF SB 400 (Updated January 28, 2020 2:48 pm - DI 125)

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

**Synopsis:** Assessment and taxation of golf courses. Defines the term "yard improvements" in connection with the assessment of a golf course. Requires the department of local government finance to annually establish uniform income capitalization rates to be used for golf course assessments. Specifies information assessing officials are required to use in determining average net operating income.

**Effective:** January 1, 2020 (retroactive).

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## Buchanan

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January 14, 2020, read first time and referred to Committee on Tax and Fiscal Policy.  
January 30, 2020, amended, reported favorably — Do Pass.

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SB 400—LS 6982/DI 120





January 31, 2020

Second Regular Session of the 121st General Assembly (2020)

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 2019 Regular Session of the General Assembly.

## SENATE BILL No. 400

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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 6-1.1-4-42, AS ADDED BY P.L.182-2009(ss),  
2 SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2020 (RETROACTIVE)]: Sec. 42. (a) This section  
4 applies to assessment dates after January 15, 2010.

5 (b) ~~As used in~~ **The following definitions apply throughout** this  
6 section:

7 (1) "Golf course" means an area of land and yard improvements  
8 that are predominately used to play the game of golf. A golf  
9 course consists of a series of holes, each consisting of a teeing  
10 area, fairway, rough and other hazards, and the green with the pin  
11 and cup.

12 (2) "**Yard improvements**" include a clubhouse, irrigation  
13 systems, a pro shop, a maintenance building, a driving range,  
14 restaurants, or other buildings associated with a golf course.

15 (c) The true tax value of real property regularly used as a golf course  
16 is the valuation determined by applying the income capitalization  
17 appraisal approach. The income capitalization approach used to

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- 1 determine the true tax value of a golf course must:
- 2 (1) incorporate an applicable income capitalization method and
- 3 appropriate capitalization rates that are developed and used in
- 4 computations that lead to an indication of value commensurate
- 5 with the risks for the subject property use; **and**
- 6 ~~(2) provide for the uniform and equal assessment of golf courses~~
- 7 ~~of similar grade quality and play length; and~~
- 8 ~~(3) (2) exclude the value of personal property, intangible property,~~
- 9 ~~and income derived from personal or intangible property.~~
- 10 (d) For assessment dates after January 15, 2010, and before March
- 11 1, 2012, a township assessor (if any) or the county assessor shall gather
- 12 and process information from the owner of a golf course to carry out
- 13 this section in accordance with the rules adopted by the department of
- 14 local government finance under IC 4-22-2.
- 15 (e) For assessment dates after February 28, 2012, the department of
- 16 local government finance shall, by rules adopted under IC 4-22-2,
- 17 establish uniform income capitalization ~~tables and rates~~ **annually and**
- 18 procedures to be used for the assessment of golf courses. The
- 19 department of local government finance may rely on ~~analysis~~
- 20 ~~conducted by a state educational institution to develop the income~~
- 21 ~~capitalization tables and procedures required under this section.~~
- 22 **recognized sources of industry capitalization rates.** Assessing
- 23 officials shall use the ~~tables and~~ procedures adopted by the department
- 24 of local government finance to assess, reassess, and annually adjust the
- 25 assessed value of golf courses.
- 26 (f) The department of local government finance may prescribe
- 27 procedures, forms, and due dates for the collection from the owners or
- 28 operators of golf courses of the necessary earnings, income, profits,
- 29 losses, and expenditures data necessary to carry out this section. An
- 30 owner or operator of a golf course shall comply with the procedures
- 31 and reporting schedules prescribed by the department of local
- 32 government finance.
- 33 **(g) Assessing officials shall solicit data for the gross income and**
- 34 **allowable operating expenses from the owner or operator of the**
- 35 **golf course and use federal tax returns or other similar evidence as**
- 36 **verification that the submissions are correct. Assessing officials**
- 37 **shall examine and evaluate three (3) years of financial records and**
- 38 **federal tax returns to obtain the average net operating income. The**
- 39 **three (3) year average should include the most current completed**
- 40 **financial records and filed federal tax returns of the golf course as**
- 41 **of the assessment date to ensure that the appropriate income and**
- 42 **expense information for the subject property is used. However,**



1 because the financial records and federal tax returns for the year  
2 immediately preceding the assessment date would not be  
3 completed, the financial records and federal tax returns to be  
4 examined may include the three (3) years prior to the year  
5 immediately preceding the assessment date.

6 (h) All income and expense information provided to the  
7 assessing official under this section is confidential under  
8 IC 6-1.1-35-9.

9 SECTION 2. An emergency is declared for this act.



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 400, 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 2, line 5, after "use;" insert "**and**".

Page 2, strike lines 6 through 7.

Page 2, line 8, strike "(3)" and insert "**(2)**".

and when so amended that said bill do pass.

(Reference is to SB 400 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 9, Nays 3.

