

SENATE BILL No. 449

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-36-12.

Synopsis: Property tax audit contractor compensation. Extends the prohibition under current law against contracting for property tax audit services on a percentage basis to include any method that bases payments under the contract on increases of assessed value or property tax revenue that are attributable to the discovery of property that has been undervalued or omitted from assessment.

Effective: July 1, 2017.

Niemeyer

January 12, 2017, read first time and referred to Committee on Tax and Fiscal Policy.



First Regular Session 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

SENATE BILL No. 449

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 6-1.1-36-12, AS AMENDED BY P.L.180-2016,
2 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2017]: Sec. 12. (a) A board of county commissioners, a county
4 assessor, or a township assessor (if any) may enter into a contract for
5 the discovery of property that has been undervalued or omitted from
6 assessment. The contract must prohibit payment to the contractor for
7 discovery of undervaluation or omission with respect to a parcel or
8 personal property return before all appeals of the assessment of the
9 parcel or the assessment under the return have been finalized. The
10 contract may require the contractor to:

- 11 (1) examine and verify the accuracy of a personal property return
- 12 filed by a taxpayer with the county assessor or a township
- 13 assessor of a township in the county, if the contractor considers
- 14 the examination and verification of that personal property return
- 15 to be useful to the accuracy of the assessment process; and
- 16 (2) compare a return with the books of the taxpayer and with
- 17 personal property owned, held, possessed, controlled, or occupied



1 by the taxpayer, if the contractor considers the comparison to be
2 useful to the accuracy of the assessment process.

3 (b) This subsection applies if funds are not appropriated for
4 payment of services performed under a contract described in subsection
5 (a). The county auditor may create a special nonreverting fund in which
6 the county treasurer shall deposit the amount of taxes, including
7 penalties and interest, that result from additional assessments on
8 undervalued or omitted property collected from all taxing jurisdictions
9 in the county after deducting the amount of any property tax credits that
10 reduce the owner's property tax liability for the undervalued or omitted
11 property. The fund remains in existence during the term of the contract.
12 Distributions shall be made from the fund without appropriation only
13 for the following purposes:

14 (1) All contract fees and other costs related to the contract.
15 (2) After the payments required by subdivision (1) have been
16 made and the contract has expired, the county auditor shall
17 distribute all money remaining in the fund to the appropriate
18 taxing units in the county using the property tax rates of each
19 taxing unit in effect at the time of the distribution.

20 (c) A board of county commissioners, a county assessor, or a
21 township assessor may not contract for services under subsection (a) on
22 a percentage basis **or otherwise provide for payments under the**
23 **contract that are based in any way on increases of assessed value**
24 **or property tax revenue that are attributable to the discovery of**
25 **property that has been undervalued or omitted from assessment.**

