



Reprinted
April 4, 2017

ENGROSSED SENATE BILL No. 449

DIGEST OF SB 449 (Updated April 3, 2017 5:42 pm - DI 113)

Citations Affected: IC 6-1.1.

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. Specifies conditions for intermediate distributions of property tax revenue that is collected before the expiration of a contract for property tax audit services. Provides that the term of a contract for property tax audit services may not exceed three years, including any extensions.

Effective: July 1, 2017.

**Niemeyer, Houchin, Walker,
Charbonneau, Bohacek,
Randolph Lonnie M**

(HOUSE SPONSORS — SLAGER, AYLESWORTH, CHERRY)

January 12, 2017, read first time and referred to Committee on Tax and Fiscal Policy.
January 31, 2017, reported favorably — Do Pass.
February 7, 2017, read second time, amended, ordered engrossed.
February 8, 2017, engrossed.
February 9, 2017, read third time, passed. Yeas 46, nays 1.

HOUSE ACTION

February 28, 2017, read first time and referred to Committee on Ways and Means.
March 28, 2017, amended, reported — Do Pass.
April 3, 2017, read second time, amended, ordered engrossed.

ES 449—LS 6888/DI 113



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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.

ENGROSSED 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

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- 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) Except as provided in subdivision (3), for a contract for**
 16 **services entered into after June 30, 2017, including any**
 17 **extensions, the contract must specify a monetary threshold set**
 18 **by the county assessor and that when the money in the fund**
 19 **exceeds the threshold then the county auditor shall distribute**
 20 **the money in excess of the threshold to the appropriate taxing**
 21 **units in the county using the property tax rates of each taxing**
 22 **unit in effect at the time of the distribution.**
- 23 ~~(2)~~ **(3)** After the payments required by subdivision (1) have been
 24 made and the contract has expired, the county auditor shall
 25 distribute all money remaining in the fund to the appropriate
 26 taxing units in the county using the property tax rates of each
 27 taxing unit in effect at the time of the distribution.
- 28 (c) A board of county commissioners, a county assessor, or a
 29 township assessor may not contract for services under subsection (a) on
 30 a percentage basis **or otherwise provide for payments under the**
 31 **contract that are based in any way on increases of assessed value**
 32 **or property tax revenue that are attributable to the discovery of**
 33 **property that has been undervalued or omitted from assessment.**
- 34 **(d) The term of a contract for services under subsection (a) that**
 35 **is entered into after June 30, 2017, may not exceed three (3) years,**
 36 **including any extensions.**



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 449, 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 449 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 14, Nays 0

 SENATE MOTION

Madam President: I move that Senate Bill 449 be amended to read as follows:

Page 2, after line 25, begin a new paragraph and insert:

"(d) The term of a contract for services under subsection (a) that is entered into after June 30, 2017, may not exceed one (1) year."

(Reference is to SB 449 as printed February 1, 2017.)

NIEMEYER

 COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 449, 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 2, line 27, delete "one (1) year." and insert **"three (3) years."** and when so amended that said bill do pass.

(Reference is to SB 449 as reprinted February 8, 2017.)

BROWN T

Committee Vote: yeas 16, nays 0.



HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 449 be amended to read as follows:

Page 2, between lines 14 and 15, begin a new line block indented and insert:

"(2) Except as provided in subdivision (3), for a contract for services entered into after June 30, 2017, including any extensions, the contract must specify a monetary threshold set by the county assessor and that when the money in the fund exceeds the threshold then the county auditor shall distribute the money in excess of the threshold to the appropriate taxing units in the county using the property tax rates of each taxing unit in effect at the time of the distribution."

Page 2, line 15, strike "(2)" and insert "(3)".

Page 2, line 27, delete "years." and insert "**years, including any extensions.**".

(Reference is to ESB 449 as printed March 28, 2017.)

PRYOR

