



Reprinted
February 6, 2001

HOUSE BILL No. 1941

DIGEST OF HB 1941 (Updated February 5, 2001 3:30 PM - DI 52)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Property tax assessments of certain utilities. Permits a public utility company that is a general district corporation and its members that are local district corporations to elect annually to have their unit values for property tax purposes determined on a consolidated basis. Permits the same election for a not-for-profit corporation whose members are local district corporations and for the members of the corporation. Establishes procedures for the elections to first apply to the assessment for the March 1, 2000, assessment date.

Effective: March 1, 2000 (retroactive); upon passage.

Leuck, Crosby, Cherry, Kruse

January 17, 2001, read first time and referred to Committee on Ways and Means.
January 31, 2001, reported — Do Pass.
February 5, 2001, read second time, amended, ordered engrossed.

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HB 1941—LS 7047/DI 52+



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First Regular Session 112th General Assembly (2001)

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 2000 General Assembly.

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HOUSE BILL No. 1941

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 6-1.1-8-26 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE MARCH 1, 2000 (RETROACTIVE)]: Sec.
3 26. (a) On or before June ~~1st~~ **1** of each year, the state board of tax
4 commissioners shall determine the just value of the property of each
5 public utility company. Except for railroad car companies, the state
6 board of tax commissioners shall determine that just value by first
7 determining the approximate unit value of each public utility company.
8 The value of the distributable property of a public utility company,
9 other than a railroad car company, equals the remainder of:
10 (1) the unit value of the company; minus
11 (2) the value of the company's fixed property.
12 The value of the distributable property of a railroad car company equals
13 the value of all of the company's distributable property multiplied by
14 the adjustment factor provided under section 12 of this chapter.
15 (b) In order to determine the unit value of a public utility company,
16 the state board of tax commissioners may consider:
17 (1) book value;

HB 1941—LS 7047/DI 52+



- 1 (2) cost of replacement or reproduction, less depreciation;
- 2 (3) cost of establishing and developing the business;
- 3 (4) amount and market value or sales price of outstanding
- 4 securities;
- 5 (5) valuations determined by another governmental agency or
- 6 indicated by a judicial decision, including but not limited to
- 7 determinations made for rate making purposes;
- 8 (6) statistics and reports prepared or filed by the company;
- 9 (7) statistics and reports prepared by another governmental
- 10 agency or by a private organization if the organization is
- 11 considered reliable by investors and investment dealers;
- 12 (8) earnings capitalized at a reasonable rate; and
- 13 (9) any other information which the board considers relevant.

14 **(c) If an election is made as described in subsection (e), the state**
 15 **board of tax commissioners shall determine under subsection (g)**
 16 **the unit value on a consolidated basis of the following public utility**
 17 **companies:**

- 18 (1) A general district corporation (as defined in
- 19 IC 8-1-13-23(a)).
- 20 (2) Each local district corporation (as defined in
- 21 IC 8-1-13-23(b)) that is a member of the general district
- 22 corporation under subdivision (1).

23 **(d) If an election is made as described in subsection (e), the state**
 24 **board of tax commissioners shall determine under subsection (g)**
 25 **the unit value on a consolidated basis of the following public utility**
 26 **companies:**

- 27 (1) A not-for-profit corporation organized under IC 23-17
- 28 whose members are local district corporations (as defined in
- 29 IC 8-1-13-23(b)).
- 30 (2) Each local district corporation (as defined in
- 31 IC 8-1-13-23(b)) that is a member of the not-for-profit
- 32 corporation under subdivision (1).

33 **(e) The state board of tax commissioners shall determine the**
 34 **unit value under subsection (g) only upon election of:**

- 35 (1) the general district corporation and all of the local district
- 36 corporations that are members of the general district
- 37 corporation; or
- 38 (2) the not-for-profit corporation and all of the local district
- 39 corporations that are members of the not-for-profit
- 40 corporation.

41 **(f) The corporations must make the election under subsection (e)**
 42 **annually.**

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1 **(g) The unit value of each company described in subsection (c)**
 2 **or (d) that has made an election under subsection (e) is the amount**
 3 **that bears the same proportion to the unit value determined on a**
 4 **consolidated basis of all of the companies that the unit value of the**
 5 **company determined as the unit value of a separate company bears**
 6 **to the combined unit values of all of the companies determined as**
 7 **unit values of separate companies.**

8 **SECTION 2. [EFFECTIVE UPON PASSAGE] (a) IC 6-1.1-8-26,**
 9 **as amended by this act, applies to property taxes first due and**
 10 **payable after December 31, 2000.**

11 **(b) The election provisions of IC 6-1.1-8-26(e), as added by this**
 12 **act, apply to assessments for the March 1, 2000, assessment date**
 13 **and all subsequent assessment dates. Public utility companies may**
 14 **make an election with respect to the March 1, 2000, assessment**
 15 **date under that subsection before June 1, 2001. If the election is**
 16 **made, the state board of tax commissioners shall redetermine the**
 17 **just value of the affected companies and give a notice to each**
 18 **company as provided in IC 6-1.1-8-28 before July 1, 2001, of the:**

19 **(1) board's tentative assessment of the company's**
 20 **distributable property; and**

21 **(2) value of the company's distributable property used by the**
 22 **board to determine the tentative assessment.**

23 **(c) A public utility company that receives a notice of tentative**
 24 **assessment under subsection (b) may file objections and demand a**
 25 **hearing as provided in IC 6-1.1-8-28(b). The state board of tax**
 26 **commissioners shall hold a hearing and notify the company of the**
 27 **final assessment as provided in IC 6-1.1-8-29 before August 1,**
 28 **2001. The company may appeal the board's final assessment to the**
 29 **tax court as provided in IC 6-1.1-8-30. IC 6-1.1-6-31 and**
 30 **IC 6-1.1-8-32 apply to an appeal to the tax court filed under this**
 31 **subsection.**

32 **(d) This SECTION expires January 1, 2002.**

33 **SECTION 3. An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1941, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

BAUER, Chair

Committee Vote: yeas 24, nays 0.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1941 be amended to read as follows:

Page 2, line 14, delete "subsection (d)" and insert "**subsection (e)**".

Page 2, line 15, delete "subsection (e)" and insert "**subsection (g)**".

Page 2, between lines 22 and 23, begin a new paragraph and insert:

"(d) If an election is made as described in subsection (e), the state board of tax commissioners shall determine under subsection (g) the unit value on a consolidated basis of the following public utility companies:

(1) A not-for-profit corporation organized under IC 23-17 whose members are local district corporations (as defined in IC 8-1-13-23(b)).

(2) Each local district corporation (as defined in IC 8-1-13-23(b)) that is a member of the not-for-profit corporation under subdivision (1)."

Page 2, line 23, delete "(d)" and insert "**(e)**".

Page 2, line 24, delete "e" and insert "**(g)**".

Page 2, line 24, delete "the general" and insert ":".

Page 2, delete lines 25 through 27, begin a new line block indented and insert:

"(1) the general district corporation and all of the local district corporations that are members of the general district corporation; or

(2) the not-for-profit corporation and all of the local district corporations that are members of the not-for-profit corporation.

(f) The corporations must make the election under subsection (e) annually."

Page 2, line 28, delete "(e)" and insert "**(g)**".

Page 2, line 28, after "subsection (c)" insert "**or (d)**".

Page 2, line 29, delete "subsection (d)" and insert "**subsection (e)**".

Page 2, line 38, delete "IC 6-1.1-8-26(d)" and insert "**IC 6-1.1-8-26(e)**".

(Reference is to HB 1941 as printed February 1, 2001.)

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