

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6292

BILL NUMBER: HB 1088

DATE PREPARED: Mar 26, 2002

BILL AMENDED: Mar 14, 2002

SUBJECT: Independent reassessment of Lake County.

FISCAL ANALYST: Bob Sigalow

PHONE NUMBER: 232-9859

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (CCR Amended) This bill provides procedures for payment of a claim of an independent appraiser. It provides that a contract entered into by the State Board of Tax Commissioners is treated as if entered into by the Department of Local Government Finance. The bill provides that the Department of Local Government Finance may terminate a contract for accounting services and enter into a new contract for accounting services under provisions governing the purchase of services.

The bill expands the direct contempt powers of the Tax Court with respect to a failure to provide information to the Department of Local Government Finance or its contractor or to pay a bill of a contractor to cover a county or township official with information necessary or useful for the completion of a general or special reassessment.

This bill provides for the expiration of the provisions of law requiring the Department of Local Government Finance to conduct a general reassessment with an independent appraiser. It provides tort immunity to the independent appraiser. The bill provides that the Department of Local Government Finance shall pay a contractor's verified claim if the county auditor fails to do so and that the Treasurer of State shall withhold the amount of any such payments from certain distributions to the county. The bill also makes related changes.

Effective Date: (CCR Amended) Upon Passage.

Explanation of State Expenditures: (Revised) Under the proposal, the DLGF's contractor(s) would be indemnified against tort claims resulting from work performed on the independent reassessment project. Liability for some of the contractors' actions could fall to the state.

Under current law, the DLGF's contractor must be a nationally recognized CPA firm with real property appraisal expertise. This bill would delete the "nationally recognized" requirement. The bill also would allow

the DLGF to enter into additional contracts to provide software or other auxiliary services.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Under current law, Lake County is required to pay the cost of the independent reassessment. This bill stipulates that the contractor(s) may periodically submit partial bills, and it sets out the specific procedure to be used by the county in paying the bills. The bills would be paid from the county reassessment fund without appropriation. These provisions clarify procedure, but do not further obligate the county. The bill does, however, limit the county's total payments for all contracts to \$25.5 M.

If the county auditor fails to certify the contractor's bill, publish or submit the claim, or issue a check, the contractor may notify the DLGF. The contractor may also notify the DLGF if the county executive fails to allow the claim or any other county official takes or fails to take an action that impedes payment. After such a notification, the State Treasurer would pay the claim from money that would otherwise be sent to Lake County from property tax replacement payments or distributions of admissions or wagering taxes.

Explanation of Local Revenues: (Revised) Under current law, the reassessment contractor will use land values prepared by the township assessors. This bill would allow the contractor to redetermine land values if the contractor finds that the values provided by the township assessor do not reflect the true tax value of land. The valuation used would have an impact on tax rates and the distribution of the property tax burden.

State Agencies Affected: Department of Local Government Finance (State Tax Board).

Local Agencies Affected: Lake County.

Information Sources: