

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6814

BILL NUMBER: HB 1213

NOTE PREPARED: Dec 26, 2003

BILL AMENDED:

SUBJECT: Land Valuation for Property Tax Purposes.

FIRST AUTHOR: Rep. Saunders

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill eliminates review by the county property tax assessment board of appeals of the determination of land values by the township assessor. The bill repeals the law concerning the county land valuation commission.

Effective Date: July 1, 2004.

Explanation of State Expenditures: Under current law (IC 6-1.1-4-13.6(e)), the Department of Local Government Finance (DLGF) reviews land orders established by the county land valuation commission and may make modifications for uniformity and equality purposes. Eliminating the county land valuation commission may reduce state expenditures to the extent that the state would no longer review land valuation established by the county land valuation commission. Although the township assessor would still be required to determine land values, the DLGF would no longer have the additional land valuation information that was formerly provided by the land commission. This reduction in land value information could increase administrative expenses if the DLGF has to exercise more oversight in determining land values for equalization purposes.

The proposal also eliminates the provision that requires the county property tax assessment board of appeals to coordinate the valuation of property adjacent to the boundaries of the county with the county property tax assessment boards of appeals of the adjacent counties using guidelines provided by the DLGF. This provision could also increase the DLGF's work in overseeing equalization among counties.

Additionally, the proposal eliminates the provision that requires the DLGF to determine land values if the county assessor, township assessor, and county property tax assessment board of appeals fail to do so. This

provision could reduce administrative expenses for the DLGF to the extent that the DLGF would not have to determine land values; however, the DLGF would probably continue to do so for equalization purposes.

Explanation of State Revenues: The state levies a small tax rate for State Fair and State Forestry. If the proposal results in a change in the valuation of land, any change would affect revenues collected for these two funds.

Explanation of Local Expenditures: Under current law (IC 6-1.1-4-13.6), the township assessor must determine the values of all classes (commercial, industrial, and residential) of land using guidelines determined by the DLGF. The township assessor then submits the land values to the county property tax assessment board of appeals. The county board reviews the values and may make modifications to provide uniformity and equality. The county board also coordinates the valuation of property adjacent to the boundaries of the county with the county property tax assessment boards of appeals of the adjacent counties using procedures adopted by rule by the DLGF. The board then holds a public hearing on the land values.

Also under current law (6-1.1-4-13.8), the county land valuation commission determines the value of commercial, industrial, and residential land (including farm homesites) in the county using guidelines determined by the DLGF. Not later than November 1 of the year preceding the year in which a general reassessment begins, the commission submits the values to the county property tax assessment board of appeals and the DLGF. The county property tax assessment board of appeals and the DLGF must review the values and may make modifications to provide uniformity and equality.

The proposal eliminates the county land valuation commission and the review by the county property tax assessment board of appeals of the determination of land values by the township assessor which could reduce administrative expenses at the county level. However, township expenses could increase because the township assessing official would be solely responsible for determining land values. The overall impact of the proposal on local units is indeterminable and would vary by county and by township.

Under current law, the county fiscal body may grant to the county assessor a per diem for each day that the county assessor serves on the county land valuation commission. Under the proposal, the county would no longer have to pay this expense. Under current law, the township assessor may also receive per diem for serving on the commission. Townships would no longer have to pay this expense under the proposal.

Background: The last reassessment was for taxes payable in 2003. The next reassessment will occur in 2009 for taxes payable in 2010. Reassessments thereafter are to occur every four years.

Explanation of Local Revenues: Total local revenues, except for cumulative funds, would remain unchanged. If the proposal results in a change in the valuation of land, any change would affect revenues collected for cumulative funds. Revenues would be changed by the product of the fund rate multiplied by the change in assessed value amount applicable to that fund.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Township Assessors, County Land Valuation Commission, County Property Tax Assessment Board of Appeals, County Assessor, and the County Fiscal Body.

Information Sources:

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