

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7842

BILL NUMBER: SB 510

NOTE PREPARED: Jan 11, 2005

BILL AMENDED:

SUBJECT: Penalty for incomplete personal property returns.

FIRST AUTHOR: Sen. Young R Michael

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill imposes a penalty on a personal property taxpayer that fails to include on a return the information necessary for the township assessor to assign the appropriate assessed value (AV) to the return. The penalty is the lesser of 10% of the taxes on the AV determined by the township assessor or \$1,000.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The bill provides that if a person fails to include required information on a personal property return and the township assessor is unable to identify which property reported is subject to assessment or what personal property AV the person intends to report, and the township assessor corrects the deficiencies and assigns an AV to the return, the county auditor must add a penalty to the next property tax installment due for the return. The amount of the penalty is the lesser of 10% of the taxes due or \$1,000. (Currently, the county auditor could assess a \$25 penalty.)

The proposal retains the existing \$25 penalty for failure to include the required information pertaining to real property on the personal property return. However, if a township assessor assigns AV to a return based on the

failure of a person to provide information or undervaluation, the county auditor may not apply both the \$25 penalty and the penalty proposed by the bill.

The bill applies only to personal property returns filed after June 30, 2005.

State Agencies Affected:

Local Agencies Affected: Counties and townships.

Information Sources:

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