

SENATE MOTION

MADAM PRESIDENT:

I move that Senate Bill 496 be amended to read as follows:

- 1 Page 15, between lines 12 and 13, begin a new paragraph and insert:
2 "SECTION 5. IC 6-1.1-4-39 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 39. (a) For
4 assessment dates after February 28, 2005, except as provided in
5 ~~subsection~~ **subsections (c) and (e)**, the true tax value of real property
6 regularly used to rent or otherwise furnish residential accommodations
7 for periods of thirty (30) days or more and that has more than four (4)
8 rental units is the lowest valuation determined by applying each of the
9 following appraisal approaches:
10 (1) Cost approach that includes an estimated reproduction or
11 replacement cost of buildings and land improvements as of the
12 date of valuation together with estimates of the losses in value that
13 have taken place due to wear and tear, design and plan, or
14 neighborhood influences.
15 (2) Sales comparison approach, using data for generally
16 comparable property.
17 (3) Income capitalization approach, using an applicable
18 capitalization method and appropriate capitalization rates that are
19 developed and used in computations that lead to an indication of
20 value commensurate with the risks for the subject property use.
21 (b) The gross rent multiplier method is the preferred method of
22 valuing:
23 (1) real property that has at least one (1) and not more than four
24 (4) rental units; and
25 (2) mobile homes assessed under IC 6-1.1-7.
26 (c) A township assessor is not required to appraise real property
27 referred to in subsection (a) using the three (3) appraisal approaches
28 listed in subsection (a) if the township assessor and the taxpayer agree
29 before notice of the assessment is given to the taxpayer under section
30 22 of this chapter to the determination of the true tax value of the
31 property by the assessor using one (1) of those appraisal approaches.
32 (d) To carry out this section, the department of local government

1 finance may adopt rules for assessors to use in gathering and processing
 2 information for the application of the income capitalization method and
 3 the gross rent multiplier method. A taxpayer must verify under
 4 penalties for perjury any information provided to the assessor for use
 5 in the application of either method.

6 **(e) The true tax value of low income rental property (as defined**
 7 **in section 41 of this chapter) is not determined under subsection**
 8 **(a). The assessment method prescribed in section 41 of this chapter**
 9 **is the exclusive method for assessment of that property.**

10 SECTION 6. IC 6-1.1-4-41 IS ADDED TO THE INDIANA CODE
 11 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 12 JANUARY 1, 2006]: **Sec. 41. (a) For purposes of this section:**

13 **(1) "cost of construction" means the cost of:**

14 **(A) original construction; and**

15 **(B) remodeling, repair, or betterment of property in any**
 16 **manner or any enlargement or extension of property;**

17 **(2) "low income rental property" means real property used to**
 18 **provide low income housing eligible for federal income tax**
 19 **credits awarded under Section 42 of the Internal Revenue**
 20 **Code;**

21 **(3) "real property cost" means the sum of:**

22 **(A) the cost of construction of real property improvements**
 23 **associated with low income rental property; plus**

24 **(B) the cost of the land on which the improvements are**
 25 **located; and**

26 **(4) "rental period" means the period during which low**
 27 **income rental property is eligible for federal income tax**
 28 **credits awarded under Section 42 of the Internal Revenue**
 29 **Code.**

30 **(b) For assessment dates after February 28, 2006, except as**
 31 **provided in subsection (c), the true tax value of low income rental**
 32 **property is the product of:**

33 **(1) the real property cost; multiplied by**

34 **(2) the quotient of:**

35 **(A) the number of the year within the rental period (e.g.,**
 36 **year one (1) of ten (10)) that coincides with the year for**
 37 **which the assessment is determined under this section;**
 38 **divided by**

39 **(B) the total number of years in the rental period;**
 40 **expressed as a percentage.**

41 **(c) An assessed value determined under this section may be**
 42 **reduced by the property tax assessment board of appeals on appeal**
 43 **under IC 6-1.1-15 if the taxpayer demonstrates on appeal that,**
 44 **because of deterioration of the neighborhood in which the real**
 45 **property is located, the market value of the real property at the end**
 46 **of the rental period is anticipated to be less than one-half (1/2) of**
 47 **the real property cost. If the assessed value is reduced under this**

1 **subsection, the assessed value is reduced to the market value**
2 **demonstrated by the taxpayer under this subsection.**

3 **(d) The department of local government finance may adopt rules**
4 **under IC 4-22-2 to implement this section."**

5 Renumber all SECTIONS consecutively.
 (Reference is to SB 496 as printed February 11, 2005.)

Senator KENLEY