

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6593

BILL NUMBER: SB 208

NOTE PREPARED: Jan 18, 2008

BILL AMENDED: Jan 16, 2008

SUBJECT: Deduction of Tax Payments from Checking Account.

FIRST AUTHOR: Sen. Tallian

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) The bill allows a county to authorize all county taxpayers to pay property taxes by automatic deduction (AD) from a checking account. The bill establishes delinquent tax penalties for failure to comply with an automatic deduction schedule. The bill provides that a county council may authorize the payment of property taxes by a monthly installment plan (MIP) (in addition to the option of authorizing payments by automatic deductions from a checking account). The bill specifies that in the case of a taxpayer that pays property taxes by automatic deductions, the payment is deducted from the taxpayer's checking account on a date chosen by the taxpayer.

Effective Date: (Amended) July 1, 2008.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Treasurer Responsibilities-* County treasurers would be given authority to produce a form for taxpayers to sign-up for either an AD or MIP. Costs would include printing of forms and notices and bulk postage fees, which would vary by county. However, use of an AD could reduce the amount of administrative time necessary for the county auditor and treasurer to process property tax payments made by check.

Treasurers would also determine the per-month amounts to be paid by all parcel owners electing to pay property taxes by AD or by MIP. To taxpayers that elect to pay by AD or MIP, the county treasurer would be required to mail an end-of-year reconciling statement. If the payments either by AD or MIP exceeds a

taxpayer's total liability (including penalties), the county treasurer would refund the amount overpaid to the taxpayer or roll over the overpayment as credit against the taxpayer's liability in the following calendar year.

Explanation of Local Revenues: (Revised) *Auditor Responsibilities*- County auditors would also have the responsibility to distribute property taxes collected by AD or MIP to the designated taxing units by the semiannual settlements required by current law (IC 6-1.1-27).

Penalties for Delinquent Payment via Automatic Deduction- There would be penalties assessed for delinquent AD's or MIP's not unlike penalties for conventional payments under current law. Assuming delinquent payments are made not later than 30 days after the final installment payment due date and the taxpayer does not have other outstanding delinquent tax payments from a previous installment on either the same parcel or another property in the same taxing district; the penalty to the taxpayer would be 5% of the delinquent amount. Otherwise, the penalty would be 10% of the delinquent amount.

An additional penalty of 10% must be added for every six-month period the delinquent payment carries over, or specified in the ordinance as past every May 11 and November 11. These penalties would only apply to the principal amount due and not on any previous penalties assessed.

State Agencies Affected:

Local Agencies Affected: County fiscal bodies, county auditor, county treasurer.

Information Sources:

Fiscal Analyst: Chris Baker, 317-232-9851.