

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

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6491

BILL NUMBER: HB 1088

NOTE PREPARED: Dec 22, 2009

BILL AMENDED:

SUBJECT: Real Property Reassessment.

FIRST AUTHOR: Rep. Thompson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Cyclical Reassessment:* This bill repeals the statute requiring a general reassessment of real property to begin in 2010. The bill requires the county assessor of each county to prepare and submit to the Department of Local Government Finance (DLGF) a reassessment plan for the county. It specifies that the reassessment plan is subject to approval by the DLGF.

The bill provides that the reassessment plan must divide all parcels of real property in the county into different groups of parcels and it requires that each group of parcels must contain at least 25% of the parcels within each class of real property in the county. The bill provides that the reassessment of the first group of parcels under a county's reassessment plan must begin on July 1, 2011, and must be completed on or before March 1, 2012.

Reassessment Petitions: This bill provides that a petition for reassessment of a group of parcels must be signed by not less than 100 real property owners of parcels in the group or 5% of real property owners of parcels in the group and must be filed with the DLGF not later than 45 days after notice of assessment is provided.

Land Values: The bill provides that the county assessor determines the values of all classes of land in the county. It provides that a petition for the review of the land values determined by the county assessor may be filed with the DLGF. The bill requires the petition to be signed by at least the lesser of: (1) 100 property owners in the county; or (2) 5% of the property owners in the county.

Provisional Tax Bills: The bill also adjusts the installment due dates for provisional tax bills.

Effective Date: January 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Cyclical Reassessment:* Under a four-year cyclical reassessment schedule, expenditures for reassessment in a county would be spread from a two-year period within each five-year span to a period of up to four years. The overall reassessment period would be reduced from five years to four years. Over time, property would be physically assessed more often under this bill than under current law. The increased frequency would likely add to the overall cost of performing physical inspections.

Land Values: Currently, the township assessor, or county assessor if there is no township assessor, must set the initial land values and then submit them to the county property tax assessment boards of appeal (PTABOA) for review. Under the bill, the county assessor would determine all land values. The PTABOA would no longer have a review function, eliminating the cost of the public hearings that they currently must hold.

The bill would, however, allow a group of taxpayers to petition the DLGF for a review of the county assessor's land values. The petition could be filed up to 45 days after the values are determined and must be signed by the lesser of (1) 100 real property owners or (2) 5% of the real property owners in the county. The DLGF would be required to review the land values upon petition.

Explanation of Local Revenues: *Cyclical Reassessment:* Under current law, real property is fully reassessed every five years. The next general reassessment takes effect with taxes payable in 2013. Annual adjustments to real property values are applied each year in which a general reassessment does not take effect.

Under this bill, counties would submit a reassessment plan to the DLGF by December 31, 2010. The plan must divide the parcels in the county into four groups that contain approximately 25% of the parcels in each property class. Beginning with the March 1, 2012, assessment, each county would reassess one group each year rather than conduct a general reassessment once every five years. However, a county could submit a plan to reassess more than 25% (up to 100%) of the parcels in any one year. Parcels that are not reassessed in a year would still be subject to annual adjustments.

Assuming that all property is currently assessed in accordance with the assessment and trending rules, general reassessments under current law should result in only modest one-year changes to most assessments. The general reassessment also picks up physical changes in property not previously noted. The change to cyclical reassessments would have the same overall effect. Since annual adjustments would continue for non-reassessed property, there should be no discernable change in overall assessment levels.

Provisional Tax Bills: Under current law, a county may elect to send out provisional tax statements to its taxpayers if the county abstract is not completed by March 15th of the tax payment year. The first installment is due on May 10th unless the notice of reassessment or trended assessment is sent after March 26th, in which case the payment is due 45 days after the tax billing statement is mailed. The second installment is due on November 10th unless the May due date was delayed, in which case the November due date may be moved to any date through December 31st.

Under this proposal, the first provisional installment would be due on the later of May 10th or 30 days after

the bill is mailed. The second installment would be due between November 10th and December 31st, inclusive, at the county treasurer's discretion.

State Agencies Affected: DLGF.

Local Agencies Affected: Local assessors; County property tax assessment boards of appeal; County treasurers.

Information Sources:

Fiscal Analyst: Bob Sigalow, 317-232-9859.