

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6762

BILL NUMBER: HB 1166

NOTE PREPARED: Apr 23, 2021

BILL AMENDED: Apr 22, 2021

SUBJECT: Tax Representatives and Assessor Competency.

FIRST AUTHOR: Rep. Soliday

FIRST SPONSOR: Sen. Holdman

BILL STATUS: Enrolled

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Assessments:* This bill provides that if an assessment on a taxpayer's residential real property or commercial property, with an assessed value of \$3 M or less, is increased for a tax year for any reason other than by application of the annual adjustment factor, and the taxpayer appeals the increased assessment to the county property tax assessment board of appeals (PTABOA) or the Indiana Board of Tax Review (IBTR) and prevails, or prevails at any subsequent appeal of the increased assessment, the assessing official shall not increase the assessed value on the residential real property or commercial property until the first year of the next four year cyclical assessment cycle for any reason other than by application of the annual adjustment factor.

The bill provides, however, that during this period, the taxpayer may not appeal an increased assessment unless the taxpayer believes the increased assessment is arbitrary and capricious and not made consistent with the annual adjustment factor. It provides that if the taxpayer does appeal during this period on the grounds that the increased assessment is arbitrary and capricious and not made consistent with the annual adjustment factor, a provision shifting the burden to the assessing official to prove that the assessment is correct does not apply.

This bill specifies that the provision does not apply: (1) where there was a change in structural improvements, zoning, or uses that were not considered in the assessment for the prior tax year; (2) if the reduction in assessed value is the result of a settlement agreement between the taxpayer and the assessing official; or (3) if the appeal is based on a correction of error. It provides that if the taxpayer who appealed an increased assessment under the provision sells the property, whose assessment was appealed, for fair market value, the assessor may reassess the property that was sold.

Tax Representatives: The bill provides that certified level two assessor-appraisers and certified level three assessor-appraisers may serve as tax representatives under certain circumstances.

Taxpayer Complaints: This bill also provides that a taxpayer may submit a written complaint to the Department of Local Government Finance (DLGF) if the taxpayer has reason to believe the assessing official failed to adhere to Uniform Standards of Professional Appraisal Practice (USPAP) or does not have the necessary competency to perform the assessment. It provides that notice of a taxpayer's right to submit a written complaint must be included on the taxpayer's notice of assessment or reassessment.

Effective Date: Upon passage; July 1, 2021; January 1, 2022.

Explanation of State Expenditures: *Taxpayer Complaints:* This bill may cause a slight increase in the DLGF's workload. The DLGF should be able to implement the bill's requirements with no additional appropriations, assuming near customary agency staffing and resource levels.

Under current law, local assessors must be competent to perform an assessment, must acquire said competency, or must contract with a competent appraiser. The assessor must also adhere to USPAP. Currently, the DLGF may revoke the certification of a local assessor for gross incompetence in the performance of an assessment. This bill permits a taxpayer to submit a complaint to the DLGF and requires the DLGF to respond in writing within 30 days.

The bill also requires that assessment notices include notice to the taxpayer of the taxpayer's right to submit a written complaint to the DLGF. The DLGF prescribes the assessment form (Form 11) and will have to modify the form.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Assessments:* This provision will have minimal impact on residential and commercial property assessments. The bill will prevent assessment changes after a successful appeal that are not the result of an annual adjustment, cyclical reassessment, or changes to the structure, zoning, or property use that were not previously considered in the assessment. However, the property may be reassessed if the property is sold at market value.

Tax Representatives: This provision has no fiscal impact.

State Agencies Affected: Department of Local Government Finance (DLGF).

Local Agencies Affected: Local assessors.

Information Sources:

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