

HOUSE BILL No. 1159

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-36-7.

Synopsis: Cancellation of property taxes. Provides that the department of local government finance may under certain circumstances cancel any property taxes assessed against real property owned by certain local governmental entities or the state, regardless of whether the property taxes were assessed before or after the governmental entity or the state became the owner of the real property.

Effective: July 1, 2016.

Smith V

January 7, 2016, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1159

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-36-7, AS AMENDED BY P.L.172-2011,
2 SECTION 48, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2016]: Sec. 7. (a) The department of local government finance
4 may cancel any property taxes assessed against real property owned by
5 a county, a township, a city, a town, or a body corporate and politic
6 established under IC 8-10-5-2(a), **regardless of whether the property**
7 **taxes were assessed against the real property before or after the**
8 **county, township, city, town, or body corporate and politic became**
9 **the owner of the real property**, if a petition requesting that the
10 department cancel the taxes is submitted by the auditor, assessor, and
11 treasurer of the county in which the real property is located.

12 (b) The department of local government finance may cancel any
13 property taxes assessed against real property owned by this state,
14 **regardless of whether the property taxes were assessed against the**
15 **real property before or after the state took title to the real**
16 **property**, if a petition requesting that the department cancel the taxes
17 is submitted by:



1 (1) the governor; or

2 (2) the chief administrative officer of the state agency which
3 supervises the real property.

4 However, if the petition is submitted by the chief administrative officer
5 of a state agency, the governor must approve the petition.

6 **(c) If property taxes are canceled under subsection (a) or (b),
7 any lien on the real property for the canceled property taxes that
8 were assessed against the real property before or after the county,
9 township, city, town, body corporate and politic, or state became
10 the owner of the real property shall be released and canceled.**

11 ~~(c)~~ **(d)** The department of local government finance may
12 compromise the amount of property taxes, together with any interest or
13 penalties on those taxes, assessed against the fixed or distributable
14 property owned by a bankrupt railroad, which is under the jurisdiction
15 of:

16 (1) a federal court under 11 U.S.C. 1163;

17 (2) Chapter X of the Acts of Congress Relating to Bankruptcy (11
18 U.S.C. 701-799); or

19 (3) a comparable bankruptcy law.

20 ~~(d)~~ **(e)** After making a compromise under subsection ~~(c)~~ **(d)** and
21 after receiving payment of the compromised amount, the department
22 of local government finance shall distribute to each county treasurer an
23 amount equal to the product of:

24 (1) the compromised amount; multiplied by

25 (2) a fraction, the numerator of which is the total of the particular
26 county's property tax levies against the railroad for the
27 compromised years, and the denominator of which is the total of
28 all property tax levies against the railroad for the compromised
29 years.

30 ~~(e)~~ **(f)** After making the distribution under subsection ~~(d)~~; **(e)**, the
31 department of local government finance shall direct the auditors of
32 each county to remove from the tax rolls the amount of all property
33 taxes assessed against the bankrupt railroad for the compromised years.

34 ~~(f)~~ **(g)** The county auditor of each county receiving money under
35 subsection ~~(d)~~ **(e)** shall allocate that money among the county's taxing
36 districts. The auditor shall allocate to each taxing district an amount
37 equal to the product of:

38 (1) the amount of money received by the county under subsection
39 ~~(d)~~; **(e)**; multiplied by

40 (2) a fraction, the numerator of which is the total of the taxing
41 district's property tax levies against the railroad for the
42 compromised years, and the denominator of which is the total of



- 1 all property tax levies against the railroad in that county for the
2 compromised years.
- 3 ~~(g)~~ **(h)** The money allocated to each taxing district shall be
4 apportioned and distributed among the taxing units of that taxing
5 district in the same manner and at the same time that property taxes are
6 apportioned and distributed.
- 7 ~~(h)~~ **(i)** The department of local government finance may, with the
8 approval of the attorney general, compromise the amount of property
9 taxes, together with any interest or penalties on those taxes, assessed
10 against property owned by a person that has a case pending under state
11 or federal bankruptcy law. Property taxes that are compromised under
12 this section shall be distributed and allocated at the same time and in
13 the same manner as regularly collected property taxes. The department
14 of local government finance may compromise property taxes under this
15 subsection only if:
- 16 (1) a petition is filed with the department of local government
17 finance that requests the compromise and is signed and approved
18 by the assessor, auditor, and treasurer of each county and the
19 assessor of each township (if any) that is entitled to receive any
20 part of the compromised taxes;
- 21 (2) the compromise significantly advances the time of payment of
22 the taxes; and
- 23 (3) the compromise is in the best interest of the state and the
24 taxing units that are entitled to receive any part of the
25 compromised taxes.
- 26 ~~(i)~~ **(j)** A taxing unit that receives funds under this section is not
27 required to include the funds in its budget estimate for any budget year
28 which begins after the budget year in which it receives the funds.
- 29 ~~(j)~~ **(k)** A county treasurer, with the consent of the county auditor and
30 the county assessor, may compromise the amount of property taxes,
31 interest, or penalties owed in a county by an entity that has a case
32 pending under Title 11 of the United States Code (Bankruptcy Code)
33 by accepting a single payment that must be at least seventy-five percent
34 (75%) of the total amount owed in the county.

