



January 26, 2022

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## SENATE BILL No. 145

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DIGEST OF SB 145 (Updated January 25, 2022 10:12 am - DI 129)

**Citations Affected:** IC 6-1.1.

**Synopsis:** Property tax matters. Provides that a county assessor or township assessor (if any) may request the department of local government finance (department) to perform a state conducted assessment of these properties for a specific assessment date. Sets out the procedures for a state conducted assessment. Provides that the true tax value of commercial real property used for retail purposes that is at least 100,000 square feet and that is occupied by the original owner or by a tenant for which the improvement was built shall be determined by the cost approach for the first 10 years of occupancy of the property, less normal depreciation and normal obsolescence under the rules and guidelines of the department. Requires the department to annually establish a standard construction cost per square foot for these properties for each region based on the average market cost in the state to be used for purposes of the assessment, unless the taxpayer has provided the taxpayer's determination of actual construction costs to the appropriate assessing official not later than 45 days after the date of the assessment notice that is the subject of the review. Requires the taxpayer, if a taxpayer has provided the taxpayer's determination of actual construction cost within 45 days after the assessment notice, to  
(Continued next page)

**Effective:** January 1, 2023.

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**Buchanan, Rogers, Boots, Baldwin,  
Randolph Lonnie M**

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January 4, 2022, read first time and referred to Committee on Tax and Fiscal Policy.  
January 25, 2022, amended, reported favorably — Do Pass.

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SB 145—LS 6755/DI 120



Digest Continued

provide to the county property tax assessment board of appeals (PTBOA) information necessary to determine the actual construction costs for the real property. Requires that the taxpayer's actual construction costs must be used for purposes of the assessment if the PTBOA determines that actual construction costs for the real property are less than the standard construction cost established by the department. Requires the fiscal officer of the county to establish a separate account for the tax receipts that are attributable to the property tax assessment that is the subject of review. Provides that if a taxpayer files a notice of an assessment appeal and a major roadway or traffic pattern located on the property is changed, that change must be considered in the determination of the property's assessed valuation in the appeal.

**SB 145—LS 6755/DI 120**



January 26, 2022

Second Regular Session of the 122nd General Assembly (2022)

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 2021 Regular Session of the General Assembly.

## SENATE BILL No. 145

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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 6-1.1-4-28.5, AS AMENDED BY P.L.86-2018,  
2 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2023]: Sec. 28.5. (a) Money assigned to a property  
4 reassessment fund under section 27.5 of this chapter may be used only  
5 to pay the costs of:  
6 (1) the reassessment of one (1) or more groups of parcels under  
7 a county's reassessment plan prepared under section 4.2 of this  
8 chapter, including the computerization of assessment records;  
9 (2) payments to assessing officials and hearing officers for county  
10 property tax assessment boards of appeals under IC 6-1.1-35.2;  
11 (3) the development or updating of detailed soil survey data by  
12 the United States Department of Agriculture or its successor  
13 agency;  
14 (4) the updating of plat books;  
15 (5) payments for the salary of permanent staff or for the  
16 contractual services of temporary staff who are necessary to assist  
17 assessing officials;

SB 145—LS 6755/DI 120



1 (6) making annual adjustments under section 4.5 of this chapter;

2 ~~and~~

3 (7) the verification under 50 IAC 27-4-7 of sales disclosure forms  
4 forwarded to:

5 (A) the county assessor; or

6 (B) township assessors (if any);

7 under IC 6-1.1-5.5-3; **and**

8 **(8) state conducted assessments requested under section 31.8**  
9 **of this chapter.**

10 Money in a property reassessment fund may not be transferred or  
11 reassigned to any other fund and may not be used for any purposes  
12 other than those set forth in this section.

13 (b) All counties shall use modern, detailed soil maps in the  
14 reassessment of agricultural land.

15 (c) The county treasurer of each county shall, in accordance with  
16 IC 5-13-9, invest any money accumulated in the property reassessment  
17 fund. Any interest received from investment of the money shall be paid  
18 into the property reassessment fund.

19 (d) An appropriation under this section must be approved by the  
20 fiscal body of the county after the review and recommendation of the  
21 county assessor. However, in a county with a township assessor in  
22 every township, the county assessor does not review an appropriation  
23 under this section, and only the fiscal body must approve an  
24 appropriation under this section.

25 SECTION 2. IC 6-1.1-4-31.8 IS ADDED TO THE INDIANA  
26 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
27 **[EFFECTIVE JANUARY 1, 2023]: Sec. 31.8. (a) As used in this**  
28 **section, "department" refers to the department of local**  
29 **government finance.**

30 **(b) This section applies only to a real property assessment of a**  
31 **commercial building or structure used for retail purposes to which**  
32 **section 43.5 of this chapter applies.**

33 **(c) A county assessor or a township assessor (if any) may**  
34 **request the department to perform a state conducted assessment**  
35 **of a particular property in the county for a specified assessment**  
36 **date. The request must be made in the form and in the manner**  
37 **prescribed by the department.**

38 **(d) If the department receives a request for a state conducted**  
39 **assessment of a particular property in a county, the department**  
40 **shall assume the duties of the county assessor with regard to the**  
41 **assessment of that property for that assessment date.**

42 **(e) Before assuming the duties of a county assessor, the**



1 department shall transmit a notice of the state conducted  
 2 assessment of the property for the assessment date to the county  
 3 assessor, the county fiscal body, and the county auditor.

4 (f) A county assessor who requests the department to perform  
 5 a state conducted assessment under this section shall make  
 6 available and provide access to all information requested by the  
 7 department or the department's contractor that is related to the  
 8 assessment of real property that is subject to the state conducted  
 9 assessment in the county.

10 (g) The department may enter into a contract with a  
 11 professional appraising firm to conduct a requested assessment of  
 12 the property under this section.

13 (h) After receiving the report of the assessed value of the  
 14 property from the appraisal firm acting under a contract described  
 15 in subsection (g), the department shall give notice to the taxpayer  
 16 and the county assessor, by mail, of the amount of the assessment  
 17 of the property.

18 (i) The department shall forward to the auditor of the county in  
 19 which the state conducted assessment occurs a bill for:

20 (1) services as agreed to by the department and the county  
 21 under specific terms contained in the contract described in  
 22 subsection (g); and

23 (2) all administrative costs incurred by the department.

24 The county shall pay the bill, without appropriation, from the  
 25 county reassessment fund.

26 (j) The county shall pay all costs associated with an appeal of a  
 27 state conducted assessment if a taxpayer files a notice under  
 28 IC 6-1.1-15.

29 SECTION 3. IC 6-1.1-4-43.5 IS ADDED TO THE INDIANA  
 30 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 31 [EFFECTIVE JANUARY 1, 2023]: **Sec. 43.5. (a) This section applies**  
 32 **to a real property assessment of commercial real property used for**  
 33 **retail purposes:**

34 (1) for the 2023 assessment date and assessment dates  
 35 thereafter; and

36 (2) if the commercial real property is:

37 (A) at least one hundred thousand (100,000) square feet;  
 38 and

39 (B) occupied by the original owner or by a tenant for  
 40 which the improvement was built.

41 (b) This section does not apply to real property described in  
 42 subsection (a) if the real property is sold:



1           (1) by the original owner for which the improvement was  
2           built; and

3           (2) to a subsequent purchaser in an arms length transaction.

4           (c) This subsection applies to a taxpayer that files a notice under  
5           IC 6-1.1-15 after December 31, 2022, requesting a review of the  
6           assessment of the taxpayer's real property that is subject to this  
7           section. In determining the true tax value of real property under  
8           this section, true tax value shall be determined by the cost  
9           approach for the first ten (10) years of occupancy of the subject  
10          property, less normal depreciation and normal obsolescence under  
11          the rules and guidelines of the department of local government  
12          finance. For purposes of this subsection, the land value shall be  
13          assessed separately. The assessed value of the land underlying the  
14          improvements assessed under this section may be assessed or  
15          challenged based on the market value of comparable land. For  
16          purposes of this section, economic and functional obsolescence of  
17          the subject property may be determined by application of  
18          aggregate market data, but shall not be determined by comparison  
19          to any other individual parcels.

20          (d) Beginning after December 31, 2022, the department of local  
21          government finance shall annually establish for each region a  
22          standard construction cost per square foot for real property that  
23          is subject to this section. The department's construction cost in a  
24          region must be based on average market costs in the state, if there  
25          is insufficient data to determine a standard construction cost for  
26          the region based on average market costs in that region. For  
27          purposes of this subsection, region has the meanings set forth in  
28          IC 6-1.1-8-2(20) through IC 6-1.1-8-2(22).

29          (e) This subsection applies to a taxpayer that files a notice under  
30          IC 6-1.1-15 after December 31, 2022, requesting a review of the  
31          assessment of the taxpayer's real property that is subject to this  
32          section. For purposes of applying the cost approach, the  
33          construction costs for the real property shall be determined by  
34          applying the standard construction cost per square foot established  
35          by the department of local government finance for the county in  
36          which the real property is located, unless the taxpayer has  
37          provided to the appropriate county or township assessing official,  
38          not later than forty-five (45) days after the date of the assessment  
39          notice that is the subject of the review, the taxpayer's  
40          determination of actual construction costs for the real property  
41          and all the information relied on by the taxpayer in making the  
42          taxpayer's determination. If the taxpayer has provided the



1 taxpayer's determination of actual construction costs to the  
 2 appropriate county or township assessing official not later than  
 3 forty-five (45) days after the date of the assessment notice, not later  
 4 than ten (10) days prior to the scheduled hearing by the county  
 5 property tax assessment board of appeals the taxpayer shall  
 6 provide to the county property tax assessment board of appeals all  
 7 information necessary to determine the actual construction costs  
 8 for the real property. If the information provided by the taxpayer  
 9 establishes that the actual construction costs for the real property  
 10 are less than the standard construction cost established by the  
 11 department for the county, the normal depreciation and normal  
 12 obsolescence factor as described in subsection (c) shall be deducted  
 13 from the actual construction costs rather than the standard  
 14 construction cost established by the department.

15 (f) If a taxpayer files a notice under IC 6-1.1-15 after December  
 16 31, 2022, requesting a review of the assessment of the taxpayer's  
 17 real property that is subject to this section, the fiscal officer of the  
 18 county shall establish a separate account for purposes of the  
 19 review. The fiscal officer shall deposit in the account the greater of  
 20 the tax receipts that are attributable to:

- 21 (1) the property tax assessment that is the subject of the  
 22 review minus the tax receipts attributable to the property tax  
 23 assessment in the immediately prior year; or  
 24 (2) twenty five percent (25%) of the tax receipts attributable  
 25 to the property tax assessment that is the subject of the  
 26 review.

27 Money transferred to an account is not considered miscellaneous  
 28 revenue. Both the taxing units and the department of local  
 29 government finance shall disregard any balance in the account in  
 30 the determination of the taxing units' property tax levy, property  
 31 tax rate, and budget until the calendar year in which the money is  
 32 released from the account. The fiscal officer of the county,  
 33 following a final determination of the review, or final judgement on  
 34 an appeal if the review is appealed, shall disburse the money  
 35 deposited in the account in accordance with the final determination  
 36 or final judgment.

37 (g) If a taxpayer files a notice under IC 6-1.1-15 and a major  
 38 roadway or traffic pattern located on the property is changed, that  
 39 change must be considered in the determination of the property's  
 40 assessed valuation in the appeal process under IC 6-1.1-15.



## COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 145, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 3, line 19, delete "for services as" and insert "**for:**

**(1) services as agreed to by the department and the county under specific terms contained in the contract described in subsection (g); and**

**(2) all administrative costs incurred by the department.**

**The county shall pay the bill, without appropriation, from the county reassessment fund."**

Page 3, delete lines 20 through 23, begin a new paragraph and insert:

**"(j) The county shall pay all costs associated with an appeal of a state conducted assessment if a taxpayer files a notice under IC 6-1.1-15."**

Page 4, line 16, delete "county" and insert "**region**".

Page 4, line 19, delete "county" and insert "**region**".

Page 4, line 19, delete "the region," and insert "**the state,**".

Page 4, line 21, delete "the county" and insert "**the region**".

Page 4, line 21, delete "that county." and insert "**that region. For purposes of this subsection, region has the meanings set forth in IC 6-1.1-8-2(20) through IC 6-1.1-8-2(22).**".

Page 5, line 12, after "account" insert "**the greater of**".

Page 5, line 13, delete "attributable to" and insert "**attributable to:**

**(1) the property tax assessment that is the subject of the review minus the tax receipts attributable to the property tax assessment in the immediately prior year; or**

**(2) twenty five percent (25%) of the tax receipts attributable to the property tax assessment that is the subject of the review."**

Page 5, line 13, delete "the property tax assessment that".

Page 5, line 14, delete "is the subject of the review."

Page 5, after line 23, begin a new paragraph and insert:

**"(g) If a taxpayer files a notice under IC 6-1.1-15 and a major roadway or traffic pattern located on the property is changed, that change must be considered in the determination of the property's assessed valuation in the appeal process under IC 6-1.1-15."**

and when so amended that said bill do pass.





(Reference is to SB 145 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 12, Nays 0.

