

PROPOSED AMENDMENT

HB 1454 # 22

DIGEST

Rental property assessment appeals. Provides that in reviews and appeals for certain rental property, the assessor has the burden of proving that the real property's true tax value: (1) is the lowest valuation determined by applying the three appraisal approaches; and (2) is substantially correct. Provides that if the assessor fails to meet its burden of proof, the taxpayer may introduce evidence to prove a substantially correct assessment. Provides that if neither the assessing official nor the taxpayer meets its burden of proof, and the prior year's assessment was lower than the assessment under appeal, the assessment reverts to the assessment for the prior tax year, which is the original assessment for that prior tax year or, if applicable, the assessment for that prior tax year: (1) as last corrected by an assessing official; (2) as stipulated or settled by the taxpayer and the assessing official; or (3) as determined by the reviewing authority. Provides that in appeals where the taxpayer contends that the assessment should be greater than the assessment for the prior tax year, the final assessed value may not be less than the taxpayer's contention of value in the appeal. Provides that the appeal provisions do not apply to an assessment if the assessment is based on: (1) substantial renovations or new improvements; (2) zoning; or (3) uses; that were not considered in the assessment for the prior tax year. Defines "substantially correct".

- 1 Page 4, between lines 33 and 34, begin a new paragraph and insert:
- 2 "SECTION 4. IC 6-1.1-4-39, AS AMENDED BY P.L.111-2014,
- 3 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 4 JULY 1, 2023]: Sec. 39. (a) For assessment dates after February 28,
- 5 2005, except as provided in subsections (c) and (e), the true tax value
- 6 of real property regularly used to rent or otherwise furnish residential
- 7 accommodations for periods of thirty (30) days or more and that has
- 8 more than four (4) rental units is the lowest valuation determined by
- 9 applying each of the following appraisal approaches:
- 10 (1) Cost approach that includes an estimated reproduction or
- 11 replacement cost of buildings and land improvements as of the
- 12 date of valuation together with estimates of the losses in value
- 13 that have taken place due to wear and tear, design and plan, or
- 14 neighborhood influences.
- 15 (2) Sales comparison approach, using data for generally
- 16 comparable property.
- 17 (3) Income capitalization approach, using an applicable
- 18 capitalization method and appropriate capitalization rates that are

1 developed and used in computations that lead to an indication of
2 value commensurate with the risks for the subject property use.

3 (b) The gross rent multiplier method is the preferred method of
4 valuing:

5 (1) real property that has at least one (1) and not more than four

6 (4) rental units; and

7 (2) mobile homes assessed under IC 6-1.1-7.

8 (c) A township assessor (if any) or the county assessor is not
9 required to appraise real property referred to in subsection (a) using the
10 three (3) appraisal approaches listed in subsection (a) if the assessor
11 and the taxpayer agree before notice of the assessment is given to the
12 taxpayer under section 22 of this chapter to the determination of the
13 true tax value of the property by the assessor using one (1) of those
14 appraisal approaches.

15 (d) To carry out this section, the department of local government
16 finance may adopt rules for assessors to use in gathering and
17 processing information for the application of the income capitalization
18 method and the gross rent multiplier method. If a taxpayer wishes to
19 have the income capitalization method or the gross rent multiplier
20 method used in the initial formulation of the assessment of the
21 taxpayer's property, the taxpayer must submit the necessary information
22 to the assessor not later than the assessment date. However, the
23 taxpayer is not prejudiced in any way and is not restricted in pursuing
24 an appeal, if the data is not submitted by the assessment date. A
25 taxpayer must verify under penalties for perjury any information
26 provided to the township or county assessor for use in the application
27 of either method. All information related to earnings, income, profits,
28 losses, or expenditures that is provided to the assessor under this
29 section is confidential under IC 6-1.1-35-9 to the same extent as
30 information related to earnings, income, profits, losses, or expenditures
31 of personal property is confidential under IC 6-1.1-35-9.

32 (e) The true tax value of low income rental property (as defined in
33 section 41 of this chapter) is not determined under subsection (a). The
34 assessment method prescribed in section 41 of this chapter is the
35 exclusive method for assessment of that property. This subsection does
36 not impede any rights to appeal an assessment.

37 **(f) For property qualifying under subsection (a), in any review**
38 **or appeal under IC 6-1.1-15 and in any appeals taken to the**
39 **Indiana board of tax review or the Indiana tax court, the county**
40 **assessor or township assessor making the assessment has the**

burden of proving that the real property's true tax value:

(1) is the lowest valuation determined by applying the three appraisal approaches identified in subsection (a); and

(2) is substantially correct.

If a county assessor or township assessor fails to meet the burden of proof under this subsection, the taxpayer may introduce evidence to prove a substantially correct assessment.

(g) If neither the assessing official nor the taxpayer meets its burden of proof and the prior year's assessment was lower than the assessment under review or appeal, the assessment reverts to the assessment for the prior tax year, which is the original assessment for that prior tax year or, if applicable, the assessment for that prior tax year:

(1) as last corrected by an assessing official;

(2) as stipulated or settled by the taxpayer and the assessing official; or

(3) as determined by the reviewing authority.

(h) In appeals where the taxpayer contends that the assessment should be greater than the assessment for the prior tax year, the final assessed value may not be less than the taxpayer's contention of value in the appeal.

(i) Subsections (f), (g), and (h) do not apply to an assessment if the assessment that is the subject of the review or appeal is based on:

(1) substantial renovations or new improvements;

(2) zoning; or

(3) uses;

that were not considered in the assessment for the prior tax year.

(j) As used in this section, "substantially correct" means:

(1) for the assessor, that the assessor has proved that the value of the property is within five percent (5%) of the appealed assessment; and

(2) for the taxpayer, that the taxpayer has proved that the value of the property is within five percent (5%) of the taxpayer's contention of value."

Renumber all SECTIONS consecutively.

(Reference is to HB 1454 as introduced.)