

IC 6-1.1-31

Chapter 31. Department of Local Government Finance—Adoption of Rules, Forms, and Returns

IC 6-1.1-31-1

Duties of department; rules

Sec. 1. (a) The department of local government finance shall do the following:

- (1) Prescribe the property tax forms and returns which taxpayers are to complete and on which the taxpayers' assessments will be based.
- (2) Prescribe the forms to be used to give taxpayers notice of assessment actions.
- (3) Adopt rules concerning the assessment of tangible property.
- (4) Develop specifications that prescribe state requirements for computer software and hardware to be used by counties for assessment purposes. The specifications developed under this subdivision apply only to computer software and hardware systems purchased for assessment purposes after July 1, 1993. The specifications, including specifications in a rule or other standard adopted under IC 6-1.1-31.5, must provide for:

(A) maintenance of data in a form that formats the information in the file with the standard data, field, and record coding jointly required and approved by the department of local government finance and the legislative services agency;

(B) data export and transmission that is compatible with the data export and transmission requirements in a standard format prescribed by the office of technology established by IC 4-13.1-2-1 and jointly approved by the department of local government finance and legislative services agency; and

(C) maintenance of data in a manner that ensures prompt and accurate transfer of data to the department of local government finance and the legislative services agency, as jointly approved by the department of local government and legislative services agency.

- (5) Adopt rules establishing criteria for the revocation of a certification under IC 6-1.1-35.5-6.

(b) The department of local government finance may adopt rules that are related to property taxation or the duties or the procedures of the department.

(c) Rules of the state board of tax commissioners are for all purposes rules of the department of local government finance and the Indiana board until the department and the Indiana board adopt rules to repeal or supersede the rules of the state board of tax commissioners.

(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.41-1993, SEC.23; P.L.198-2001, SEC.75; P.L.146-2008, SEC.269.

IC 6-1.1-31-2

Operating procedure

Sec. 2. The department of local government finance may promulgate rules, property tax forms, property tax returns, and notice forms in the manner prescribed in IC 4-22-2. However, the department of local government finance may, at any time, make a nonsubstantive change in a promulgated property tax form or return if the change is advisable because of the special nature of equipment which is available in a particular county.

(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.41-1993, SEC.24; P.L.90-2002, SEC.218.

IC 6-1.1-31-3

Information considered in preparation of rules, regulations, property tax forms, and property tax returns

Sec. 3. In the preparation of rules, regulations, property tax forms, and property tax returns, the department of local government finance may consider:

- (1) data compiled by the federal government;
- (2) data compiled by this state and its taxing authorities;
- (3) data compiled and studies made by a state college or university;
- (4) generally accepted practices of appraisers, including generally accepted property assessment valuation and mass appraisal principles and practices;
- (5) generally accepted indices of construction costs;
- (6) for assessment dates after February 28, 2001, generally accepted indices of income accruing from real property;
- (7) sales data compiled for generally comparable properties; and
- (8) any other information which is available to the department of local government finance.

(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.6-1997, SEC.102; P.L.90-2002, SEC.219; P.L.1-2004, SEC.38 and P.L.23-2004, SEC.41.

IC 6-1.1-31-4

Copies of promulgations

Sec. 4. When the department of local government finance prescribes or promulgates a rule, regulation, property tax form, property tax return, notice form, bulletin, directive, or any other paper, the department shall:

- (1) send copies of it to the local taxing officials;
- (2) send a copy of it to the executive director of the legislative services agency in an electronic format under IC 5-14-6, if it is not published in the Indiana Register under IC 4-22; and
- (3) maintain copies of it for general distribution.

(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.90-2002, SEC.220; P.L.146-2008, SEC.270.

IC 6-1.1-31-5

True tax value; factors considered by assessing officials

Sec. 5. (a) Subject to this article, the rules adopted by the department of local government finance are the basis for determining the true tax value of tangible property.

(b) Assessing officials shall:

- (1) comply with the rules, appraisal manuals, bulletins, and directives adopted by the department of local government finance;
- (2) use the property tax forms, property tax returns, and notice forms prescribed by the department; and
- (3) collect and record the data required by the department.

(c) In assessing tangible property, the assessing officials may consider factors in addition to those prescribed by the department of local government finance if the use of the additional factors is first approved by the department. Each assessing official shall indicate on the official's records for each individual assessment whether:

- (1) only the factors contained in the department's rules, forms, and returns have been considered; or
- (2) factors in addition to those contained in the department's rules, forms, and returns have been considered.

(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.24-1986, SEC.22; P.L.6-1997, SEC.103; P.L.90-2002, SEC.221; P.L.1-2004, SEC.39 and P.L.23-2004, SEC.42; P.L.146-2008, SEC.271.

IC 6-1.1-31-6

Real property assessment; classification of land and improvements

Sec. 6. (a) With respect to the assessment of real property, the rules of the department of local government finance shall provide for:

- (1) the classification of land on the basis of:
 - (i) acreage;
 - (ii) lots;
 - (iii) size;
 - (iv) location;
 - (v) use;
 - (vi) productivity or earning capacity;
 - (vii) applicable zoning provisions;
 - (viii) accessibility to highways, sewers, and other public services or facilities; and
 - (ix) any other factor that the department determines by rule is just and proper; and
- (2) the classification of improvements on the basis of:
 - (i) size;
 - (ii) location;
 - (iii) use;
 - (iv) type and character of construction;
 - (v) age;
 - (vi) condition;
 - (vii) cost of reproduction; and

(viii) any other factor that the department determines by rule is just and proper.

(b) With respect to the assessment of real property, the rules of the department of local government finance shall include instructions for determining:

- (1) the proper classification of real property;
- (2) the size of real property;
- (3) the effects that location and use have on the value of real property;
- (4) the productivity or earning capacity of:
 - (A) agricultural land; and
 - (B) real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;
- (5) sales data for generally comparable properties; and
- (6) the true tax value of real property based on the factors listed in this subsection and any other factor that the department determines by rule is just and proper.

(c) With respect to the assessment of real property, true tax value does not mean fair market value. Subject to this article, true tax value is the value determined under the rules of the department of local government finance.

(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by Acts 1977, P.L.2, SEC.27; P.L.42-1984, SEC.2; P.L.24-1986, SEC.23; P.L.90-2002, SEC.222; P.L.1-2004, SEC.40 and P.L.23-2004, SEC.43; P.L.154-2006, SEC.52.

IC 6-1.1-31-7

Assessment of personal property; classification

Sec. 7. (a) With respect to the assessment of personal property, the rules of the department of local government finance shall provide for the classification of personal property on the basis of:

- (1) date of purchase;
- (2) location;
- (3) use;
- (4) depreciation, obsolescence, and condition; and
- (5) any other factor that the department determines by rule is just and proper.

(b) With respect to the assessment of personal property, the rules of the department of local government finance shall include instructions for determining:

- (1) the proper classification of personal property;
- (2) the effect that location has on the value of personal property;
- (3) the cost of reproducing personal property;
- (4) the depreciation, including physical deterioration and obsolescence, of personal property;
- (5) the productivity or earning capacity of mobile homes regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;

(6) the true tax value of mobile homes assessed under IC 6-1.1-7 (other than mobile homes subject to the preferred valuation method under IC 6-1.1-4-39(b)) as the least of the values determined using the following:

(A) The National Automobile Dealers Association Guide.

(B) The purchase price of a mobile home if:

(i) the sale is of a commercial enterprise nature; and

(ii) the buyer and seller are not related by blood or marriage.

(C) Sales data for generally comparable mobile homes;

(7) the true tax value at the time of acquisition of computer application software, for the purpose of deducting the value of computer application software from the acquisition cost of tangible personal property whenever the value of the tangible personal property that is recorded on the taxpayer's books and records reflects the value of the computer application software; and

(8) the true tax value of personal property based on the factors listed in this subsection and any other factor that the department determines by rule is just and proper.

(c) In providing for the classification of personal property and the instructions for determining the items listed in subsection (b), the department of local government finance shall not include the value of land as a cost of producing tangible personal property subject to assessment.

(d) With respect to the assessment of personal property, true tax value does not mean fair market value. Subject to this article, true tax value is the value determined under rules of the department of local government finance.

(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by Acts 1981, P.L.63, SEC.5; P.L.42-1984, SEC.3; P.L.24-1986, SEC.24; P.L.90-2002, SEC.223; P.L.1-2004, SEC.41 and P.L.23-2004, SEC.44; P.L.214-2005, SEC.15.

IC 6-1.1-31-8

Exchange of information with other states or United States

Sec. 8. The department of local government finance may adopt rules and regulations to govern the interchange of information with an officer or agency of another state or the United States. The department of local government finance may, pursuant to those rules and regulations, furnish any information in its possession to such an officer or agency if the information is furnished under a reciprocal arrangement which provides that the department shall receive like information from the officer or agency.

(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.90-2002, SEC.224.

IC 6-1.1-31-9

General reassessment; adoption of rules; time limit; readoption and approval of rules

Sec. 9. (a) Except as provided in subsection (b), the department of local government finance may not adopt rules for the appraisal of real property in a general reassessment after July 1 of the year before the year in which the general reassessment is scheduled to begin.

(b) If rules for the appraisal of real property in a general reassessment are timely adopted under subsection (a) and are then disapproved by the attorney general for any reason under IC 4-22-2-32, the department of local government finance may modify the rules to cure the defect that resulted in disapproval by the attorney general, and may then take all actions necessary under IC 4-22-2 to readopt and to obtain approval of the rules. This process may be repeated as necessary until the rules are approved.

As added by P.L.14-1983, SEC.3. Amended by P.L.55-1986, SEC.3; P.L.90-2002, SEC.225.

IC 6-1.1-31-10

Rules governing filing, refunds, and tax payments relating to amended personal property returns

Sec. 10. (a) The department of local government finance shall adopt rules under IC 4-22-2 to govern the:

- (1) filing of amended personal property tax returns under IC 6-1.1-3-7.5; and
- (2) refunds, additional assessments, and tax payments related to an amended personal property tax return.

(b) The rules adopted under subsection (a) may provide that the tax adjustments related to an amended return shall be delayed to a year after the year in which personal property taxes related to the original personal property tax return are first due and payable.

As added by P.L.6-1997, SEC.104. Amended by P.L.90-2002, SEC.226.

IC 6-1.1-31-11

Repealed

(Repealed by P.L.198-2001, SEC.122.)

IC 6-1.1-31-11.5

Rules governing practice of representatives in proceedings

Sec. 11.5. (a) Subject to subsection (b), the department of local government finance shall adopt rules under IC 4-22-2 to govern the practice of representatives in proceedings before the property tax assessment board of appeals and the department of local government finance.

(b) Except as provided in subsection (c), a rule adopted under subsection (a) may not:

- (1) restrict the ability of a representative to practice before the property tax assessment board of appeals or the department of local government finance based on the fact that the representative is not an attorney admitted to the Indiana bar; or
- (2) restrict the admissibility of written or oral testimony of a representative or other witness based upon the manner in which

the representative or other witness is compensated.

(c) A rule adopted under subsection (a) may require a representative in a proceeding before the property tax assessment board of appeals or the department of local government finance to be an attorney admitted to the Indiana bar if the matter under consideration in the proceeding is:

- (1) an exemption for which an application is required under IC 6-1.1-11;
- (2) a claim that taxes are illegal as a matter of law;
- (3) a claim regarding the constitutionality of an assessment; or
- (4) any other matter that requires representation that involves the practice of law.

(d) This subsection applies to a petition that is filed with the property tax assessment board of appeals or a matter under consideration by the department of local government finance before the adoption of a rule under subsection (a) that establishes new standards for:

- (1) the presentation of evidence or testimony; or
- (2) the practice of representatives.

The property tax assessment board of appeals or the department of local government finance may not dismiss a petition or reject consideration of a matter solely for failure to comply with the rule adopted under subsection (a) without providing the petitioner with an opportunity to present evidence, testimony, or representation in compliance with the rule.

As added by P.L.198-2001, SEC.77.

IC 6-1.1-31-12

Rules governing reduction and increase of assessed valuations

Sec. 12. The state board of tax commissioners shall adopt rules under IC 4-22-2 to govern the reduction and increase of assessed valuations by the county assessor under IC 6-1.1-13 to attain a just and equal basis of assessment among the taxpayers in the county. The rules must specify the procedures and standards to be used by the county assessor.

As added by P.L.6-1997, SEC.106.

IC 6-1.1-31-13

Appointment of individuals to participate in adoption of rules

Sec. 13. (a) Before February 1, 2002, the governor shall appoint two (2) individuals to participate in the adoption of rules by the department of local government finance as described in subsection (c). The term of each individual is one (1) year. The individuals serve at the pleasure of the governor. The expenses of the individuals shall be paid from the budget of the Indiana department of administration.

(b) The individuals:

- (1) must be familiar with the duties and operations of the department of local government finance;
- (2) are not employees of the department;
- (3) are entitled to the minimum salary per diem provided by

IC 4-10-11-2.1(b);

(4) are entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the individuals' duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency; and

(5) may not be affiliated with the same political party.

(c) The individuals appointed under this section shall consider all rules proposed by the department of local government finance for adoption. During the period when the department is formulating a rule for adoption, the department shall provide the proposed rule to each individual appointed under this section. Each individual shall review the proposed rule. Before the department of local government finance takes final action to adopt a rule, the commissioner of the department and the individuals appointed under this section shall vote on the adoption. The department may take final action to adopt a rule only if there are at least two (2) affirmative votes for adoption. If the vote results in disapproval of the adoption, the department may not propose for adoption the same rule, or substantially the same rule, until at least one (1) year after the date of the vote. The department must make a written record of the vote under this subsection. The record of the vote is a public record.

(d) The department of local government finance shall:

(1) provide facilities and support to the individuals appointed under this section for the performance of their duties under this section; and

(2) allow each individual appointed under this section at least two (2) weeks to review a proposed rule before a vote is taken on the proposed rule under subsection (c).

As added by P.L.198-2001, SEC.78.