

2020 Legislative Priority

Issue:

Enhance Assessment Uniformity – assessments

Background:

Members across the state are experiencing inconsistencies in assessments of similar real property features depending on the county in which they reside. The examples below demonstrate how the assessment manual isn't being applied consistently. It also highlights how the rules currently in place are either not clearly defined or not enforced to the degree that creates uniformity across the state concerning similar types of property.

Examples:

- Classifying the land underneath a livestock barn as commercial and therefore, assessing it as commercial rather than agricultural.
- Applying the “neighborhood factor” to uniform real property items, like grain bins.
- Lacking standard interpretations about farmland assessment influence factors such as tillable, non-tillable, wooded, frequently flooded, etc.

Story Points:

- Tax fairness across all property owners is necessary to foster economic growth.
- Uniformity in property tax assessments based on the assessment manual is essential to creating a fair tax environment for the entire state.
- Property owners will save time and money not needing to appeal subjective assessments, especially considering the result of the appeal is only applied to the individual case. [Use your personal example of an assessment you believe was incorrect]
- Incorrect assessment calculations, like applying neighborhood factors to grain bins, have created situations that have falsely inflated tax bills for farmers based on geographic locations.

Key Message/ Ask:

Indiana Farm Bureau supports the General Assembly passing stipulations that bring more uniformity to property tax assessments. This would prevent the piece-meal approach currently in place which leads to inconsistent taxing policies and unpredictable business environments.

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Issue:

Enhance Assessment Uniformity – “dark box”

Background:

Assessment uniformity will continue to be an issue with the continuation of “dark box” store assessment appeals. These occur when a chain-retail store (e.g. Meijer, Lowes, CVS, Kohl’s) that has recently opened in a community appeals its property assessment of the new building by relying upon the valuation of an older, vacant building nearby in order to lower the property tax bill.

Story Points:

- Tax fairness across all property owners is necessary to foster economic growth.
- Uniformity in property tax assessments based on the assessment manual as fact is essential to creating a fair tax environment for the entire state.
- When assessments are not uniform and upheld according to the manual, the effects of the decrease in the county assessed value cause property taxes to be unfairly redistributed to other property owners throughout the county.
- Assessment uniformity prevents the reduction of property tax revenues to local governments that tend to occur in communities close to or above the circuit breaker cap.
- A more uniform assessment process will reduce the costly legal expenses for local governments that are fighting these appeals. As an example, Boone County has spent over \$400,000 in county resources and Lebanon has contributed another \$100,000.
- State action is necessary because many local governments cannot afford the expense of fighting an appeal and concede to the lower assessment.
- More than 300 cases are pending in Indiana Tax Court appealing the assessment of the commercial retail building, with some cases stretching over a five-year period.

Key Message/ Ask:

Indiana Farm Bureau supports the General Assembly passing provisions that close the loophole being used by commercial businesses to reduce their property tax burden by seeking assessments based upon the value of depreciated, unused, older buildings.