

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Assessing Officials and Vendors
FROM: Barry Wood, Assessment Division Director *JBW*
RE: Annual Adjustment Rule
DATE: May 7, 2010

The Annual Adjustment Rule (50 IAC 27) was signed by Governor Mitch Daniels and becomes effective May 8, 2010, and will be in effect for the **March 1, 2011** assessment date. The full rule is available for review on the Department of Local Government Finance's Web site at http://www.in.gov/dlgf/files/Draft_Annual_Adjustment_Rule_50_IAC_27.pdf.

This memoranda highlights a few changes the new rule will implement.

First and foremost, the new rule incorporates by reference the 2007 International Association of Assessing Officers (IAAO) Standard on Ratio Studies. This is significant because it ensures Indiana is concurrent with the most recent IAAO standards, which have been updated from the 1999 Standard. For example, the lowest Coefficient of Dispersion (COD) for a category of a property in a jurisdiction is about five (5). CODs lower than 5.0 could indicate selective reappraisal of sold properties or non-representative samples.

Second, the updated rule addresses the complete physical re-inspection of real property done on a rotating basis over the course of several years. Specifically, 50 IAC 27-3-1(e) requires that all parcels be physically inspected at least once every five (5) years and that a record-keeping system be established to track when the last inspection of each was done. It also requires a physical inspection within sixty (60) days after every sale of a property in the county, and a physical inspection of properties that have applied for building permits. Assessors must establish a process to inspect additional groups each year (for example, each year physically inspecting fifteen percent [15] of the parcels, starting with the oldest inspection dates). Image technology such as Pictometry, which is being used in many assessment jurisdictions, can also be incorporated into the physical inspection process.

While it is anticipated that the two additions mentioned above may result in the inspection of approximately thirty-five percent (35%) of all county parcels during a five-year period (this amount will vary from county to county depending on the number of sales, and the permitting process [if any]), the statutory requirement for a General Reassessment remains in law. The five-year inspection requirement does not substitute for or otherwise alter any provisions required by the General Reassessment. In other words, it goes beyond the 35% category.

Proposed legislation addressing “cyclical reassessments” did not pass in the 2010 legislative session. Although not required, several counties have begun the “cyclical reassessment” process as part of the current annual adjustment process. That is acceptable, provided that assessing officials continue to follow the proper procedures during a General Reassessment, which are outlined in our March 18, 2010 memo, available at [http://www.in.gov/dlgf/files/100318 - Wood Memo - 2012 Reassessment Guidance.pdf](http://www.in.gov/dlgf/files/100318_-_Wood_Memo_-_2012_Reassessment_Guidance.pdf).

If you have any questions, please contact Assessment Division Director, Barry Wood, at 317.232.3762 or Bwood@dlgf.in.gov.