STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO:

County Assessors and Vendors

FROM:

Courtney L. Schaafsma, Director of Data Analysis &

SUBJECT:

Sales Disclosure Data Review Process for 2010 Sales

DATE:

March 4, 2011

This memorandum offers guidance on the submission of 2010 sales data to the Department of Local Government Finance ("Department").

Sales Data Submission Protocols for 2010 Sales

As a result of Public Law 136-2009 (House Enrolled Act 1094-2009), the valuation date and assessment date are both March 1, 2011 for 2011-pay-2012 annual adjustments. As such, the 2010 sales year includes January 1, 2010 through February 28, 2011. Sales from this period should form the basis of 2011-pay-2012 ratio studies.

The process of submitting sales data to the Department differs depending on the process used by the county to track its sales disclosures. Please see below for instructions on the various processes.

Regardless of the process used to transmit the sales data to the Department, all sales disclosure data should be entered, validated and transmitted to the Department on or before March 31, 2011. Subsequent changes to the sales data (such as whether or not a sale is valid for trending) that are made during the ratio study process should be documented by the county. If these changes are significant in nature, the county may be asked to submit such documentation during the ratio study process to explain differences between the submitted sales data and the data used for the ratio study.

If using the State Sales Disclosure Program:

- Make sure all sales disclosures are entered by the public or the county in the program.
- For each sales disclosure that is complete and correct, check the box in Part 2, #11: "Is the form complete?"

art 2 items 10-14 below	specific to each SDF must be completed by the asses
10. Identify any physical changes to pi	operty between March 1 and date of sale.
11. Is the form complete?	
12. Sales fee required?	
. 13. Date of sale (mm/dd/yyyy);	
14. Date form received (mm/dd/уууу):	
Assessor Stamp on Form?	

• Under Part 2, Items 15-18, check box #16 if the sale is valid for trending and check #17 for every sale that has been reviewed, regardless of whether the sale is valid for trending.

Once all sales for January 1, 2010 through February 28, 2011 have been reviewed and validated within the State Sales Disclosure Program, the county should advise the Department that the data is ready for review by sending an email notice to data@dlgf.in.gov. The Department will then begin the sales data review process.

If using a vendor sales disclosure program:

For the 2010 sales data only, the Department is requiring data submitted from vendor systems to be directly submitted to the Department. The files will NOT be submitted through the SharePoint site supported by the Department and the Indiana Business Research Center ("IBRC"). Throughout 2010 and the start of 2011, counties using vendor systems have been advised to regularly post the three required sales disclosure files to a SharePoint site. The files were then to go through an upload process that would allow the data to be publicly searched. Due to the implementation of 50 IAC 26 and various technical issues with the upload process, the Department would like to ensure that it has all appropriate data from counties using vendor systems. To do this, please follow the process identified below to transmit your data to the Department.

- Counties using vendor systems should go through a similar process as that identified above to ensure that all sales have been reviewed and validated.
- After the data has been reviewed and validated, the county should run the three required sales disclosure files SALEDISC, SALECONTAC, and SALEPARCEL for the entire 2010 sales review period or January 1, 2010 through February 28, 2011. The files should be text files and then zipped together into one submission.
- Once these files have been prepared and zipped, the data should be submitted to the Department via email to data@dlgf.in.gov. If the zip file is too large to submit via email, the file may be placed on CD or DVD and mailed to the Department at the address below:

Data Analysis Division
Indiana Department of Local Government Finance
Indiana Government Center North
100 North Senate Ave., N1058
Indianapolis, IN 46204

- Upon receipt of the data, the Department will begin its review.
- Once the data has been determined to be compliant, the Department will work with the IBRC to ensure that all sales data is uploaded to the State Sales Disclosure System and is publicly accessible.

By following the process above, the Department will be able to ensure it has complete and accurate datasets for all counties for the purposes of sales review. This will allow all counties to continue to move forward with the assessment process regardless of any technical issues associated with the upload process. After sales review is completed, the Department will focus on ensuring the data is publicly available and correctly populated. All 2010 sales data coming from a vendor system should go through the process outlined above, regardless of when the data is submitted.

Given this revised method for submission of the 2010 sales data, the Department will take this opportunity to update the State Sales Disclosure System and upload process for the new file formats required under 50 IAC 26. To do this, the Department will be closing the SharePoint site for the month of March 2011. With the site closed

for new submissions, the Department and the IBRC will be able to make the appropriate updates to the State Sales Disclosure System.

The Department will release updated guidance in mid-March on the steps associated with submissions of vendor files to the State for upload. This updated guidance would go into effect when the SharePoint site reopens, which is currently anticipated to be April 1, 2011. While additional guidance will be provided in mid-March, the expectation is that file submissions received from April 1, 2011 and forward for sales occurring on or after March 1, 2011 will be in the new file formats required under 50 IAC 26. The final file specifications and adopted version of 50 IAC 26 can be found at http://www.in.gov/legislative/iac/iac_title?iact=50. This information is being provided now, so vendors can update their systems as necessary in advance of April 1, 2011.

The reopened SharePoint site is to be used only for sales disclosures filed on or after March 1, 2011 (to be used for the 2011 pay 2012 tax year). If a county does not submit its 2010 sales data until after the March 31, 2011 deadline, it should still follow the process outlined above, and that data should not be submitted through the reopened SharePoint site. Submitting 2010 sales data through the reopened SharePoint site could result in longer data review times.

Sales Data Compliance Checks for 2010

The Department will continue to test sales data using a number of different data benchmarks, all of which are designed to answer two key questions:

- 1. Does the data file contain all recorded sales disclosures from the January 1, 2010 through February 28, 2011 time period?
- 2. Is the sales data presented complete and correct?

To answer these questions, the Department will conduct a number of tests, each of which is designed to test a different piece of the total sales data picture:

1. Number of sales disclosure records received versus number expected. This analysis has multiple tests. First, any duplicate sales records, any invalid multiple parcel sales, or any records where critical data (like sales price, taxing district, property class) is missing are deducted from the total number of sales records marked as non-fee exempt (meaning that a \$10 state fee was or should have been charged for the filing). The resulting figure represents all usable sales in the data submission.

Next, the percentage of sales records marked valid for trending is compared to the total number of sales records reported, and also to the total number of sales marked as non-fee exempt, for valuable consideration. These percentages are compared to historical figures for a county to establish a benchmark for what is expected within a reasonable tolerance. This test is designed to determine if sales were correctly recorded as valid for trending.

Finally, the number of non-fee exempt sales is compared against figures provided by the Auditor of State as an additional measure to test whether the data submission contains all the appropriate sales records. For 2010 sales, due to the change in the valuation date, this test will compare sales with conveyance dates between January 1, 2010 and December 31, 2010 to the revenue figures from the Auditor of State for a county for the same time period. As in prior years, the sales data submission should contain at least 90 percent of the records that the revenue figures suggest should be present.

- 2. Number of non-fee exempt duplicate records. The sales data submission is examined for records that are most likely duplicates that is two or more records with identical parcel number, sales date, sales price fields, and similar buyer or seller names.
- 3. Number of non-fee exempt duplicate multiple parcel records. Any multiple-parcel sales recorded with multiple records instead of a single record are identified. Records with the same sales date and seller are used to identify these.
- 4. Range of conveyance dates in the data submission. The Department verifies that the data submission only contains records in the appropriate time period for this review period, that will be January 1, 2010 through February 28, 2011, inclusive.
- 5. Number of non-fee exempt records missing critical data. If any record is missing one or more of the critical data fields, it is unusable for ratio study analysis. As such, records that are missing one or more of the following are identified: state-assigned taxing district number (missing or invalid), property class code (missing or invalid), total sales price (0 or missing), and buyer or seller basic information. If the total of non-fee exempt records missing critical data exceeds 2 percent of the total number of non-fee exempt records in the sales data submission, it will be rejected.
- 6. Number of records in the sales data submission marked as splits. The Department verifies that all splits are included in the sales data file. Generally about 7 percent of the total non-fee exempt sales result from a split. If the total number of splits in the data submission is significantly below this 7 percent benchmark or is significantly different from historical split counts for the county, a warning or rejection item may be issued.
- 7. Matching of non-fee exempt sales disclosure parcel numbers to parcel numbers in real property files. Sales data must contain the correct, 18-digit parcel number for each sold parcel, and this parcel number must match a record in the compliant real property data for 2010-pay-2011. This match is necessary for a proper ratio study analysis as the real property data contains the latest assessed value for the sold parcels. Allowances will be made for splits, but generally the sales data submission parcel numbers should match those in the compliant real property data at least 99 percent of the time.

If a data submission does not pass any of the benchmark tests, warnings or rejection of the data submission will result. If a warning or rejection is issued, the Department's data analysis team will provide as much feedback as possible regarding the nature of the problem(s) and what may be done to correct them.

Further questions on the 2010 sales data process and expectations should be directed to Courtney Schaafsma at cschaafsma@dlgf.in.gov or (317) 232-3759.