



Understanding the DLGF

Brian E. Bailey, Commissioner

Department of Local Government Finance

January 22, 2011



Agency Overview

- **Commissioner**
 - Oversees the operations of the Department and serves as a member of the Distressed Unit Appeals Board
- **Assessment Division**
 - Promotes consistent assessing procedures throughout the state by providing guidance and technical instruction and securing compliance with the law to ensure fair and equitable assessment of property for taxpayers
- **Budget Division**
 - Works closely with local officials in preparing their annual budgets and provides recommendations to the Commissioner on matters related to budgets, rates, levies, exceptions to property tax controls and taxpayer exceptions to tax rate increases



Agency Overview

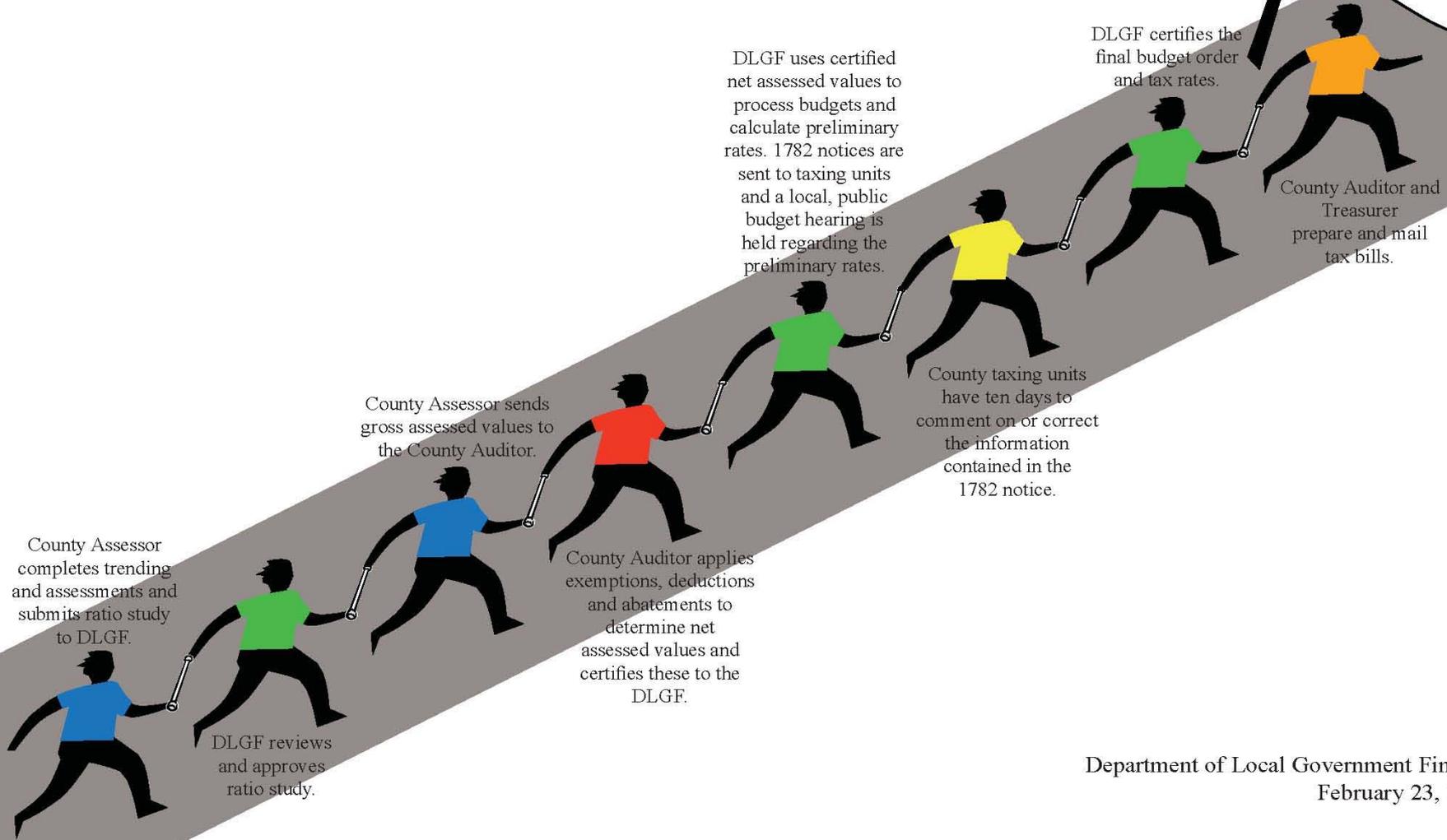
- **Communications Division**
 - Supports communications and public relations activities that serve to promote understanding of property tax assessment and local government budgeting by local officials and taxpayers
- **Data Analysis Division**
 - Review of real, personal, tax billing, and sales data to ensure it meets statutory standards to allow for analysis
- **Legal Division**
 - Drafts and publishes property tax assessment rules and interprets statutory law to ensure property tax assessments and local government budgeting are carried out in accordance with Indiana law, including DLGF rules and regulations



Core Agency Objectives

- Ensures property tax assessment and local government budgeting follow Indiana law
- Ensure that data submission standards and deadlines are met
- Annually reviews and approves tax rates and levies of every political subdivision including all counties, cities, towns, townships, school corporations, libraries and other entities with tax levy authority
- **TOP PRIORITY: ON TIME PROPERTY TAX BILLING** – a joint effort with local county officials

Assessment to Tax Billing: Start to Finish



County Assessor completes trending and assessments and submits ratio study to DLGF.

DLGF reviews and approves ratio study.

County Assessor sends gross assessed values to the County Auditor.

County Auditor applies exemptions, deductions and abatements to determine net assessed values and certifies these to the DLGF.

DLGF uses certified net assessed values to process budgets and calculate preliminary rates. 1782 notices are sent to taxing units and a local, public budget hearing is held regarding the preliminary rates.

County taxing units have ten days to comment on or correct the information contained in the 1782 notice.

DLGF certifies the final budget order and tax rates.

County Auditor and Treasurer prepare and mail tax bills.

ON-TIME TAX BILLS



Assessment

- Director Barry Wood
 - Phone: 317.232.3762
 - E-mail: bwood@dlgf.in.gov
- Assessment Division Deals with:
 - Adjudications (Personal Property)
 - Equalization (Ratio Studies for the Annual Adjustment process)
 - Mobile Home / Personal Property / Real Property / Agricultural Land / Utility Assessment Questions
 - Abatements – Personal Property
 - Appeal Questions
 - Investment Deduction Questions



What is reassessment?

Reassessment (IC 6-1.1-4-4(b))

- Assessors physically inspect each property to ensure that records are correct and up to date
- Inspection accomplishes the gathering of data appropriate to value the property
 - Does this property still have a free-standing garage and an in-ground pool?
 - Is the building on this property still 1,200 square feet or has it increased/decreased in size?



General Reassessment

- Began July 1, 2010
- Affects 2012-pay-2013 property tax bills
- Schedule:
 - December 1, 2010: $\frac{1}{4}$ parcels done
 - May 1, 2011: $\frac{1}{2}$ parcels done
 - October 1, 2011: $\frac{3}{4}$ parcels done
 - March 1, 2012 – all parcels done
- On-Time billing priority



What is trending?

Trending (*i.e., annual adjustment*)

- Property values are adjusted (the adjustment can be positive or negative) on an annual basis to bring them closer to market value-in-use. The assessing official uses sales of properties in a neighborhood, area, or class of property from the previous fourteen months to determine the adjustment factor
- In the past, assessed values were adjusted only after a reassessment, which took place as far apart as every 10 years. Trending now occurs every year



Reassessment vs. Trending

- Trending was implemented to supplement, not replace, the reassessments, which current law requires every 5 years
- Without trending, reassessments resulted in dramatic shifts in assessed values because the values of properties were typically only adjusted during a reassessment year
- Trending requires the assessor to annually adjust the value of the property based on market value-in-use



How does trending work?

- Each year, the assessed value is multiplied by a neighborhood factor derived from sales data on similarly situated properties
- Values can increase. . .

2010 assessed value:	\$100,000
Neighborhood factor:	<u>x 1.1</u>
2011 assessed value:	\$110,000



How does trending work?

- Or values can decrease. . .

2010 assessed value:	\$100,000
Neighborhood factor:	<u>x 0.9</u>
2011 assessed value:	\$90,000



How does trending work?

- Whether values go up or down depends on recent sales prices:

Prices rise 

Factor rises 

Prices fall 

Factor falls 



What is a Ratio Study?

- A comparison between sales and assessed values in the county to ensure that market values are being used to determine assessed values
- Determines if assessments are accurate and equitable (mass appraisal basis)



Who handles property tax appeals?

- Assessors and Property Tax Assessment Board of Appeal (PTABOA) handle appeals at the local level
- The Indiana Board of Tax Review (IBTR) is the state agency charged with deciding property tax assessment appeals
- IBTR addresses appeals contesting:
 - Real property assessments
 - Personal property assessments
 - Denials or grants of exemptions, deductions, and refunds
- IBTR lacks jurisdiction to address appeals where taxpayers contest only their tax bill and not their property's assessment
- Property tax appeals process information can be found on the website, <http://www.in.gov/dlgf/2508.htm>.



Budget

- Director – Karen Large
 - Phone: 317.234.3937
 - E-mail: klarge@dlgf.in.gov
- Budget Division:
 - CAGIT / CEDIT/ COIT/ LOIT related questions
 - Certification of local tax rates, budgets, and levies
 - TIF / Fire protection territories and districts / other special districts
 - Annexations
 - Net Assessed Value Certification Process (NAVs)
 - Excess Levy Appeals and Additional Appropriations



Data Analysis

- Director – Courtney Schaafsma
 - Phone: 317.232.3759
 - E-mail: cschaafsma@dlgf.in.gov
- Data Analysis Division:
 - Review of real, personal, tax billing , and sales data to ensure it meets statutory standards to allow for analysis
 - Critical first step in on-time billing because it paves way for Department to review ratio study and compare trends year over year
 - Fulfillment of numerous public information requests and management of property tax databases including sales disclosure and homestead verification
 - Oversight of software standards and certification of software vendors



2010: “A Year in Review”

- 85 counties billed on-time
- Decreased the number of days late that tax bills were issued by 95.6 percent
 - Pay 2008: 13,416
 - Pay 2009: 8,566
 - Pay 2010: 594
- Improved communication and customer service
 - Weekly e-mails
 - Tools for taxpayers
 - Information for newly elected officials



On-time billing in 2011

- As of January 19, 2011
 - Certified budget orders for units in 52 counties
 - Received certified net assessed values from 88 counties
 - Approved 91/91 submitted ratio studies
- Improvements by both Assessors and Auditors:
 - Assessors: average of 56 days sooner than last year
 - Auditors: average of 84 days sooner than last year
- Goal: 91 counties billing on-time

2008 pay 2009 Budget Certification Status Map

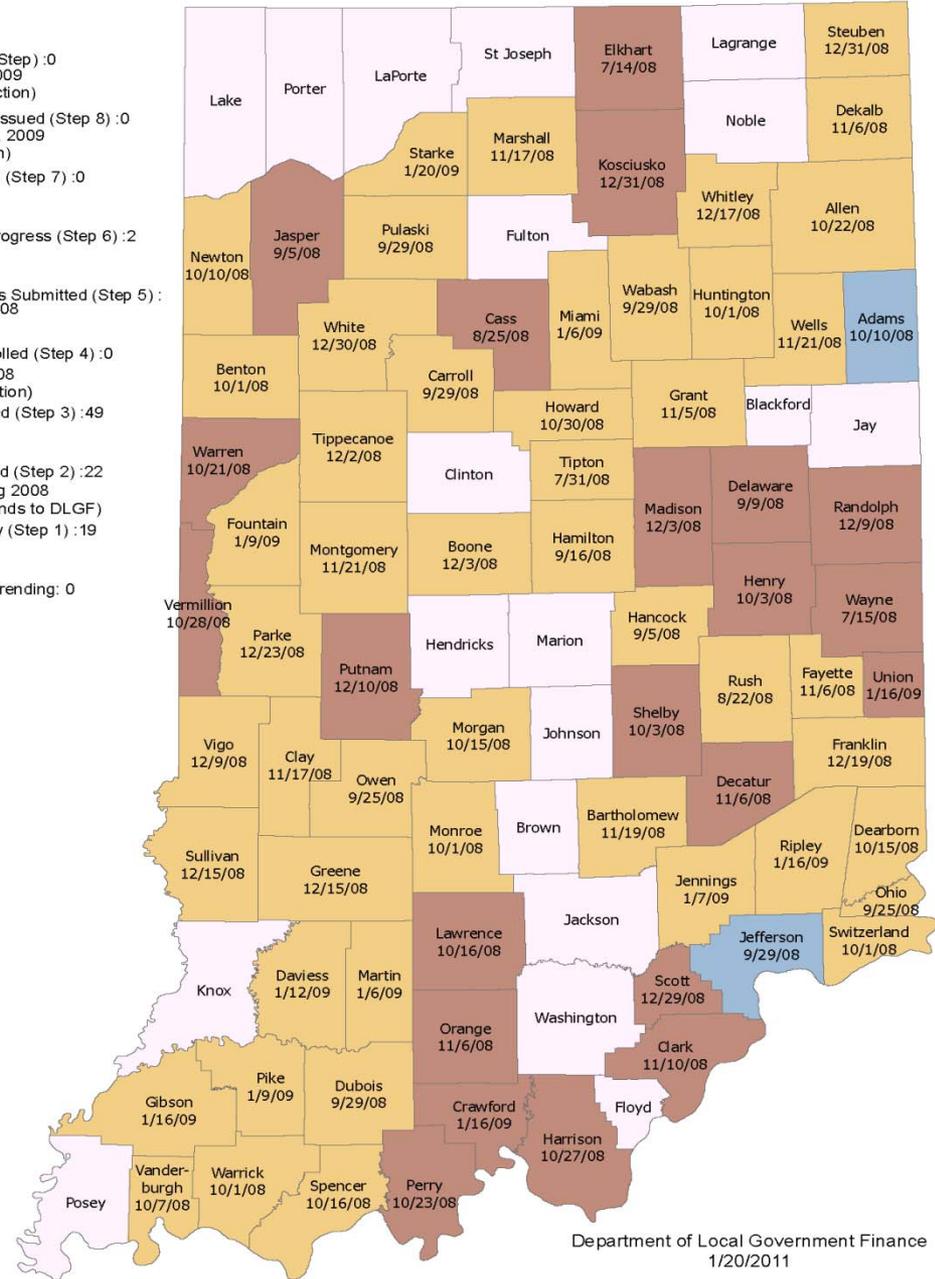
As of January 20, 2009



Progress:
2009 Billing
 As of
January 20, 2009

Indiana Counties

- Tax Bills Due (Final Step) :0
 Due May 10, 2009
 (Co. Treasurer Action)
- Final Budget Order Issued (Step 8) :0
 Due February 15, 2009
 (DLGF Action)
- 1782 Notices Issued (Step 7) :0
 (DLGF Action)
- Budget Review in Progress (Step 6) :2
 (DLGF Action)
- Net Assessed Values Submitted (Step 5) :
 Due August 1, 2008
- Assessed Values Rolled (Step 4) :0
 Due July 1, 2008
 (Co. Assessor Action)
- Sales Ratio Approved (Step 3) :49
 (DLGF Action)
- Sales Ratio Received (Step 2) :22
 Due Spring 2008
 (Co. Assessor sends to DLGF)
- Awaiting Ratio Study (Step 1) :19
- State is performing trending: 0



2009 pay 2010 Budget Certification Status Map

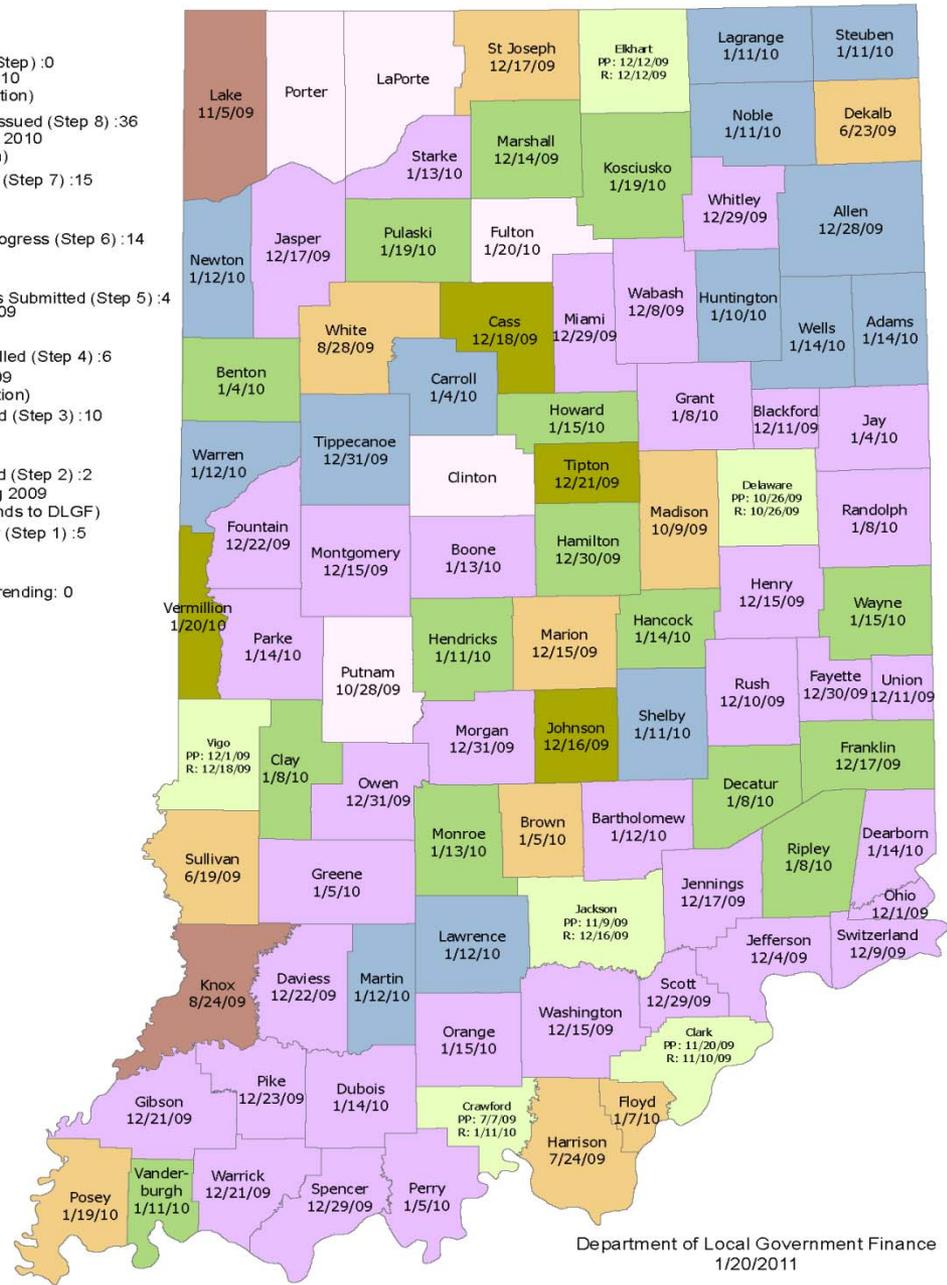
As of January 20, 2010



**Progress:
2010 Billing
As of
January 20, 2010**

Indiana Counties

- Tax Bills Due (Final Step) :0
Due May 10, 2010
(Co. Treasurer Action)
- Final Budget Order Issued (Step 8) :36
Due February 15, 2010
(DLGF Action)
- 1782 Notices Issued (Step 7) :15
(DLGF Action)
- Budget Review in Progress (Step 6) :14
(DLGF Action)
- Net Assessed Values Submitted (Step 5) :4
Due August 1, 2009
- Assessed Values Rollover (Step 4) :6
Due July 1, 2009
(Co. Assessor Action)
- Sales Ratio Approved (Step 3) :10
(DLGF Action)
- Sales Ratio Received (Step 2) :2
Due Spring 2009
(Co. Assessor sends to DLGF)
- Awaiting Ratio Study (Step 1) :5
- State is performing trending: 0



2010 pay 2011 Budget Certification Status Map



Indiana Counties

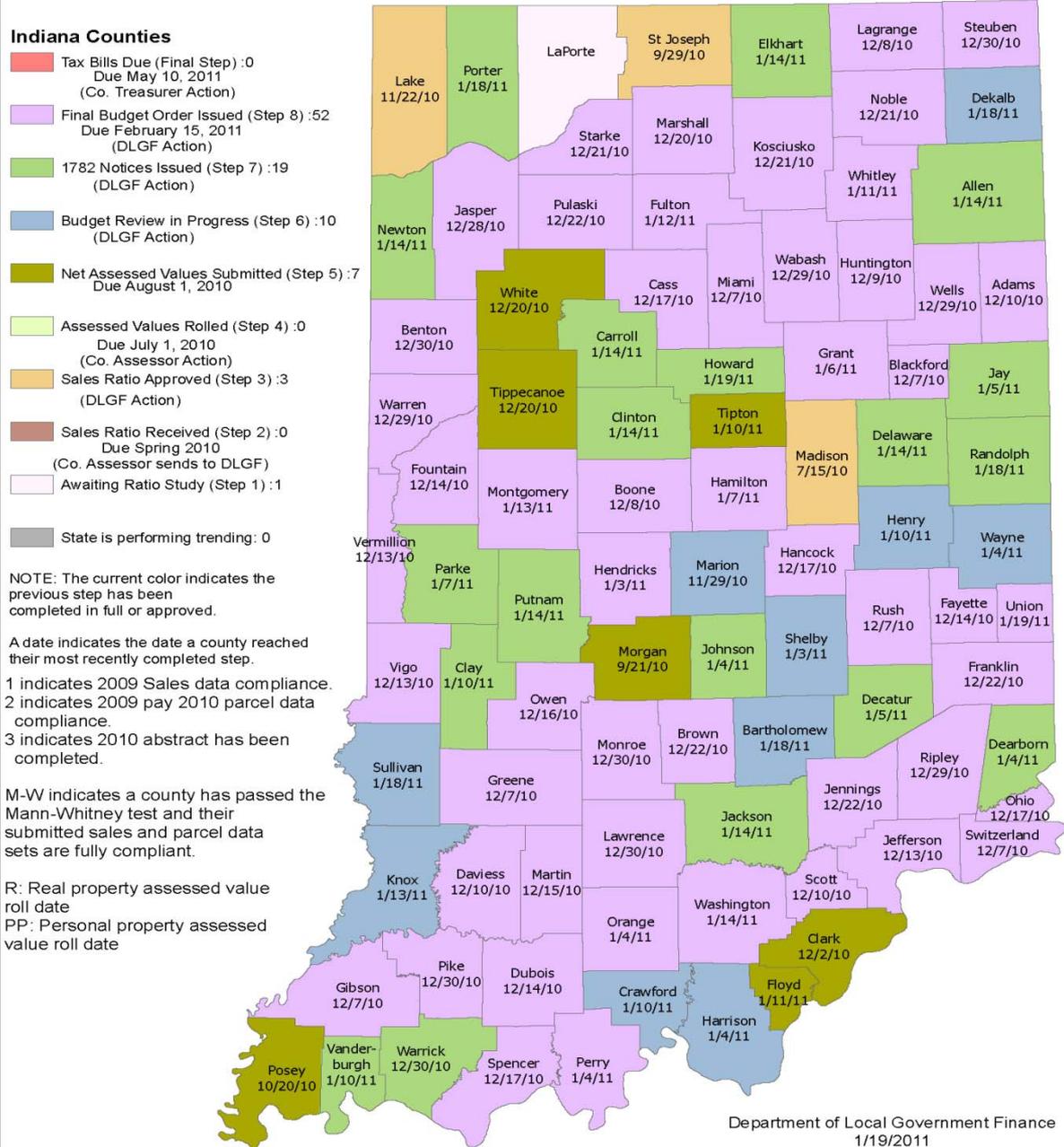
- Tax Bills Due (Final Step) :0
Due May 10, 2011
(Co. Treasurer Action)
- Final Budget Order Issued (Step 8) :52
Due February 15, 2011
(DLGF Action)
- 1782 Notices Issued (Step 7) :19
(DLGF Action)
- Budget Review in Progress (Step 6) :10
(DLGF Action)
- Net Assessed Values Submitted (Step 5) :7
Due August 1, 2010
- Assessed Values Rolled (Step 4) :0
Due July 1, 2010
(Co. Assessor Action)
- Sales Ratio Approved (Step 3) :3
(DLGF Action)
- Sales Ratio Received (Step 2) :0
Due Spring 2010
(Co. Assessor sends to DLGF)
- Awaiting Ratio Study (Step 1) :1
- State is performing trending :0

NOTE: The current color indicates the previous step has been completed in full or approved.

- A date indicates the date a county reached their most recently completed step.
- 1 indicates 2009 Sales data compliance.
 - 2 indicates 2009 pay 2010 parcel data compliance.
 - 3 indicates 2010 abstract has been completed.

M-W indicates a county has passed the Mann-Whitney test and their submitted sales and parcel data sets are fully compliant.

R: Real property assessed value roll date
PP: Personal property assessed value roll date



Progress:
2011 Billing
As of
January 19, 2011



What are the most common deductions/credits?

- Numerous deductions / credits available for property tax payers
 - Homestead Standard Deduction / Supplemental Homestead Deduction
 - Mortgage Deduction
 - Over 65 Deduction/ Over 65 Circuit Breaker Credit
 - Blind or Disabled Deduction
 - Disabled Veteran Deduction
- DLGF Property Tax Deductions Page
 - <http://www.in.gov/dlgef/2344.htm>
 - Includes FAQs, Reference PowerPoints, Fact Sheet for taxpayers, Forms, and more!



Gateway: Online Budget Program

- Piloted in 7 counties
 - Three forms
- Full roll-out for Pay 2012
 - All forms, all units
 - Revamp debt reporting
 - SBOA Annual Report submitted by March 1, 2013 (CY 2012 information)
 - Schools to come online for Pay 2013
- Reporting tools for general public





Transparency

- Reports
 - Property Tax Summaries: comparison with prior years – Pay 2006 – Pay 2010 available
 - Others: AV comparison, ETR, historical budget, rate and levy by unit, taxpayer savings from caps
- Calculation documents
 - LOIT
 - Max Levy sample calculation document
 - Standard packets for each of the calculations done by the Department coming soon



Contact the Department

- Brian E. Bailey
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- Web site: www.in.gov/dlgf
 - “Contact Us”: www.in.gov/dlgf/2338.htm