

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: Release of 2012 Cost Information for the General Reassessment
DATE: July 1, 2011

The Department of Local Government Finance ("Department") is releasing final versions of the residential cost tables for the General Reassessment that is currently underway. The tables have been vetted by both assessors and vendors, and are being released in final form today.

The Department has also completed its final **DRAFT** of the 2012 General Reassessment Commercial and Industrial Cost Tables ("Final Draft"). As the residential cost tables were improved as a result of the vetting process, the Department is giving local assessors and vendors three weeks to review and analyze this Final Draft and give feedback. The Final Draft released today is subject to change based on this feedback. The Department requests that any feedback be submitted by July 22, 2011 to Barry Wood at Bwood@dlgf.in.gov. You will be notified shortly thereafter if any changes have been made to today's Final Draft. **If the Department's cost tables are used, the assessed values for the March 1, 2012 reassessment date must be determined using a FINAL copy of the cost tables.**

Depreciation tables remain the same at this time. Any depreciation tables developed this year would rely on assessment data that incorporated the old cost tables, and would therefore be incompatible with the new cost tables. As datasets incorporating the new cost tables become available, the Department will review the depreciation tables to determine whether updates are needed.

The 2002 General Reassessment Guidelines were based on January 1, 1999 cost information. Overall, specific cost changes have varied by type of improvement and size. **The increase in costs for the 2012 General Reassessment Guidelines does not necessarily mean that an assessed value will increase by a particular amount.** Our testing has indicated that the new cost tables accurately reflect local construction costs for 2011 and are the starting point for the reassessment process. The market value-in-use of a property should reflect current real world data (i.e., sales, income, etc.), as well as any updates a county may have made using a locally-developed depreciation schedule under 50 IAC 27-5-9 (b)(1). In other words, changes in the assessed value could be a result of several factors, including changes in the cost, or other market value-in-use information. **The final assessed value should reflect the market value-in-use for that property.**

The underlying cost information was derived from the Craftsman Book Company 2011 National Construction Estimator using "Average Quality; 'C' Grade; 'Standard or Normal Construction.'" These values have been translated into tables that are compatible with the 2002 General Reassessment Manual format to minimize the implementation burden for local assessors. At the January 2011 Assessor Conference, J. Wayne Moore, the Department's "Cost Table Translator" vendor, and Terry Knee, Supervisor of the Department's Assessment Division, presented a class on the development of the cost table information (see [http://www.in.gov/dlgf/files/110100 -
_Assessor Conference - Knee and Moore -
Cost Schedules for hte 2012 Reassessment.pdf](http://www.in.gov/dlgf/files/110100-_Assessor_Conference_-_Knee_and_Moore_-_Cost_Schedules_for_hte_2012_Reassessment.pdf)). An additional, follow-up class is planned for the September 2011 Assessor Conference.

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