STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
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APPROVAL OF FIFTEEN DAY EXTENSION OF TIME TO COMPLETE REASSESSMENT OF REAL PROPERTY IN MARION COUNTY

The Department of Local Government Finance ("Department") passed Resolution 2007-01 on July 18, 2007, pursuant to Ind. Code § 6-1.1-4-9, finding sufficient cause to believe it necessary to reassess real property in Marion County, Indiana ("County").

On August 1, 2007 the Department issued the Marion County Reassessment Order ("Order"), which is attached hereto and made a part hereof (attached hereto).

Pursuant to numbered paragraph 2 of the Order's subsection entitled "Reassessment Order," the reassessment of real property is to be completed by February 1, 2008, and values are to be rolled to the County Auditor by February 28, 2008.

On Monday, January 21, 2008, the County Assessor, Greg Bowes, requested from the Department a fifteen (15) day extension of time in which to complete the reassessment of real property in the County. The extension petition was the result of a request by the County's reassessment vendor for additional time to complete their work. Mr. Bowes believed the extension would add a significant amount of assessed value to the rolls in two townships sufficient enough to affect the tax rates. Mr. Bowes asserted that the extension of time would not affect the anticipated billing dates because of the anticipated waiver of the two (2) week "1782" notice period in Indiana Code section 6-1.1-17-16(d).

By e-mail to the Commissioner of the Department on January 22, 2008 (attached hereto), Mr. Bowes included the explanation from the County's vendor for their request, and indicated he believed the fifteen (15) day extension was necessary to arrive at accurate numbers that would affect the tax rates paid by all Marion County taxpayers. Mr. Bowes later explained that an overall delay was necessary because, before the Reassessment Order, Center Township had not yet developed any neighborhood delineations or meaningful land values and that this would affect all properties.

After a thorough review of the request and evidence presented by the County Assessor, the Department hereby AMENDS the Order as follows:

The reassessment of real property shall be completed on or before February 15, 2008, and the assessed values shall be rolled to the County Auditor on or before March 14, 2008.

ORDERED this 24th day of January, 2008.

Cheryl A.W. Musgrave, Commissioner
Department of Local Government Finance

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE

I, Timothy J. Rushenberg, General Counsel for the Department of Local Government Finance, hereby certify that the above is an order of the Commissioner made this date in the above-entitled matter and that the Commissioner has personally signed the same under her statutory authority.

WITNESS THE HAND AND SEAL of the Commissioner this 24th day of January, 2008

Timothy J. Rushenberg, General Counsel
Department of Local Government Finance

Attachments:
1. Reassessment Order, August 1, 2007 (11 pages)
2. County Assessor Bowes' email to Commissioner, January 21, 2008 (1 page)

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MARION COUNTY REASSESSMENT ORDER

The Department of Local Government Finance (Department) passed Resolution 2007-01 on July 18, 2007, pursuant to Ind. Code § 6-1.1-4-9, finding sufficient cause to believe it necessary to reassess real property in Marion County, Indiana (Marion County).

The Department published notice of a public hearing in accordance with Ind. Code § 6-1.1-4-10, and held a public hearing regarding the reassessment on July 31, 2007, at the City-County Building, Public Assembly Room, 2nd Floor, 200 E. Washington Street, Indianapolis, Indiana.

After thorough review of all evidence and testimony before the Department, the Department now makes the following findings regarding the need for reassessment of real property in Marion County as of the March 1, 2006, assessment date:

WHEREAS, the Department is charged with maintaining a just and equitable valuation of real property throughout the state; and

WHEREAS, the Department finds the accurate assessment of real property to be an indispensable requirement for a fair and equitable system of property taxation; and

WHEREAS, the Department has adopted 50 IAC 21, an administrative rule that requires the annual adjustment of all real property values in accordance with Ind. Code § 6-1.1-4-4.5 beginning with the March 1, 2006, assessment date; and

WHEREAS, it was the statutory responsibility of the township assessors in Marion County to apply the annual adjustment standards of 50 IAC 21 to real property in Marion County; and

WHEREAS, township assessors failed to properly apply the annual adjustment rule, leading to grossly inequitable assessments and tax bills; and

WHEREAS, recognized statistical measures show that township assessors failed in their statutory duty to properly apply the annual adjustment rule, including the following problems:

- Unimproved residential property assessments in Decatur, Lawrence, Pike, and Warren Townships were below the acceptable range of assessment accuracy required by 50 IAC 21.
- The equity of assessments on improved residential property in Center Township was outside the acceptable range required by 50 IAC 21.
- Improved commercial property assessments in Lawrence, Perry, Pike and Washington Townships were below the acceptable range of assessment accuracy required by 50 IAC 21.
- The equity of assessments on improved commercial property in Lawrence, Perry, Warren, and Washington Townships was outside the acceptable range required by 50 IAC 21.
- The equity of assessments on unimproved commercial property in Franklin, Lawrence, and Warren Townships was outside the acceptable range required by 50 IAC 21.
- Unimproved commercial property assessments in Franklin, Lawrence, Warren, and Wayne Townships were below the acceptable range of assessment accuracy required by 50 IAC 21.
- Improved industrial property assessments in Decatur, Franklin, Lawrence, and Warren Townships were below the acceptable range of assessment accuracy required by 50 IAC 21.
- Unimproved industrial property assessments in Warren and Wayne Townships were below the acceptable range of assessment accuracy required by 50 IAC 21.
- The equity of assessments on unimproved industrial property in Warren Township was outside the acceptable range required by 50 IAC 21.

WHEREAS, a county-wide analysis of gross assessed values on all classes of commercial and industrial property in Marion County revealed that seventy-two percent (72%) of these parcels exhibited no change in assessed value from the 2005 assessment to the 2006 assessment; and

WHEREAS, a county-wide analysis of gross assessed values on vacant commercial land in Marion County revealed that ninety percent (90%) of these parcels exhibited no change in assessed value from the 2005 assessment to the 2006 assessment; and

WHEREAS, a county-wide analysis of gross assessed values on vacant industrial land in Marion County revealed that seventy-eight percent (78%) of these parcels exhibited no change in assessed value from the 2005 assessment to the 2006 assessment; and

WHEREAS, it is the judgment of the Department that reassessment is necessary to correct these and other problems with Marion County's valuations for the March 1, 2006, assessment date; and

WHEREAS, it is the further judgment of the Department that township assessors have demonstrated their inability to properly apply the annual adjustment rule at 50 IAC 21, and they therefore should have only such role in the reassessment as the County Assessor deems appropriate; and

WHEREAS, several professional appraisal firms have experience with and expertise in implementing annual adjustment as required by 50 IAC 21; and

WHEREAS, the Marion County Assessor has requested, under 50 IAC 21-11-1(d), that the Commissioner order him to employ one or more qualified technical advisors in the form of certified professional appraisers to conduct the reassessment of Marion County, and to do so without invoking the process of vendor approval in Ind. Code § 6-1.1-4-17; and

WHEREAS, the Department has concluded based on the evidence that the reassessment of Marion County will proceed more efficiently and effectively if the County Assessor selects the certified professional appraisers that will perform the reassessment, subject to supervision by the County Assessor and the Department; and

WHEREAS, the order to reassess Marion County necessarily voids the tax rates previously certified by the Department and will require the calculation of new tax rates upon completion of the reassessment; and

WHEREAS, the reassessment of Marion County will cause a variety of problems and delays for taxpayers and for governmental units funded by property tax revenue; and

WHEREAS, it is necessary for the county treasurer to continue collecting property taxes in some amount in order to provide funding for local government; and

WHEREAS, it is an appropriate and practical solution to let most taxpayers pay their 2007 property taxes in installment amounts based on their 2006 tax bills until such time as the reassessment is completed; and

WHEREAS, the reassessment of Marion County will create some unique tax and billing issues that will need to be addressed in the Department's reassessment order; and

WHEREAS, Marion County's computer system places some limits on the remedies that are available to taxpayers pending completion of the reassessment.

In light of the above findings, and the need for accurate and equitable assessment of real property in Marion County, the Department hereby ORDERS:

Reassessment Order

1. The County Assessor shall reassess all real property in Marion County for the March 1, 2006, assessment date subject to approval by the Department. This reassessment shall not require full-scale reassessment activities normally associated with a general reassessment such as physical inspection of every property. The actions required for this reassessment are explained in detail below.

2. The reassessment of real property shall be completed by February 1, 2008, and assessed values shall be rolled to the County Auditor by February 28, 2008.

3. The valuation date for purposes of this reassessment shall be January 1, 2005. The effective date of the reassessment shall be March 1, 2006.

4. The Department reserves the right to examine, review, and reject any work product of the County Assessor at any time during the reassessment. The County Assessor shall meet with the Department and provide a status report within sixty (60) days of the date of this order. The County Assessor shall meet with the Department and provide a monthly status report thereafter or on such other dates as the Department may prescribe.

5. The County Assessor shall promptly provide any assistance requested by the Department and shall produce any documents, records, or other work product within three (3) calendar days of a written request by the Department.

6. The township assessors shall promptly provide any assistance requested by the Department or the County Assessor and shall produce any documents, records, or other work product within three (3) calendar days of a written request by the Department or the County Assessor.

Authority to Retain a Professional Appraisal Firm

7. The reassessment shall be completed in an expedited manner, and in consideration of the schedule contained in this order, the Department orders that the County Assessor retain one or more certified professional appraisers to perform the reassessment, subject to the approval and supervision of the Department. The County Assessor may, in his discretion, retain one or more certified professional appraisers to perform the reassessment of residential property, subject to the approval and supervision of the Department. The County Assessor shall not retain any certified professional appraisers that performed the inadequate assessments in Marion County.

8. The Department expressly authorizes the County Assessor to retain one or more certified professional appraisers to perform the reassessment through Special Procurement and

without employing the provisions of Ind. Code § 6-1.1-4-17. A contract between the County Assessor and a certified professional appraiser shall be reviewed for approval by the Department under Ind. Code § 6-1.1-4-18.5.

9. Any professional appraisers retained by the County Assessor shall use as much information as already has been compiled by township assessors as is useful in completing the reassessment.

10. In this order, any reference to the County Assessor shall be interpreted to include reference to any certified professional appraisers that may be retained by the County Assessor.

Scope of Work – Land Valuation

11. The County Assessor shall evaluate all real property land values.

12. The County Assessor shall use the methodologies approved by the Department in 50 IAC 2.3 and 50 IAC 21 to make a determination in regard to the accuracy of current land values. If sufficient sales data is not available, the County Assessor may use any information authorized under 50 IAC 21-5-2(b).

13. The County Assessor is required to establish new land base rates if the existing base rates are inaccurate.

14. The County Assessor shall review the allocation of Primary land, Secondary land, Usable Undeveloped land, and Unusable Undeveloped land and make any changes that are necessary to reach accurate land values.

15. The reassessment of land values shall not be considered complete until the Department has reviewed the proposed land values and provided written approval of a sales ratio study for each township.

Scope of Work – Neighborhood Evaluation

16. The County Assessor shall use current GIS maps and other information to review neighborhood boundaries and refine, develop, modify, or delineate assessment neighborhood boundaries to reflect comparable properties and property use groups. In order to accomplish this review, the County Assessor shall be granted access to any such GIS maps or other information necessary.

Scope of Work –Residential Properties

17. Under the direction and supervision of the County Assessor, the township assessors, contracted certified professional appraisers, or a combination as determined by the County

Assessor, shall review and adjust residential land values. No changes shall be made to the values of residential land unless expressly approved by the County Assessor.

18. A review of the initial March 1, 2006, annual adjustment analysis shall be completed in order to identify and create new neighborhoods to stratify sales data so that each neighborhood meets the statistical requirements of 50 IAC 21.

19. Under the direction and supervision of the County Assessor, the township assessors, contracted certified professional appraisers, or a combination as determined by the County Assessor, shall review and adjust the assessments of all improved residential properties. No changes shall be made to the values of residential properties unless expressly approved by the County Assessor.

20. In reviewing and adjusting improved residential properties, the township assessors must use assessment methodology approved by the Department in either 50 IAC 2.3 or 50 IAC 21.

Scope of Work – Cost Approach

21. The County Assessor shall develop an annual adjustment factor for all non-residential properties using updated cost and depreciation tables that reflect property values for January 1, 2005, and shall apply the factor to either the individual components or the overall improvement value.

22. The annual adjustment factors developed under the cost approach must be approved in writing by the Department before they are applied to the value of any property. If the Department rejects the annual adjustment factors, the County Assessor shall develop new factors.

Scope of Work – Sales Approach

23. The County Assessor shall evaluate the validity of each sale from the 2004 and 2005 sales disclosure file database, and where applicable, generate and apply an annual adjustment factor calculated for all non-residential property.

24. The annual adjustment factors developed under the sales approach must be approved in writing by the Department before they are applied to the value of any property. If the Department rejects the annual adjustment factors, the County Assessor shall develop new factors.

Scope of Work – Reconciliation of Cost and Sales Approaches

25. Once the factors have been determined under the cost approach and sales approach, those factors shall be compared and reconciled in accordance with generally accepted appraisal practices to develop a final annual adjustment factor for each non-residential property.

26. The final annual adjustment factors developed under the cost and sales approaches must be approved in writing by the Department before they are applied to the value of any property. If the Department rejects the annual adjustment factors, the County Assessor shall develop new factors.

27. Once the final annual adjustment factors have been developed by the County Assessor, the County Assessor shall provide a report for data entry into a CAMA system. Once the final annual adjustment factors have been developed by the County Assessor, the county Assessor shall ensure that the data is entered into a CAMA system, either by township assessors or otherwise.

Scope of Work – Income Approach

28. The County Assessor may use the income approach to develop assessed values for non-residential properties as he deems appropriate. Any assessment changes resulting from application of the income approach must be approved in writing by the Department before they are applied to the value of any property. If the Department rejects the income approach assessed values, the County Assessor shall develop assessed values for those properties.

Scope of Work – Final Ratio Study

29. Once all non-residential real property has been reviewed and final annual adjustment factors have been applied, a sales-assessment ratio study shall be completed by the County Assessor.

30. The final ratio study shall be performed using the methods or combination of methods acceptable under the Standard on Ratio Studies published by the International Association of Assessing Officers ("IAAO") or other acceptable appraisal methods approved by the Department in 50 IAC 21.

Final Review and Approval by the Department

31. The Department shall review the final ratio study to determine whether the reassessment work has resulted in accurate and equitable assessments in all classes of property.

32. If the Department finds errors in the accuracy or equity of assessment, the Department may reject the proposed assessments and direct the County Assessor to take any corrective action the Department deems necessary to achieve accurate and equitable assessments.

Property Tax Billing and Payment Issues

33. This order to reassess real property in Marion County necessarily voids the 2007 certified tax rates previously approved by the Department and requires the calculation of new tax rates upon completion of the reassessment. The 2006-pay-2007 assessed values previously determined shall be void for all purposes except those stated in ¶¶ 37-41, and ¶ 43.

34. Except as otherwise stated in ¶¶ 37-44 below, taxpayers in Marion County are required to pay only the amount of their 2006 bills (for the March 1, 2005 assessment date) for the 2007 spring and fall installments until the reassessment is completed and bills are issued based on new values established by reassessment (called "reconciliation bills" in this order). The Marion County Treasurer shall issue fall bills bearing the amount of each taxpayer's 2006 obligation (with one-half of the obligation reflected in the fall bill), except as otherwise stated in this order. Any overpayment of the spring installment (that is, any amount greater than one-half of a taxpayer's 2006 bill) shall be credited against the amount due in the fall bill. Any overpayment remaining after payment of the fall bill shall be retained by the county in a surplus account and applied as a credit to the taxpayer's reconciliation bill. Any overpayment remaining after the reconciliation bill shall be refunded to the taxpayer.

35. Payments for the spring installment shall be due on August 10, 2007. Payments for the fall installment shall be due on November 13, 2007.

36. The reconciliation bills shall be mailed no later than April 14, 2008. Payments for the reconciliation bills shall be due on April 30, 2008.

37. If a property is subject to a valid homestead or other deduction for the 2006-pay-2007 tax year, but was not subject to a homestead or other deduction for the 2005-pay-2006 tax year, the taxpayer shall be allowed to pay the lesser of the 2005-pay-2006 or 2006-pay-2007 bill. The taxpayer will be additionally liable to pay the amount of any reconciliation bill after reassessment is completed.

38. If a taxpayer's 2005-pay-2006 bill was for vacant land or land with construction-in-process, and the taxpayer's 2006-pay-2007 bill for the same parcel includes a completed improvement, the taxpayer shall pay on 2006-pay-2007 value of their property multiplied by the 2006 net tax rate. The taxpayer shall further be liable to pay the amount of any reconciliation bill after reassessment is completed and new tax rates are established.

39. Taxpayers owing property tax on mobile homes or on business personal property shall be obligated to pay based on the 2006-pay-2007 value of their property multiplied by the 2006 net tax rate. Such taxpayers shall further be liable to pay the amount of any reconciliation bill after reassessment is completed and new tax rates are established.

40. When a parcel that was a single parcel for the 2005-pay-2006 assessment has been divided into two or more parcels for the 2006-pay-2007 assessment, the taxpayer shall pay an amount consisting of the 2006-pay-2007 assessed value multiplied by the 2005-pay-2006 net tax

rate. Such taxpayers shall further be liable to pay the amount of any reconciliation bill after reassessment is completed and new tax rates are established.

41. When parcels that were separately assessed for the 2005-pay-2006 assessment have been combined into a single parcel for the 2006-pay-2007 assessment, the taxpayer shall pay an amount equal to the total 2005-pay-2006 property tax bills for all of the parcels that have been combined. Such taxpayers shall further be liable to pay the amount of any reconciliation bill after reassessment is completed and new tax rates are established.

42. For common areas billed to homeowners associations in 2005-pay-2006 that are now attributed fractionally to individual parcel owners, no amount is to be paid by the homeowners association or individual parcel owners under this reassessment order. This obligation will be addressed in reconciliation bills.

43. If a property is subject to a valid total or partial tax exemption for the 2006-pay-2007 tax year, but was not subject to a tax exemption for the 2005-pay-2006 tax year, the owner of the property shall be allowed to pay the lesser of the 2005-pay-2006 or 2006-pay-2007 bill.

44. The Marion County Treasurer may send fall bills in 2007 reflecting corrections of errors on 2006 assessments and bills (applying 2006 rates).

45. Because calculation of assessments for the March 1, 2007, assessment date requires valid and accurate assessments for the March 1, 2006, assessment date, and no such valid and accurate assessment exists, the County Assessor shall direct the township assessors in Marion County to work on establishing assessments for the March 1, 2007, assessment date or to perform such other tasks as he may direct.

46. Payments by the Marion County Treasurer to local governmental units shall be treated as advancements, not distributions, until new tax rates have been certified based on the reassessment. Any advancement under this section shall be addressed in the manner consistent with the standard practices of the Auditor of State. No abstract shall be due until after new tax rates and assessed valuations have been certified.

47. The Department will approve financial institutions tax (FIT) and county vehicle excise tax (CVET) advancements to Marion County in the full amount of 2006 distributions.

48. The Marion County Auditor and Marion County Treasurer shall be allowed to compute and levy any special assessments otherwise allowed by law during the reassessment period.

Requirement of Reconciliation Bill and Notice of Change in Assessment

49. The Marion County Treasurer shall mail a reconciliation bill on each and every parcel in the county upon completion of the reassessment. This reconciliation billing is required even if the taxpayer does not owe additional taxes or is entitled to a refund or credit. This

reconciliation billing shall include notification of change in assessment as required by Ind. Code § 6-1.1-4-22 in order to establish appeal rights for each taxpayer. This notice of change in assessment is required even if the taxpayer's assessment did not change or decreased in value. A taxpayer shall have forty-five (45) days from the date the reconciliation bill and notice is mailed to appeal the assessed value developed during the reassessment.

Assessment Appeals

50. All assessment appeals for the March 1, 2006, assessment date shall be stayed pending the completion of the reassessment. Any exemption appeals that may be pending shall continue to be processed according to Indiana law.

51. Upon conclusion of the reassessment, the County Assessor shall implement a procedure for promptly contacting taxpayers that had filed an appeal before the mailing of the reconciliation bill to determine whether the taxpayer wishes to pursue the previously filed appeal. If the taxpayer chooses to pursue the appeal, it shall be processed in accordance with Ind. Code § 6-1.1-15. If the taxpayer chooses to withdraw the appeal, the County Assessor shall confirm this fact in writing and dismiss the appeal petition.

52. Any assessment appeals filed from the reconciliation bills after completion of the reassessment shall be processed in accordance with Ind. Code § 6-1.1-15.

Cost of Reassessment

53. Pursuant to Ind. Code § 6-1.1-4-29(a), all costs of the reassessment of real property in Marion County for the March 1, 2006, assessment date under the terms set forth in this order shall be paid from county funds. The county auditor shall issue warrants for the payment of reassessment expenses. No prior appropriations are required in order for the auditor to issue warrants.

54. The Department estimates that the total cost of the reassessment of real property in Marion County for the March 1, 2006, assessment date under the terms set forth above shall not exceed three million dollars ($ 3,000,000.00). In accordance with Ind. Code § 6-1.1-4-29(b), the county assessor, the county property tax assessment board of appeals, and the county auditor may not exceed the amount so estimated by the department of local government finance.

55. Nothing in this order shall preclude the county's fiscal authorities from appropriating, reappropriating, transferring or spending funds for assessment or assessment-related purposes.

SO ORDERED this 1ST day of AUGUST, 2007.

Cheryl A.W. Musgrave, Commissioner
Department of Local Government Finance

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE

I, Michael C. Dart, General Counsel for the Department of Local Government Finance, do hereby certify that the above is a full, true, and complete copy of the order of the Commissioner made this date in the above-entitled matter.

WITNESS MY HAND AND SEAL of the Commissioner on this 1ST day of AUGUST, 2007.

Michael C. Dart, General Counsel
Department of Local Government Finance

Distribution:
Hon. Greg Bowes
Marion County Assessor
200 East Washington Street, Room 1121
Indianapolis, IN 46204

Hon. Billie Breaux
Marion County Auditor
200 East Washington Street, Room 801
Indianapolis, IN 46204

Hon. Michael Rodman
Marion County Treasurer
200 East Washington Street, Room 1060
Indianapolis, IN 46204

Rushenberg, Tim

To: Musgrave, Cheryl
Subject: RE: Marion County Reassessment Progress

-----Original Message-----
From: Bowes, Greg [mailto:GBOWES@indygov.org]
Sent: Tuesday, January 22, 2008 4:45 PM
To: Musgrave, Cheryl
Subject: Marion County Reassessment Progress

Hello Commissioner Musgrave,

Thank you for calling yesterday about Marion County's request for additional time to complete its reassessment.

I am forwarding you the email we received from Manatron describing the status of their work, and how that relates to our request. I am hoping that assures you that this extension is necessary to arrive at accurate and defensible numbers that will affect the rates paid by all Marion County taxpayers.

One of the reasons this needs to be an overall delay rather than an effort to make parcel-by-parcel corrections seems to be the explanation that Center Township had not yet developed any neighborhood delineations or meaningful land values. This is the kind of fundamental work that would affect all properties. The extra two weeks will allow us to have a sound basis for any assessment in both this and future years.

If you have any further questions, please do not hesitate to call.

Greg Bowes
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