

**Final Rule**

LSA Document #09-502(F)

**DIGEST**

Adds [50 IAC 27](#) to establish procedures and standards to govern local assessing officials and the department of local government finance in the annual adjustment of assessed valuations of real property. Repeals [50 IAC 14](#), [50 IAC 21-1](#), [50 IAC 21-2](#), [50 IAC 21-3](#), [50 IAC 21-4-1](#), [50 IAC 21-4-2](#), [50 IAC 21-5](#), [50 IAC 21-6](#), [50 IAC 21-7](#), [50 IAC 21-8](#), [50 IAC 21-9](#), [50 IAC 21-10](#), [50 IAC 21-11](#), and [50 IAC 21-12](#). Effective 30 days after filing with the Publisher.

[50 IAC 14](#); [50 IAC 21-1](#); [50 IAC 21-2](#); [50 IAC 21-3](#); [50 IAC 21-4-1](#); [50 IAC 21-4-2](#); [50 IAC 21-5](#); [50 IAC 21-6](#); [50 IAC 21-7](#); [50 IAC 21-8](#); [50 IAC 21-9](#); [50 IAC 21-10](#); [50 IAC 21-11](#); [50 IAC 21-12](#); [50 IAC 27](#)

SECTION 1. [50 IAC 27](#) IS ADDED TO READ AS FOLLOWS:

**ARTICLE 27. ANNUAL ADJUSTMENTS AND EQUALIZATION STANDARDS**

**Rule 1. Purpose and Applicability**

**[50 IAC 27-1-1](#) Purpose**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#); [IC 6-1.1-13](#)

Sec. 1. The purpose of this article is to establish procedures and standards to govern local assessing officials and the department in the annual adjustment of assessed valuations of real property under [IC 6-1.1-4-4.5](#) and [IC 6-1.1-13](#). The procedures, procedural requirements, and standards established by this article:

- (1) shall be followed to attain a just, equal, and uniform basis and level of assessment among taxpayers in a county and from county to county; and
- (2) will ensure that the annual assessed valuations are reflective of current market value-in-use conditions.

*(Department of Local Government Finance; [50 IAC 27-1-1](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**[50 IAC 27-1-2](#) Applicability**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1](#)

Sec. 2. This rule applies to local assessing officials and the department exercising authority under [IC 6-1.1-4-4.5](#), [IC 6-1.1-13-6](#), or [IC 6-1.1-14-5](#) in making annual adjustments in assessed valuations of real property within and across classifications and to equalizing values throughout counties.

*(Department of Local Government Finance; [50 IAC 27-1-2](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**[50 IAC 27-1-3](#) Procedures**

Authority: [IC 6-1.1](#)

Affected: [IC 6-1.1-4](#)

**Sec. 3. In making annual adjustments in assessed valuations of real property, local assessing officials are required to do the following:**

- (1) Reevaluate the factors that affect value.
- (2) Express the interactions of those factors mathematically.
- (3) Use mass appraisal techniques to estimate updated property values within statistical measures of accuracy.
- (4) Provide notice to taxpayers of an assessment change that results from the application of annual adjustments.
- (5) Adhere to the Uniform Standards of Professional Appraisal Practice in the performance of their duties. These standards may be found at [www.appraisalfoundation.org](http://www.appraisalfoundation.org).

*(Department of Local Government Finance; [50 IAC 27-1-3](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

#### **[50 IAC 27-1-4](#) Method**

**Authority:** [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

**Affected:** [IC 6-1.1-13](#); [IC 6-1.1-14](#)

**Sec. 4. County assessors and the department may use any method or combination of methods acceptable under the International Association of Assessing Officials (IAAO) Standards to perform the tasks mandated by this article. "IAAO standards" refers collectively to the:**

- (1) IAAO Standard on Ratio Studies (July 2007);
- (2) IAAO Standard on Tax Policy (August 2004); and
- (3) IAAO Standard on Mass Appraisal of Real Property (rev. January 2008);

which are hereby incorporated by reference. The IAAO standards are available from the IAAO on their webpage: [www.iaao.org](http://www.iaao.org). Unless otherwise indicated, the definitions in the glossary or definition sections of the IAAO standards apply to all such terms that are used in this article.

*(Department of Local Government Finance; [50 IAC 27-1-4](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

## **Rule 2. Definitions**

#### **[50 IAC 27-2-1](#) Applicability**

**Authority:** [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

**Affected:** [IC 6-1.1-4-4.5](#)

**Sec. 1. The definitions in this rule and [50 IAC 2.3-1-2\(c\)](#), referring to the 2002 Real Property Assessment Manual and Guidelines 'Version A', apply throughout this article until February 28, 2012, at which time the definitions in this rule and [50 IAC 2.4-1-1\(c\)](#), referring to the 2012 Real Property Assessment Manual and Guidelines, apply. Definitions and procedures in this article shall take precedence where differences exist.**

*(Department of Local Government Finance; [50 IAC 27-2-1](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

#### **[50 IAC 27-2-2](#) "Commissioner" defined**

**Authority:** [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

**Affected:** [IC 6-1.1-30-6.5](#)

**Sec. 2. "Commissioner" means the commissioner of the department.**

*(Department of Local Government Finance; [50 IAC 27-2-2](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**[50 IAC 27-2-3](#) "Contract" defined**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4](#); [IC 6-1.1-31.7](#)

Sec. 3. "Contract" refers to an agreement under [IC 6-1.1-4-17](#) through [IC 6-1.1-4-19.5](#) between a county assessor and an appraiser under [IC 6-1.1-31.7](#) to perform services related to the requirements under this article.

(Department of Local Government Finance; [50 IAC 27-2-3](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))

**[50 IAC 27-2-4](#) "County" defined**

Authority: [IC 6-1.1-13-5](#); [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 4. "County" means an entire Indiana county.

(Department of Local Government Finance; [50 IAC 27-2-4](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))

**[50 IAC 27-2-5](#) "Department" defined**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-30-1.1](#)

Sec. 5. "Department" means the department of local government finance.

(Department of Local Government Finance; [50 IAC 27-2-5](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))

**[50 IAC 27-2-6](#) "Direct equalization" defined**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 6. "Direct equalization" means the process of converting ratio study results into adjustment factors and changing locally determined assessed values to more nearly reflect market value-in-use or the legally required level of assessment.

(Department of Local Government Finance; [50 IAC 27-2-6](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))

**[50 IAC 27-2-7](#) "IAAO standards" defined**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 7. "IAAO standards" refers collectively to the International Association of Assessing Officers (IAAO) standards incorporated by reference in [50 IAC 27-1-4](#).

(Department of Local Government Finance; [50 IAC 27-2-7](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))

**[50 IAC 27-2-8](#) "Local assessing official" defined**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 8. "Local assessing official" means the:

- (1) county assessor; or
- (2) township assessor (if any);

who is responsible for performing local assessing tasks in accordance with the Indiana Administrative Code.

*(Department of Local Government Finance; [50 IAC 27-2-8](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**[50 IAC 27-2-9](#) "Property tax assessment board of appeals" or "PTABOA" defined**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#); [IC 6-1.1-28-1](#)

Sec. 9. The "property tax assessment board of appeals" or "PTABOA" means the board authorized by [IC 6-1.1-28-1](#).

*(Department of Local Government Finance; [50 IAC 27-2-9](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**[50 IAC 27-2-10](#) "Ratio study" defined**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 10. "Ratio study" is used as a generic term for sales-based studies designed to evaluate assessment performance. It is a study of the relationship between appraised or assessed values and market value-in-use as reflected by sales or other information.

*(Department of Local Government Finance; [50 IAC 27-2-10](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**[50 IAC 27-2-11](#) "Sales chasing" defined**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 11. "Sales chasing" has the meaning set forth in the IAAO Standard on Ratio Studies (July 2007), which is the practice of using the sale of a property to trigger a reappraisal of that property at or near the selling price. If sales with such appraisal adjustments are used in a ratio study, the practice causes invalid uniformity results and causes invalid appraisal level results, unless similar unsold parcels are reappraised by a method that produces an appraisal level for unsold properties equal to the appraisal level of sold properties. By extension, any practice that causes the analyzed sample to misrepresent the assessment performance for the entire population as a result of acts by the assessor's office.

*(Department of Local Government Finance; [50 IAC 27-2-11](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**[50 IAC 27-2-12](#) "Stratification" defined**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

**Sec. 12. "Stratification" means the process by which all properties in a county are divided into groups of similar properties by criterion such as type, location, age, or class.**

*(Department of Local Government Finance; [50 IAC 27-2-12](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**[50 IAC 27-2-13](#) "Township" defined**

Authority: [IC 6-1.1-13-5](#); [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-4-4.5](#)

**Sec. 13. "Township" means an Indiana township that has a township assessor.**

*(Department of Local Government Finance; [50 IAC 27-2-13](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**[50 IAC 27-2-14](#) "Value calibration analysis" defined**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

**Sec. 14. "Value calibration analysis" means the process by which local assessing officials correlate proposed values with verified sales of similar properties within stratified groups as an integral part of performing annual adjustment functions to ensure that adjusted assessments will satisfy performance standards as measured by ratio studies.**

*(Department of Local Government Finance; [50 IAC 27-2-14](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

### **Rule 3. Data**

**[50 IAC 27-3-1](#) Property characteristics data**

Authority: [IC 6-1.1](#)

Affected: [IC 6-1.1-4-4.5](#)

**Sec. 1. (a) Accuracy of property characteristics data is an essential element in developing accurate valuations for assessment. Accuracy is typically checked by selecting a sample of properties and having the property characteristics data collected again by a supervisor or deputy assessor in the county assessor's office.**

**(b) Property characteristics data must be continually updated in response to changes brought about by:**

- (1) new construction;**
- (2) new parcels;**
- (3) remodeling;**
- (4) demolition; and**
- (5) destruction.**

**(c) The receipt of building permits for all significant construction activity, aerial photographs, and a locally-developed system for making periodic field inspections to identify properties and ensure that property characteristics data are complete and accurate shall be utilized to update property**

characteristics data in the county.

(d) Property characteristics data of properties whose sales are candidates for use in value calibration analysis and ratio studies shall be independently verified and updated by field inspection within sixty (60) days of the ownership transfer sale date.

(e) The period of time between physical inspections of individual properties in the county shall be not greater than five (5) years. Such inspections may be for any valid reason, such as reassessment, new construction, or sales data verification. When a physical inspection is conducted, all property characteristics shall be inspected and verified during the visit to the property. The county assessor shall employ a reliable record keeping system for tracking physical inspections and identification of properties requiring inspection because of the five (5) year time limit.

(f) The basic physical characteristics of each property used in the ratio study must be the same when assessed and when sold.

(g) The basic physical characteristics of each property used in value calibration analysis must be the same when a new candidate adjusted value is calculated as when the property sold. This means that a snapshot of the physical characteristics of each sold property at the time of the sale must be retained in the database for calibration analysis.

*(Department of Local Government Finance; [50 IAC 27-3-1](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

#### [50 IAC 27-3-2](#) Sales data

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1](#)

Sec. 2. (a) To the greatest extent possible, county assessors shall use sales of properties occurring after January 1 of the calendar year immediately preceding the March 1 assessment date in performing value calibration analysis and sales ratio studies under this article for the county. For example, sales beginning on January 1, 2009, shall be used for the March 1, 2010, assessment date.

(b) If insufficient sales data satisfying the IAAO Standard for Ratio Studies are available for the county as a whole, county assessors may use data from earlier time periods, time adjusting the data as described in the applicable IAAO standards incorporated by reference in [50 IAC 27-1-4](#).

(c) If data other than described in subsection (a) or (b) are intended for use, the county assessor shall first explain in writing to the director of the division of data analysis of the department the reasons for using other data and obtain approval for in writing prior to its use.

(d) If adequate sales data satisfying the IAAO standard are not available, other methods for testing the validity of the assessment prescribed by applicable IAAO standards incorporated by reference in [50 IAC 27-1-4](#) may be used.

*(Department of Local Government Finance; [50 IAC 27-3-2](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

#### Rule 4. Ratio Studies and Sales Verification

##### [50 IAC 27-4-1](#) Ratio studies

Authority: [IC 6-1.1](#)

Affected: [IC 6-1.1-4-4.5](#)

**Sec. 1. All ratio studies shall be performed using the methods or combination of methods acceptable under the IAAO standards incorporated by reference in [50 IAC 27-1-4](#).**

*(Department of Local Government Finance; [50 IAC 27-4-1](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

#### **[50 IAC 27-4-2](#) Equation**

**Authority:** [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)  
**Affected:** [IC 6-1.1-4-4.5](#)

**Sec. 2. Assessed values are the numerators in the ratios used in a ratio study. Sale price, as an indicator of market value-in-use, is the denominator in the calculation of the ratio.**

$$\text{Assessed Value} / \text{Sales Price} = \text{Sales Ratio}$$

*(Department of Local Government Finance; [50 IAC 27-4-2](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

#### **[50 IAC 27-4-3](#) Applicability of ratio studies**

**Authority:** [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)  
**Affected:** [IC 6-1.1-4-4.5](#)

**Sec. 3. (a) County assessors and the department use ratio studies as a primary mass appraisal testing procedure and the most important performance analysis tool.**

**(b) The ratio study assists the county in providing fair and equitable assessment of all property.**

**(c) The ratio study is used to measure and evaluate the level and uniformity of mass appraisal models, determine time trends, and to adjust assessed values between general reassessments.**

*(Department of Local Government Finance; [50 IAC 27-4-3](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

#### **[50 IAC 27-4-4](#) Frequency of ratio studies**

**Authority:** [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)  
**Affected:** [IC 6-1.1-4-4.5](#)

**Sec. 4. (a) A ratio study shall be conducted by the county assessor annually for the entire county for each property class and for each township in the county that has a sufficient number of valid sales within property classes to satisfy the requirements of [50 IAC 27-4-1.5\(b\)](#) [sic] and [50 IAC 27-5-3](#).**

**(b) The department conducts independent ratio studies annually using the data contained in files submitted to the department by the counties. However, in addition to ratio studies that use the most recent calendar year sales and the subsequent March 1 assessment data, the department may perform ratio studies using the most recent calendar year sales and the prior year March 1 assessments, which are usually determined prior to the most recent calendar year sales events, as a means of monitoring sales chasing.**

*(Department of Local Government Finance; [50 IAC 27-4-4](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

#### **[50 IAC 27-4-5](#) Ratio study statistics and standards**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 5. (a) Except for agricultural land, ratio study statistics shall be calculated based on the methods and procedures contained in the IAAO Standard on Ratio Studies (July 2007), as incorporated by reference in [50 IAC 27-1-4](#).

(b) The level of assessment, as determined by the median ratio, must fall between 0.90 and 1.10 for any class of property. However, confidence intervals, rather than the median ratio itself, will be used to determine compliance with this benchmark.

(c) The coefficient of dispersion (COD) standard for improved residential property is 15.0 or less. Income-producing property, vacant land, and other real property have a COD standard of 20.0 or less.

(d) The price-related differential (PRD) must be between 0.98 and 1.03. However, in accordance with the Standard on Ratio Studies, as incorporated by reference in [50 IAC 27-1-4](#), if there are fewer than twenty (20) sales in a particular township or class of property, the Spearman Rank test will be relied upon to determine if vertical equity has been met for that stratum. This will resolve the well-known sensitivity of the PRD to outliers in small samples.

(e) Confidence intervals are a way of capturing the variation in a sample of properties. For example, the median ratio is generally relied upon as the best estimate of the overall level of assessment for a given property stratum. However, the sample median itself is not an exact estimate of the population median, only the assessor's best guess. The accuracy of this estimate improves when more sales are used. For example, one would have more confidence that the sample median represented the actual level of assessment, if the stratum contained fifty (50) sales rather than five (5) sales. A confidence interval consists of a lower and upper bound for the median ratio and a given level of confidence that the actual median ratio is between those two (2) bounds. In all cases, the level of confidence used by the department will be ninety-five percent (95%) (two-tailed).

(f) The goal is to achieve an overall assessment level equal to one hundred percent (100%) of market value-in-use. However, ensuring uniformity in assessment levels among strata is also important. Therefore, the assessment level of each township and major property class (residential improved, residential vacant, commercial improved, commercial vacant, industrial improved, and industrial vacant), must be within five percent (5%) of the overall assessment level of the county.

*(Department of Local Government Finance; [50 IAC 27-4-5](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

#### [50 IAC 27-4-6](#) Classification of property for ratio studies

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-13](#)

Sec. 6. (a) The county assessor shall calculate median assessment ratios for each of the following classes of property in the county and each township in the county:

- (1) Improved residential.
- (2) Unimproved residential.
- (3) Improved commercial.
- (4) Unimproved commercial.
- (5) Improved industrial.
- (6) Unimproved industrial.
- (7) Agricultural land.

(b) If any of the classes of property listed in subsection (a) consists of fewer than twenty-five (25) parcels, no assessment ratio median is required to be calculated for that class.



(c) In calculating assessment ratios, each county assessor shall disregard distributable utility property. The county assessor shall classify locally assessed utility real property according to its use, for example, commercial or industrial, for purposes of calculating assessment ratios.

(Department of Local Government Finance; [50 IAC 27-4-6](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))

#### [50 IAC 27-4-7](#) Verification requirements

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#); [IC 6-1.1-5.5-3](#)

Sec. 7. (a) The county assessor shall retain and properly verify all sales disclosure forms forwarded under [IC 6-1.1-5.5-3](#). In conjunction with IAAO standards incorporated by reference in [50 IAC 27-1-4](#), the county assessor shall utilize the sales verified to perform value calibration analysis to determine whether adjustment factors are required within any neighborhoods and property classes of the county for annual adjustment and equalization as required by this article.

(b) Each county assessor shall complete all sales verification prior to March 31 for sales occurring before the March 1 assessment date, including inspection required under [50 IAC 27-3-1](#).

(c) Sales data must be routinely confirmed. Receipt of properly certified sales disclosure forms required by [IC 6-1.1-5.5](#) initiates the verification process and provides important information by which sales data are confirmed.

(d) Sales used in a ratio study must be screened to ensure they reflect the market value-in-use of the real property transferred. Specific objectives of sales screening are to ensure the following:

- (1) Sales used in ratio studies reflect market value-in-use.
- (2) Sales prices reflect only the market value-in-use of the real property transferred and not the value of personal property, financing, leases, or other parcels of real property.
- (3) Only sales that occurred during the period of analysis are used.
- (4) Sales are excluded from the ratio study only with good cause, for example, when they compromise the reliability of the ratio study.

(e) Every arm's length, open market sale that appears to meet the conditions of a market value-in-use transaction shall be included in the ratio study unless one (1) of the following occurs:

- (1) Data for the sale are incomplete, unverifiable, or suspect.
- (2) The sale fails to pass one (1) or more specific tests of acceptability as listed in the IAAO Standard on Ratio Studies, Appendix A (July 2007), as incorporated by reference in [50 IAC 27-1-4](#).

(f) All sales are candidates for the ratio study unless sufficient and compelling information can be documented to show otherwise.

(g) Sale prices used in the ratio study shall be adjusted for financing, assumed long-term leases, personal property, gift programs, and date of sale in accordance with the IAAO Standard on Ratio Studies, Appendix A (July 2007), as incorporated by reference in [50 IAC 27-1-4](#).

(h) When there is more than one (1) confirmed valid sale of the same property during a ratio study period, only the final transaction shall be used in the ratio study.

(i) Sales used for value calibration analysis studies must also have property characteristics at the time of the sale determined and recorded as required by [50 IAC 27-3-1](#).

(j) Some sales may be valid for value calibration analysis and not valid for sales ratio studies, such as

a home site subdivided from a larger parcel of land and sold in an arm's-length transaction. Hence, sales transactions must be coded to indicate which type of validity applies so that valuable market information is available for value calibration and annual adjustment that would not be used for ratio studies.

(Department of Local Government Finance; [50 IAC 27-4-7](#); filed Apr 8, 2010, 1:45 p.m.:  
[20100505-IR-050090502FRA](#))

## Rule 5. Annual Adjustment Process

### [50 IAC 27-5-1](#) Adjustment factors

Authority: [IC 6-1.1](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 1. (a) In the annual adjustment process the county assessor shall reevaluate the factors that affect value each year, express the interactions of those factors mathematically, and use mass appraisal techniques to estimate property values to reflect a property's market value-in-use. Thus, it is necessary to observe and evaluate, but not always to change, the assessment of each property each year in order to achieve current market value-in-use. Value calibration analysis studies performed by the county assessor will indicate where equalization action is needed to ensure annual equalization within the county.

(b) The annual adjustment process does not mean that each assessed valuation must be reviewed or recomputed individually. Instead, adjustment factors based on criteria such as property class, type, location, size, and age will be developed and applied to stratified groups of properties. These adjustment factors shall be derived from market value-in-use calibration analyses.

(c) Adjustment factors are not a substitute for physical reviews and individual reappraisals or reassessments, which are required to correct lack of uniformity within a class of property, and to obtain property characteristics data required by [50 IAC 27-3-1](#).

(Department of Local Government Finance; [50 IAC 27-5-1](#); filed Apr 8, 2010, 1:45 p.m.:  
[20100505-IR-050090502FRA](#))

### [50 IAC 27-5-2](#) Valuation date and time adjustment

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 2. (a) The county assessor shall use sales of properties occurring during a time period that is as short as possible and, ideally not more than fourteen (14) months before the March 1 assessment and valuation date. A longer time period may be required to produce a representative sample for a property class within the county.

(b) To develop an adequate sample size, the sales used in ratio studies and value calibration analyses may span a period as long as five (5) years provided economic shifts are taken into account, property characteristics are as they were at the time of the sale, and sales prices have been adjusted for time as necessary.

(c) The valuation date is the March 1 assessment date. Sales occurring before that date shall be time adjusted if appropriate, in accordance with the IAAO standard. The time adjusted sale price shall become the basis for all ensuing analysis undertaken under this article.

(Department of Local Government Finance; [50 IAC 27-5-2](#); filed Apr 8, 2010, 1:45 p.m.:  
[20100505-IR-050090502FRA](#))

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**[50 IAC 27-5-3](#) Sample representativeness**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 3. (a) A ratio study or a value calibration analysis study is valid to the extent that the sample is sufficiently representative of the population. A study sample is representative when the distribution of ratios of properties in the sample reflects the distribution of ratios of properties in the population.

(b) To be a representative sample, the sample must proportionally reflect major property characteristics, for example, property class, type, location, size, and age, present in the population of sold and unsold properties. The county assessor must incorporate a quality control program to ensure that sold and unsold parcels are assessed at the same level. See IAAO Standard on Ratio Studies, Appendix D (July 2007), as incorporated by reference in [50 IAC 27-1-4](#).

(c) A study sample with fewer than five (5) sales shall not be used due its exceptionally poor reliability.

*(Department of Local Government Finance; [50 IAC 27-5-3](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**[50 IAC 27-5-4](#) Sample size**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 4. (a) Neighborhoods must have five (5) or more sales if the sales comparison approach is used to value improvements or land, unless the assessing official is able to justify the use of fewer sales in the neighborhood within the ratio study narrative. For greater assessment precision, a larger sample size is needed. Therefore, in accordance with IAAO standards incorporated by reference in [50 IAC 27-1-4](#), the department will require that adequate sample sizes be used.

(b) If commercial and industrial improved properties have a limited number of sales, for example, fewer than five (5) sales in the strata, the county must use the other approaches to value as outlined in section 8 of this rule, that is, cost tables, income data, MLS data, etc.

*(Department of Local Government Finance; [50 IAC 27-5-4](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**[50 IAC 27-5-5](#) Outlier ratios**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 5. (a) Outlier ratios are very low or high ratios as compared with other ratios in the sample. One (1) extreme outlier can have a controlling influence over some statistical measures. Outlier ratios can result from an erroneous sale price, a nonmarket sale, unusual market variability, a mismatch between property sold and the property assessed, and other reasons listed in the IAAO Standard on Ratio Studies, Standard 5.2 (July 2007), as incorporated by reference in [50 IAC 27-1-4](#).

(b) The preferred method of handling an outlier ratio is to subject it to additional scrutiny to determine whether the sale is a nonmarket transaction or contains an error in fact. If the error can be corrected, for example, data entry error, the property should be kept in the sample. If the error cannot be corrected, if correction of the error would cause the identified outlier to no longer be representative of the population, or if inclusion of the identified outlier would reduce sample representativeness, the sale shall be excluded.

(c) For guidelines on outlier identification and trimming, see the IAAO Standard on Ratio Studies, Appendix B (July 2007), as incorporated by reference in [50 IAC 27-1-4](#).

(Department of Local Government Finance; [50 IAC 27-5-5](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))

#### **[50 IAC 27-5-6](#) Review of neighborhood delineations**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 6. (a) The assessing official shall review existing neighborhood delineations to determine if the delineations used adequately placed like property into homogeneous geographic groups. The assessing official may only modify neighborhood boundaries if their neighborhood review identifies inadequacies in the original delineations. This modification may include the development of new neighborhood delineations. If the assessing official determines through review, ratio studies, or appeals from previous assessment years that the neighborhood delineations need to be modified, the local assessing official shall proceed in setting new neighborhood boundaries.

(b) The assessing official shall base new neighborhood delineations on geographic areas sharing locational and physical similarities, and stratified groups exhibiting a high degree of similarity in the following:

- (1) Amenities.
- (2) Use.
- (3) Economic trends.
- (4) Building characteristics, such as the following:
  - (A) Improvement quality.
  - (B) Age.
  - (C) Physical characteristics.

(c) In areas where values are erratic or neighborhood delineations are not sufficiently homogeneous, the real property in the area shall be reassessed or further stratified by property characteristics, developing separate factors for various property strata. For example, if older homes in a specific neighborhood are appreciating or depreciating at a more rapid rate than new homes, the two (2) groups should be stratified and analyzed separately with a factor determined for each property type within the specific neighborhood.

(d) It is not sufficient to merely stratify properties and sales according to their classification, that is, residential and commercial, and develop one (1) neighborhood and one (1) annual adjustment factor for the entire class of property. Properties throughout any area within the county, even though they have the same classification, may vary considerably in quality, style, age, location, and amenities and, therefore, may change in value at differing rates. Sales used to develop annual adjustment factors must be comparable to the properties for which the factors are being developed. In other words, the assessor shall endeavor to ensure that adjustment factors are developed from a sample of sales that is representative to the population of parcels to which the factors will ultimately be applied.

(e) The assessing official may also determine that it is inappropriate to apply an annual adjustment factor on both the land and improvements of a property. For example, the assessing official may determine to apply the annual adjustment factor:

- (1) only to the land; or
- (2) to the dwelling and one (1) outbuilding or garage and not on other outbuildings, recent additions, or other improvements.

In that case, the assessing official shall document the reasons for application of the annual adjustment factor to some, but not all, of the improvements or land.

(Department of Local Government Finance; [50 IAC 27-5-6](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))

**[50 IAC 27-5-7](#) Review of land values**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 7. (a) The county assessor shall review land values as part of the annual adjustment process.

(b) If the county assessor determines through review, ratio studies, or appeals from previous assessment years that the land base rate units need to be modified, the county assessor shall proceed to set new land base rates. The sales comparison approach is the primary approach to land valuation and is always preferred when sufficient sales are available. If there are fewer than five (5) sales in a strata, there are several methods of determining land values in the absence of adequate sales in a neighborhood, including, but not limited to, the following:

- (1) Use land values from a similar neighborhood that has vacant land sales to support the land base rate.
- (2) Extract the land value from valid sales of improved properties.
- (3) Expand the period from which sales are drawn and adjust for time as necessary.

*(Department of Local Government Finance; [50 IAC 27-5-7](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**[50 IAC 27-5-8](#) Preliminary analysis**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 8. (a) Ratio studies and value calibration analyses shall be used by local assessing officials to determine the need for and extent of annual adjustments required.

(b) The standards contained in Part 1, Section 9 of the IAAO Standard on Ratio Studies, as incorporated by reference in [50 IAC 27-1-4](#) shall be used to determine the annual adjustment actions required by the local assessing official.

*(Department of Local Government Finance; [50 IAC 27-5-8](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**[50 IAC 27-5-9](#) Mandatory application of factors**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 5-14-1.5](#); [IC 6-1.1-4-4.5](#)

Sec. 9. (a) If, upon review of the ratio studies and value calibration analyses, the local assessing official determines that adjustment factors must be applied in order to ensure assessed values reflect market value-in-use and meet the statistical standards of [50 IAC 27-4-1.4](#) *[sic]*, the local assessing official shall proceed with the application of the annual adjustment factors in accordance with this article.

(b) If assessing officials determine that there are fewer than five (5) sales of commercial or industrial improved property in the strata to determine annual adjustment factors, the county shall use one (1) or more of the following to derive annual adjustment factors or modify the values of commercial and industrial property:

- (1) Nationally published cost data from a credible source, such as Craftsman, Marshall and Swift, or R.S. Means and locally developed depreciation tables from the last calendar year preceding the assessment date.
- (2) Income data, rental data, market value-in-use appraisals, and other relevant evidence derived from appeals of the 2002 reassessment and adjusted, as applicable, to the January 1 of the year preceding the assessment date.

- (3) Commercial real estate reports.
- (4) Governmental studies.
- (5) Census data.
- (6) Multiple listing service (MLS) data.

(Department of Local Government Finance; [50 IAC 27-5-9](#); filed Apr 8, 2010, 1:45 p.m.:  
[20100505-IR-050090502FRA](#))

### **[50 IAC 27-5-10 Stratification](#)**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#); [IC 6-1.1-4-39](#)

**Sec. 10. (a) Stratification is the sorting of parcels into relatively homogeneous groups based on use, physical characteristics, and location. Stratification permits analysis of mass appraisal performance within and between property groups. Care must be taken not to over-stratify, that is, to create strata that are too small to achieve statistical reliability. Ultimately, the degree of stratification will be determined largely by available sales data, unless it is cost-effective and practical to add sufficient independent appraisals. If sufficient sales or appraisals are not available for a given stratum, it should be combined with similar strata. Also, systematic sales chasing can occur if when creating adjustments for the market, characteristics are over-stratified. The most over-stratification is with the creation of neighborhoods.**

**(b) If, upon review of preliminary value calibration analyses, ratio studies, neighborhood delineations, and land values, the assessing official determines that further categorization of property types is necessary to promote uniform and equal assessments, the local assessing official shall attempt stratification before commencing a reassessment to adjust real property market valuations.**

**(c) The assessing official will need to identify similar groups of property, by property class and property type within neighborhoods, based on criteria such as location, structure type, and age. This dividing of property into groups of similar or homogeneous types for analysis and value adjustment is stratification. Value calibration analyses are generated for various strata and adjustment factors are refined until the assessor determines that CODs and PRDs are within the requirements of this rule. The calibrated adjustment factors are then applied to the valuation of all similarly situated properties so that the assessment statistics fall within the requirements Part 1, Section 9 of the IAAO Standard on Ratio Studies. For example, if an examination of the outlier sales indicates that properties on large acreage tracks are undervalued causing the COD to be out of line, and grouping by land size shows an acceptable COD within the group but the median ratio for the larger tracks is lower than the smaller tracks, the assessor might then adjust the excess acreage rate so that the median of the large acreage comes to the same median level as the remaining parcels. After this is accomplished in accordance with section 6 of this rule, the application of overall adjustment factors shall be applied based on the revised value calibration analyses.**

**(d) In accordance with [IC 6-1.1-4-39](#), stratification, if appropriate, and annual adjustment of real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more and that has more than four (4) rental units shall take into account that the valuation of such property is to be determined by applying the least of the following appraisal approaches:**

- (1) The cost approach.**
- (2) The sales comparison approach.**
- (3) The income capitalization approach.**

**(e) In accordance with [IC 6-1.1-4-39\(b\)](#), stratification, if appropriate, and annual adjustment of real property that has at least one (1) and not more than four (4) rental units shall take into account that the gross rent multiplier method is the preferred method of valuing such property.**

(Department of Local Government Finance; [50 IAC 27-5-10](#); filed Apr 8, 2010, 1:45 p.m.:  
[20100505-IR-050090502FRA](#))

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### **Rule 6. Agricultural Property**

**[50 IAC 27-6-1](#) Agricultural property**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 1. (a) Land used for agricultural purposes shall be adjusted consistent with the guideline methodology developed for the 2002 and 2012 general reassessments agricultural land value except, in determining the annual base rate, the department shall adjust the methodology to use a six (6) year rolling average. The department will issue annually, before March 1, the base rate to be applied for that March 1 assessment date.

(b) Those portions of agricultural parcels that include land and buildings not used agriculturally, such as homes, homesites, and excess land and commercial or industrial land and buildings, shall be adjusted by the factor or factors developed for other similar property within the geographic stratification. The residence portion of agricultural properties will be adjusted by the factors applied to similar residential properties.

*(Department of Local Government Finance; [50 IAC 27-6-1](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**Rule 7. Time**

**[50 IAC 27-7-1](#) Time**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1](#)

Sec. 1. (a) Assessing officials shall do the following:

(1) Perform annual adjustments compliant with this article before tax rates are set by the department based on values generated by any form of annual adjustment performed under this rule.

(2) Execute the adjustment and subsequent finalization of values without interruption.

If the department determines that further review of a county's assessed values is warranted, the department will notify the county in accordance with [50 IAC 27-10](#), [50 IAC 27-11](#), [IC 6-1.1-4](#), [IC 6-1.1-14](#), or [IC 6-1.1-33.5](#).

(b) If any annual adjustment factor is applied, a notice of assessment, for example, Form 11, shall be sent to each affected taxpayer pursuant to [IC 6-1.1-4-22](#).

*(Department of Local Government Finance; [50 IAC 27-7-1](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

**Rule 8. Mandatory Analysis**

**[50 IAC 27-8-1](#) Mandatory analysis**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 1. After the application of annual adjustment factors, the county assessor shall calculate assessment ratio studies and provide the results to the department in the manner specified in [50 IAC 27-4-1.4](#) [sic], [50 IAC 27-4-1.5](#) [sic], and [50 IAC 27-7-1](#).

*(Department of Local Government Finance; [50 IAC 27-8-1](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

## Rule 9. Transfer of Data to the Department of Local Government Finance

### [50 IAC 27-9-1](#) Transfer of sale and parcel data

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1](#)

Sec. 1. (a) On or before March 31 of each year, county assessors must submit to the department all sales disclosure data in the formats specified by the department in electronic form. The data format must include all sales disclosure data on all sales occurring in the county for the entire preceding calendar year and the current year before March 1.

(b) The county assessor must submit to the department all parcel data in the specified formats as required by [IC 6-1.1-4-25](#) to be utilized by the department in accordance with [IC 6-1.1-33.5-3](#). The data may be submitted upon certification of values by the assessor to the auditor on July 1 as required by [IC 6-1.1-5-14](#) or thereafter, but in no event later than October 1.

(c) Upon request, the county assessor or any person that the county or township assessor, if any, has contracted to perform any studies associated with this annual adjustment rule shall provide, at no cost to the department, any further information that the department determines is necessary or proper to the department's determination of compliance with the requirements of [IC 6-1.1-4-4.5](#), this rule, or the IAAO standards incorporated by reference in [50 IAC 27-1-4](#).

*(Department of Local Government Finance; [50 IAC 27-9-1](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

### [50 IAC 27-9-2](#) Computer assisted mass appraisal systems

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 2. The local assessing official shall be responsible for ensuring the sales data is included in the database used in the property valuation software employed by the assessors. The local assessing official may also capture this data in other analytical or data capture software systems, but all transfers with a stated consideration must be included in the primary valuation software.

*(Department of Local Government Finance; [50 IAC 27-9-2](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

### [50 IAC 27-9-3](#) Transfer of statistical data

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-13](#); [IC 6-1.1-14](#)

Sec. 3. (a) County assessors shall forward to the division of data analysis electronic spreadsheets that contain all data used to calculate a COD and median ratio for the county and each township. The data the county assessor provides must, at a minimum, include the following information for each property used to calculate the coefficient of dispersion and median ratio:

- (1) Parcel number.
- (2) Assessed value of land.
- (3) Assessed value of improvement.
- (4) Date of sale.
- (5) Sale price.
- (6) Township.
- (7) School corporation.



- (8) County taxing district number.
- (9) Department taxing district number.
- (10) Condition rating.
- (11) Grade.
- (12) Neighborhood code.
- (13) Property class code.

(b) The division will review and verify the accuracy of the computations. If errors are found in the computations, the division will notify the county assessor, who shall correct all errors. Once all errors are corrected, the county assessor shall forward the corrected computations to the division for verification. When this verification is complete, the division will notify the county assessor.

*(Department of Local Government Finance; [50 IAC 27-9-3](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

## Rule 10. Mandatory Application of Factor

### [50 IAC 27-10-1](#) Provision of information to the department

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

Sec. 1. (a) If the median ratio or COD calculated for the county and each township in any property classification specified in [50 IAC 27-4-1.5](#) [sic], as verified by the department, falls outside the requirements of [50 IAC 27-4-1.4](#) [sic], the county assessor shall apply an adjustment factor to bring the median ratio and COD into compliance.

(b) If the county assessor believes that reasons exist why no factor, or a factor other than that required to bring the median ratio to one (1.0), should be applied in a particular township, the county assessor shall immediately:

- (1) notify the commissioner in writing of those reasons; and
- (2) request permission to take:
  - (A) action other than that mandated in subsection (a); or
  - (B) no action.

(c) The commissioner shall act on the request within thirty (30) days of receiving the request. In response to a county assessor's request for permission to take action other than that mandated in subsection (a), the commissioner may:

- (1) require the county assessor to take the action mandated in subsection (a);
- (2) permit the action requested by the county assessor; or
- (3) require the county assessor to take other action short of that required in subsection (a).

*(Department of Local Government Finance; [50 IAC 27-10-1](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

## Rule 11. Reassessment

### [50 IAC 27-11-1](#) Reassessment

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-13](#); [IC 6-1.1-14](#)

Sec. 1. (a) If the COD calculated for the county or township for any property classification specified in [50 IAC 27-4-1.5](#) [sic], as verified by the department, falls outside the requirements of [50 IAC 27-4-1.4](#) [sic] and cannot be corrected by use of the annual adjustment and equalization methods specified in this article or [IC 6-1.1-13](#) or [IC 6-1.1-14](#), the county assessor shall reassess the property class in the county or

township, whichever is applicable, to bring it into compliance with the requirements of the IAAO standards incorporated by reference by [50 IAC 27-1-4](#).

(b) If the PRD calculated for the county or township for any property classification specified in [50 IAC 27-4-1.5](#) [sic], as verified by the department, falls outside the requirements of [50 IAC 27-4-1.4](#) [sic] and cannot be corrected by use of the annual adjustment and equalization methods specified in this article, the county assessor shall reassess the property class in the county or township in order to bring it into compliance with the requirements of the IAAO standard.

(c) If the county assessor believes that reasons exist not to reassess a property class in the county under subsection (a) or (b), the county assessor shall immediately:

- (1) notify the commissioner in writing of those reasons; and
- (2) request permission to take:
  - (A) action other than that mandated in subsection (a) or (b); or
  - (B) no action.

(d) The commissioner shall act on the request within thirty (30) days of receiving the request. In response to a county assessor's request for permission to take action other than mandated in subsection (a) or (b), the commissioner may:

- (1) require the county assessor to take the action mandated in subsection (a) or (b);
- (2) permit the action requested by the county assessor; or
- (3) require the county assessor to take other action short of that required in subsection (a) or (b).

*(Department of Local Government Finance; [50 IAC 27-11-1](#); filed Apr 8, 2010, 1:45 p.m.: [20100505-IR-050090502FRA](#))*

#### **[50 IAC 27-11-2](#) Sales chasing**

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4](#); [IC 6-1.1-14](#)

Sec. 2. (a) Sales chasing is the practice of adjusting the value on properties that sold without regard to the market analysis performed in setting values for the population. Sales chasing can occur on an individual basis or done systematically. First, on an individual basis, it may occur when individual sales are reviewed with focus on the assessed value to the sales price. In such a situation, the assessor changes characteristics of the property in order for the value to come in line with the sales price. Systematic sales chasing may occur if when creating adjustments for the market, characteristics are over-stratified. The most common over-stratification is with the creation of neighborhoods.

(b) A subtle, possibly inadvertent, variety of sales chasing occurs when the recorded property characteristics of sold properties are differentially changed relative to unsold properties. Then the application of a uniform valuation model to all properties results in the recently sold properties being more accurately appraised than the unsold ones.

(c) Local assessors shall avoid the practice of sales chasing. The department shall monitor and discourage sales chasing because unless similar unsold parcels are reassessed at the same level as sold parcels, sales chasing causes inequitable treatment of taxpayers by shifting the tax burden to taxpayers who have recently bought property.

(d) As long as sold and unsold parcels are assessed in the same manner and the data describing them are coded consistently, statistics calculated in a sales ratio study can be used to infer assessment performance for unsold parcels. However, if parcels that sell are selectively reassessed or recoded based on their sales prices or some other criterion, such as listing price, and if such parcels are in the ratio study, sales ratio study uniformity inferences will not be accurate (assessments will appear more uniform than they are).

**(e) Local assessors and the department are not required to employ all of the detection techniques**

described in Appendix D of the IAAO Standard on Ratio Studies (July 2007), but shall consider implementing at least one (1) procedure.

(f) Once it is determined that sales chasing probably has occurred and probably is reducing the validity of ratio study statistical measures of level or uniformity, it is necessary for the assessor to redo the ratio study to establish valid measures before any other recommendations, such as reassessment in accordance with [IC 6-1.1-4](#) or equalization action in [IC 6-1.1-14](#), may be made.

(Department of Local Government Finance; [50 IAC 27-11-2](#); filed Apr 8, 2010, 1:45 p.m.:  
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## Rule 12. Action by Department of Local Government Finance

### [50 IAC 27-12-1](#) Action

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1](#)

**Sec. 1.** The department shall take all action necessary under the laws and administrative rules to ensure the timely completion of the annual adjustment process by local assessing officials.

(Department of Local Government Finance; [50 IAC 27-12-1](#); filed Apr 8, 2010, 1:45 p.m.:  
[20100505-IR-050090502FRA](#))

## Rule 13. Procedures in Townships

### [50 IAC 27-13-1](#) Procedures in townships

Authority: [IC 6-1.1-31-1](#); [IC 6-1.1-31-12](#)

Affected: [IC 6-1.1-4-4.5](#)

**Sec. 1. (a) The township:**

- (1) is an integral component of the county; and
- (2) shall be analyzed and assessed accordingly.

**(b) In those townships with a township assessor, the township assessor shall perform the functions of the county assessor under this article within that township.**

(Department of Local Government Finance; [50 IAC 27-13-1](#); filed Apr 8, 2010, 1:45 p.m.:  
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SECTION 2. THE FOLLOWING ARE REPEALED: [50 IAC 14](#); [50 IAC 21-1](#); [50 IAC 21-2](#); [50 IAC 21-3](#); [50 IAC 21-4-1](#); [50 IAC 21-4-2](#); [50 IAC 21-5](#); [50 IAC 21-6](#); [50 IAC 21-7](#); [50 IAC 21-8](#); [50 IAC 21-9](#); [50 IAC 21-10](#); [50 IAC 21-11](#); [50 IAC 21-12](#).

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Small Business Regulatory Coordinator: Catherine H. Wolter, Staff Attorney, Department of Local Government

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