
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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Frequently Asked Questions

Real and Personal Property Submission and Compliance Review

July 21, 2021

- 1. How many counties were outside the 5% tolerance range last year (for the Pay 2021 review cycle)? Are they generally already within that range?**

For the Pay 2021 real property assessment datasets, there were a total of five counties that exceeded the 5% tolerance for one or more of the compliance checks. For the Pay 2021 personal property assessment datasets, several counties initially exceeded the 5% tolerance for the compliance check that looks for records in the PERSPROP data file but not in the POOLDATA file. Upon requesting the special tooling report from those counties that exceeded the tolerance, the Department of Local Government Finance (“Department”) was able to verify that the applicable records were indeed items that would not have pooling schedule information in the POOLDATA file and therefore, were removed from the list of possible errors.

Overall, a large majority of counties were well under the 5% tolerance for the various compliance checks that the Department performed on the Pay 2021 real property assessment and personal property assessment data.

- 2. I know the BPPE is increasing next year. Is this just something our county has to increase, or does this have to be approved with our commissioners and council to increase this amount?**

On April 29, 2021, Governor Eric J. Holcomb signed into law Senate Enrolled Act 336-2021 (“SEA 336”). Section 1 of SEA 336, effective January 1, 2022, amends Ind. Code § 6-1.1-3-7.2 by increasing the acquisition cost of a taxpayer’s total business personal property in a county from \$40,000 to \$80,000 for purposes of receiving a business personal property tax exemption. Counties do not have to take individual action to increase the threshold in acquisition cost for the exemption; rather, the change will become effective statewide on January 1, 2022.

- 3. We are a small rural county. How do we get property addresses for vacant agricultural land?**

The Department is mindful that some jurisdictions may not assign a complete property street address to a parcel until it is ultimately platted for development. That said, even if a parcel

contains only vacant land, that parcel is likely subject to property taxation – assuming it's not classified as exempt. Therefore, if the parcel is being taxed, the property address should contain a city/town, state, and postal code at a bare minimum. The Department recommends having as much complete information for the property address as possible, even if the street address might be more general (e.g., CR 100 S, State Highway 52, etc.), but each parcel should have at least a city/town, state, and postal code provided.

For additional assistance in obtaining these data points, the Department recommends referring to the most current GIS data that the county has available.

4. Why was the tolerance changed?

The Department's Data Analysis Division has a mid-range target (i.e., three to five years) of implementing the same tolerance level for all the datasets that it conducts compliance reviews on. The Data Analysis Division currently uses a 2% tolerance level for its compliance review process conducted on sales disclosure data during the first quarter of the year. Ultimately, the Data Analysis Division intends to use the 2% tolerance level for the real property assessment, personal property assessment annually assessed mobile home, oil/gas assessment, and property tax datasets. However, this process will take place over a few review cycles. The end goal behind having a lower tolerance level is to ensure that the datasets submitted by the counties are as accurate and complete as possible.

5. Although you listed all of the various data categories/checks that you perform, what are some helpful hints or best practices that could be used/implemented to ensure the data sets are compliant?

For real property assessment data, a logical point to do a thorough check of the underlying characteristics (e.g., land records, improvement records, ownership information, etc.) for a particular parcel is when that parcel is part of the county's cyclical reassessment plan for that year. If a county wishes to review the characteristics for its complete parcel inventory on an annual basis, they are certainly welcome to do so. However, the cyclical reassessment process provides the opportunity to ensure that every parcel and its underlying characteristics should be reviewed and updated as necessary every four years. Additionally, the records that are included on the Issues workbook sent to the county upon completion of the Department's compliance review process provide the county with another opportunity – on a more targeted level – to look at certain items. The Issues workbook should be used as a resource to the county to help determine if any corrections or updates are necessary to certain records before the next data submission cycle.

For personal property assessment data, many of the checks that the Department conducts with this dataset involve missing information that was – presumably – not provided by the business personal property filer. So, in terms of a suggested best practice, the county might want to implement a screening process that looks for critical data points on the return such as complete taxpayer information, valid NAICS codes, verifying that if a taxpayer is indicating that they want their tax bill emailed that they include an email address on the form, etc.