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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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## **Personal Property Data Compliance Checks** *January 2017*

The compliance reviews that are detailed in this document are the standard data reviews conducted by the Department of Local Government Finance (“Department”) on the county assessor’s personal property data submission. Additional reviews may be conducted if necessary.

The review process for the personal property data file submission (“submission”) is a two-step process. The submission is first reviewed in the fall for initial compliance, when it can be deemed “pending” or “not compliant.” A pending status is the best status a submission can reach for the fall review. Submissions that reach a pending status will remain in a pending status until the spring review. In the spring, the submission deemed pending is reviewed in relation to the TAXDATA file received from the county auditor and the county’s Abstract. At this time, the submission will be given a final status of compliant or not compliant.

Discrepancies that warrant a not compliant status of the submission are noted as rejection items on the compliance report. Rejection items must be identified and corrected. A corrected resubmission is required if a rejection item has been included in the compliance report. Warning items on the compliance report are discrepancies that are not serious enough to reject the submission. However, these items may result in a rejection of the submission for the following year if the issue still remains. Further comments on the submission may appear in the notes section of the compliance report.

The records that do not pass the checks outlined in this document may result in a warning and/or rejection item being noted on the county’s compliance report. The Department determines in conjunction with the Legislative Services Agency (“LSA”), whether failed checks meet the threshold for rejection. In many cases, a determining factor of compliance is the Gross Assessed Value of the records in question. Unless otherwise noted, the AV threshold checked for compliance is the sum of the AV Farm Implements and Equipment and the AV Business Depreciable Personal Property fields from the PERSPROP file as per 50 IAC 26-20-5.

If a county is aware of any potential issues with its files prior to submitting a data extract, it should provide an explanation with the data submissions.

## **Personal Property Compliance Checks**

### **1. Parcel Number Format**

The parcel number must be in accordance with the personal parcel numbering system per 50 IAC 26-8-2. The first two digits of the parcel number should reference the county. A significant amount of parcels not following this format may result in a rejection.

### **2. POOLDATA File Format**

The data checks involving the POOLDATA file are done mainly to ensure that the data are in the correct format. Most counties have four pools, although some have a fifth pool. The Department verifies that all four pools have been correctly populated and the counties with a fifth pool include it in the submission. Additionally, the Department verifies that the Acquisition Start and End dates are in chronological order (i.e., the end date needs to be later than the start date).

### **3. Valid NAICS Codes**

The PERSPROP file should have only valid Principal Business Activity Codes. The PERSPROP file requires a Principal Business Activity Code, which 50 IAC 26 identifies as being the North American Industry Classification System (“NAICS”) code. Until otherwise noted, all personal property submissions should reflect a valid entry from the 2012 NAICS code list. The code list is available on the U.S. Census Bureau website: <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2012>. The submission may be rejected if more than ten percent of the total PERSPROP records have an invalid NAICS code.

### **4. Valid Taxpayer Types**

The Department verifies the number of Business Taxpayer Type records in the file—those records that are coded with “B” for business. For a list of valid Taxpayer Type codes, please refer to the Code List Manual found on the Department’s website: <http://www.in.gov/dlgf/files/Property%20Tax%20Management%20System%20Code%20List%20Manual.pdf>. Records with an invalid taxpayer code may result in a rejection item.

### **5. PERSPROP and POOLDATA Matching Records**

All records in the PERSPROP file should have corresponding records in the POOLDATA file. The total AV of the missing data should not exceed five percent of the Gross AV in the PERSPROP file; otherwise the submission may be rejected. The Department understands that special tooling records may not have any pool data associated with them. To address this, the Department recommends the county supply a spreadsheet containing a list of applicable records along with their personal property data submission. This may allow the Department to verify that these applicable records are special tooling. Likewise, all records in the POOLDATA file must have a corresponding record in the PERSPROP file. The submission may be rejected if the sum of the Total Cost field for the missing records is greater than five percent of the gross Total Cost in the POOLDATA file.

### **6. AV greater than Cost**

The Gross AV in the PERSPROP file may not be higher than the maximum of the Adjusted Cost and the Total Cost from the POOLDATA file. A determining factor for compliance is the

number of records that do not meet the criteria. The submission may be rejected if more than five percent of the total number of records in the PERSPROP file fails this check.

#### **7. PERSPROP AV versus Abstract AV**

The PERSPROP AV should be compatible with the Abstract AV. In the fall review, this check is done using the previous year's Abstract. The variance should be less than ten percent. In the fall review, typically the data will not be rejected if this tolerance is exceeded. However, it may require further investigation and is noted in the notes section of the compliance report. In the spring review, using the current Abstract, the tolerance is five percent. Any variance between the PERSPROP AV and the Abstract AV exceeding this five percent may result in a rejection.

#### **8. PERSPROP District AV versus Abstract's District AV**

The Gross AV by district in the PERSPROP file should be consistent with the county's Abstract district AV. Grouping the records by the State Assigned Taxing District Number from the PERSPROP file, the district Gross AV are compared to the Abstract. During the fall review, this check is done using the previous year's Abstract. The variance should be less than ten percent. In the fall, typically the submission will not be rejected but this is noted in the notes section of the compliance report. For the spring review, the AV variance of each district should not exceed five percent. Anything higher may warrant a rejection in most circumstances. The number of returns in each district is also considered for this check. In the spring review, if a discrepancy is found between the PERSPROP file and the Abstract's district AV, additional analysis may be conducted on the individual parcels from those districts.

#### **9. PERSPROP File versus TAXDATA File**

In the spring review, records should be consistent between the PERSPROP file and the Auditor's TAXDATA file. The PERSPROP file and the TAXDATA file should contain the same personal property records. By comparing the parcel numbers between the two files, the Department can verify which parcels are missing, if any. A significant number of missing records may result in a rejection, especially if the associated AV is substantially large.

The Department also looks at the Gross AV of the records in both files. The Gross AV of the personal property records in both files should be consistent. A significant number of parcels with AV differences may result in a rejection, especially if the AV difference is large. Under the Lock Guidance in 50 IAC 26, there may be a reason for the Gross AV in the PERSRPOP file not to match the Gross AV in the TAXDATA file. During the spring review, the Department may request the tracking template to reconcile the differences between the two files.

Inquiries regarding compliance of personal property data submissions should be sent to the Department's Data Inbox at [data@dlgf.in.gov](mailto:data@dlgf.in.gov).