

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Assessing Officials
FROM: Barry Wood, Assessment Division Director *BJW*
RE: 2012 Reassessment – Land Valuation Frequently Asked Questions
DATE: September 17, 2010

The Department of Local Government Finance (“Department”) has recently received several questions regarding the land valuation date for the 2012 General Reassessment and legislative changes. This memorandum outlines these questions and answers. The information outlined below references IC 6-1.1-4-13.6. Please note that there are two versions of this statute: one that is effective until December 31, 2010 and one that is effective January 1, 2011. Both versions can be found at <http://www.in.gov/legislative/ic/code/title6/ar1.1/ch4.html>.

1. Do the (recommended) land values have to be submitted to the PTABOA?

A: Per the change in IC 6-1.1-4-13.6 (effective January 1, 2011), the County Assessor (even if there is a Township Assessor) is required to determine the land values and submit them to the Property Tax Assessment Board of Appeals (PTABOA) no later than July 1, 2011 (and every fourth year thereafter – which would be July 1, 2015). In the April 15, 2010 memo regarding “Changes to Assessment Provisions under HEA 1086-2010,” the new procedures for determining land values are addressed. (See http://www.in.gov/dlgf/files/100415-Bailey_Memo-Changes_to_Assessment_Provisions_under_HEA_1086-2010.pdf)

2. By which date do the (recommended) land values have to be completed: July 1, 2011 OR November 1, 2011?

A: Per the changes in IC 6-1.1-4-13.6, the Assessor is to submit the land values to the PTABOA by July 1, 2011. If the County Assessor fails to determine land values by the July 1, 2011 deadline, the PTABOA becomes responsible for determining the values. The PTABOA must do so before the values become effective. If the PTABOA fails to do so, the responsibility falls to the Department (effective January 1, 2011).

3. How can the land values be completed and submitted to the PTABOA by July 1, 2011 if the new cost/depreciation information won't be available until July 1, 2011?

A: While the new cost/depreciation tables will likely result in changes to the base assessment, the Assessor and/or vendor can use the current/existing assessed value information to help determine the land values. The abstraction method may be used to determine the value of

residential land if the sample of vacant land sales is insufficient for a geographic area. The abstraction method is most reliable when a minimum amount of depreciation has occurred on the improvements, for example, a new subdivision. Sales (if available) from comparable properties would be preferable to the abstraction method. Hence, the use of the current/existing assessed value will establish an indicated value that can be adjusted once the new cost/depreciation tables are available; however, it is expected those changes would be minimal. The statute in 2011 doesn't contemplate PTABOA changes to the land values. It requires the county assessor to determine and submit to the PTABOA; hence, the PTABOA plays no additional role in the process unless county assessors fail to do their duties.

4. What is the assessment date to be used as the basis for the July 1, 2011 land values, and what sales should be used?

A: The Assessor should use the March 1, 2011 assessment date as the basis for submitting the July 1, 2011 land values. Ideally, the sales period should be as short as possible (e.g., calendar year 2010 and the first two (2) months of 2011). However, if there are an inadequate number of sales, the period from which sales are drawn may be expanded and adjusted for time as necessary.

5. Are we allowed to use earlier sales than 18 months if the sales are time adjusted?

A: Yes, as referenced above, if there are an inadequate number of sales, the period from which sales are drawn may be expanded and adjusted for time as necessary.

If you have any additional questions, please contact Assessment Division Director Barry Wood at 317.232.3762 or bwood@dlgf.in.gov.