

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: County Auditors, County Treasurers, Software and Print Vendors

FROM: Mary Jane Michalak, Chief of Staff *umjm*

SUBJECT: Property Tax Billing in 2011: Issues and Suggestions

DATE: February 3, 2011

This memorandum is intended to give guidance on the 2011 tax bills and make suggestions to local officials about the process.

Regular Tax Bills (TS-1)

The process for formatting, printing and mailing 2011 property tax bills remains similar to the 2010 bills. Counties still will need to submit their proposed TS-1 documents and remittance coupons to the Department of Local Government Finance ("Department") for approval prior to mailing. As in 2010, the Department requests counties send a hard copy of a real and personal property tax statement for our records. Vendors are encouraged to send templates early for approval so corrections can be made before problems arise. Minor tweaks to the TS-1 can be accommodated, provided they are approved by the Department; however, this should be the exception rather than the rule. Remittance coupons are more free-form, provided that they contain the information outlined in our September 9, 2010 memo and documentation bundle. (See http://www.in.gov/dlgf/files/TS-1_2011_Documentation_Bundle.zip).

Indiana law requires that tax bills be mailed no later than 15 days before the anticipated first installment due date. Bills must be postmarked no later than April 25, 2011 for those counties achieving a May 10, 2011 first installment due date. If circumstances allow, the **Department supports a county's choice to mail bills earlier than this date to provide taxpayers with more notice** prior to the May 10, 2011 first installment due date.

Homestead Verification Form

The Homestead Verification Form, first mailed with the 2010 tax bills, is required to be mailed again with 2011 tax bills. While a county may choose to mail the form to all taxpayers again in 2011, only those individuals who are receiving the homestead standard deduction and have not provided the required information must receive a copy in 2011. This form, per statute, requires each individual (and his or her spouse, if any) currently claiming the homestead standard deduction to signify, under the penalties of perjury, that he or she is eligible to receive the homestead standard deduction and further requires that he or she certify his or her full legal name and last five digits of his or her social security and driver's license numbers. This form is to be printed on a different colored paper than the tax statement, and for purposes of statewide consistency the Department prescribes that the form continue to be on PINK or similarly-colored paper.

Additional information regarding the homestead verification form can be found online at <http://www.in.gov/dlgf/8455.htm>. Please find attached the TS-1 documentation, released last fall.

Provisional Bills (TS-1P)

HEA 1059-2010 requires provisional tax bills be mailed if the tax billing abstract is delivered to the county treasurer after April 1. (See http://www.in.gov/dlgf/files/100428_-_Bailey_Memo_-_Provisional_Tax_Bills_-_HEA_1059-2010.pdf.) The Department's authority to waive the mandatory provisional bill requirement is limited, so please contact Mary Jane Michalak directly to discuss this possibility if the County believes it will miss the May 10, 2011 due date. Given the progress local officials have made in on-time billing and the number of budget orders projected to be issued by February 15, 2011, the Department expects only one Indiana county will need to issue provisional bills this year.

A county that is required to issue provisional tax bills should follow the TS-1P format, which implements the requirements of HEA 1059-2010. Beginning for taxes payable in 2011, the first installment of provisional taxes due is equal to 50% of the property tax liability for the prior year's assessment date, subject to adjustments allowed or required by the Department (see below).

The legislation requires the Department to authorize in writing the types of adjustments to tax liability that a county treasurer may apply. These include adjustments for new construction or damage to the property, as well as any necessary adjustments for credits, deductions, and local option income taxes. These will be addressed on a county-by-county basis. **Unless the current General Assembly provides otherwise, delinquent taxes, special assessments, penalties, and interest will only be billed on the reconciling statement.** (HB 1284, Section 21 proposes to change current law.)

The language of the provisional statement has been changed to read as follows:

"Under Indiana law, _____ County (insert county) has sent provisional statements. The statement is due to be paid in installments on _____ (insert date) and _____ (insert date). The first installment is equal to fifty percent (50%) of your tax liability for taxes payable in _____ (insert year), subject to adjustment to the tax liability authorized by the department of local government finance and approved by the county treasurer. The second installment is either the amount specified in a reconciling statement that will be sent to you, or (if a reconciling statement is not sent until after the second installment is due) an amount equal to fifty percent (50%) of your tax liability for taxes payable in _____ (insert year), subject to adjustment to the tax liability authorized by the department of local government finance and approved by the county treasurer. After the abstract of property is complete, you will receive a reconciling statement in the amount of your actual tax liability for taxes payable in (insert year), minus the amount you pay under this provisional statement."

Homestead Verification Forms are required to be sent with the reconciling statement, rather than the provisional statement for 2010 pay 2011 and 2011 pay 2012. More information on the Homestead Verification Form is included below.

If you have any questions, please contact Mary Jane Michalak at 317.232.3785 or mmichalak@dlgf.in.gov or Amanda Stanley at 317.233.9218 or astanley@dlgf.in.gov.