Reassessment – The Next Step

Department of Local Government Finance

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- **Purpose of Reassessment:**
  To produce accurate and uniform values throughout an assessment jurisdiction and across all classes of property.

- **Place of Reassessment:**
  Real property is assessed at the place where it is situated. Per IC 6-1.1-2-4 (b) and (c), real property is assessed to the person liable.
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- **Department of Local Government Finance Oversight:**
  Per IC 6-1.1-4-31(a), the Department shall periodically check the conduct of a general reassessment of property.

- **Reassessment Principles:**
  The Indiana Constitution, the statutes of the Indiana General Assembly, and case law by the Indiana Courts (including the Indiana Tax Court and the Indiana Supreme Court) are the foundation of the reassessment. It does not ensure absolute and precise exactitude as to the uniformity and equality of each individual assessment.
A reassessment is the physical inspection of each property to ensure property record information is correct.

**Reassessment Schedule:**
- July 1, 2010 - Reassessment begins
- December 1, 2010 - 1/4 parcels done
- May 1, 2011 - 1/2 parcels done
- October 1, 2011 - 3/4 parcel done
- March 1, 2012 - All parcels complete
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IC 6-1.1-4-4
Schedule of general reassessment of real property; notice to assessing officials; assessed value based on estimated true tax value

Sec. 4. (a) A general reassessment, involving a physical inspection of all real property in Indiana, shall begin July 1, 2010, and each fifth year thereafter. Each reassessment under this subsection:

(1) shall be completed on or before March 1 of the year that succeeds by two (2) years the year in which the general reassessment begins; and

(2) shall be the basis for taxes payable in the year following the year in which the general assessment is to be completed.
(b) In order to ensure that assessing officials are prepared for a general reassessment of real property, the Department of Local Government Finance shall give adequate advance notice of the general reassessment to the assessing officials of each county.

(c) For a general reassessment that begins on or after July 1, 2010, the assessed value of real property shall be based on the estimated true tax value of the property on the assessment date that is the basis for taxes payable in the year following the year in which the general reassessment is to be completed.

Review of land values

Note: This version of section effective 1-1-2011. See also preceding version of this section, effective until 1-1-2011.

Sec. 13.6. (a) The County Assessor shall determine the values of all classes of commercial, industrial, and residential land (including farm home sites) in the county using guidelines determined by the Department of Local Government Finance. Not later than July 1, 2011, and every fourth year thereafter, the Assessor determining the values of land shall submit the values to the County Property Tax Assessment Board of Appeals.
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(b) If the County Assessor fails to determine land values under subsection (a) before the July 1 deadline, the County Property Tax Assessment Board of Appeals shall determine the values. If the County Property Tax Assessment Board of Appeals fails to determine the values before the land values become effective, the Department of Local Government Finance shall determine the values.

(c) The County Assessor shall notify all Township Assessors in the county (if any) of the values. Assessing officials shall use the values determined under this section.
(d) A petition for the review of the land values determined by a County Assessor under this section may be filed with the Department of Local Government Finance not later than forty-five (45) days after the County Assessor makes the determination of the land values. The petition must be signed by at least the lesser of:

1. one hundred (100) property owners in the county; or
2. five percent (5%) of the property owners in the county.

(e) Upon receipt of a petition for review under subsection (d), the Department of Local Government Finance:
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(1) shall review the land values determined by the County Assessor; and

(2) after a public hearing, shall:
   (A) approve;
   (B) modify; or
   (C) disapprove;

the land values.

The purpose of equalization is to establish procedures and standards in the adjustment of assessed valuations under IC 6-1.1-13 to attain a just, equal, and uniform basis and level of assessment among taxpayers in a county and from county to county.

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)
County Assessors shall perform equalization before tax bills are sent based on values generated by a general reassessment.

The Department may propose to equalize valuations in any county, between counties, or in the state as a whole, in any one (1) or more of the classes of property. The Department shall issue notice and provide opportunity for a hearing in accordance with IC 6-1.1-14-4 and IC 6-1.1-14-9, as applicable, before issuing a final equalization order.
The Assessor (or vendor) shall apply the updated cost information to establish a new replacement cost.

The Location Cost Multiplier shall be applied. The Assessor may develop his own multiplier or he may use the multiplier established by the Department.

Depreciation should be updated and applied.

Obsolescence should also be reviewed.

*For the March 1, 2012 assessment date, the Depreciation Schedule will remain the same; however, it is expected the Depreciation Schedule may change for the March 1, 2013 assessment date.
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- The updated land values should be applied.
- The new value (replacement cost new less depreciation) plus land should be compared with sales in the neighborhood or market area. If needed, a neighborhood factor shall be applied to establish the market value-in-use.
- A ratio study should be completed to ensure the assessed value closely approximates the market value-in-use.
- Sales used in ratio study must be screened to ensure they reflect market value-in-use of real property transferred.
The valuation date for the 2012 general reassessment is March 1, 2012.

The assessing official shall use sales of properties occurring during a period of time from March 2, 2010 through March 1, 2012 for the March 1, 2012 general assessment date.

Sales occurring before the valuation date of March 1, 2012 shall be trended for time, if appropriate, in accordance with the IAAO *Standard on Ratio Studies*(July 2007).
Every arm’s length, open market sale that appears to meet the condition of a market value-in-use transaction must be included in the ratio study unless:

- Sales data are incomplete, unverifiable, or suspect; or
- Fails to pass one or more specific tests of acceptability in the *Standard on Ratio Studies*. 
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- Level of Assessment (Median) must fall between 0.90 and 1.10 for any class of property.
- Coefficient of Dispersion (COD) standard for improved residential property will be 15.0 or less. For newer or more homogeneous areas, it is 10.0 or less.
- Income producing property, vacant land, and other real property will have COD of 20.0 or less.
- Price Related Differential (PRD) must be between 0.98 and 1.03.
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- When the Assessor assesses/reassesses any real property, they must give notice to taxpayer, by mail, of amount of assessment/reassessment (e.g. Form 11).

- During a period of general reassessment, each Township or County Assessor shall mail the required notice of assessment within ninety (90) days after Assessor:
  (1) completes appraisal of parcel; or
  (2) receives report for parcel from professional appraiser.
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- It is recommended that the Assessor print a copy of the Property Record Card (PRC) and have it available to discuss with taxpayers.

- Once the ratio study has been approved, the Assessor shall roll their assessed values to the County Auditor (per IC 6-1.1-5-14, this should be done by July 1st).
Appeals:
- Generally, after the general reassessment, there is an increase in the number of appeals filed – so be prepared.
- The Assessor should have an appeal tracking process (see [http://www.in.gov/dlgf/files/100201_Wood_Memo_Assessment_Appeals.pdf](http://www.in.gov/dlgf/files/100201_Wood_Memo_Assessment_Appeals.pdf)) to ensure all appeals are addressed in a timely manner.
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Questions??????????????????
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