2018 Pay 2019
Abstract

Auditors Fall Conference
Wednesday, October 24, 2018
Auditor of State
Bob Reynolds, CPA
Local Government Director

Summary

• Abstract Process
• Property Tax Relief Workbook
• Abstract Manual
• Abstract Review

Abstract Process

<table>
<thead>
<tr>
<th>Task</th>
<th>Party</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Abstract Survey</td>
<td>Auditor</td>
<td>Early January</td>
</tr>
<tr>
<td>Property Tax Relief Workbook</td>
<td>AOS</td>
<td>Late January</td>
</tr>
<tr>
<td>Property Tax Relief Workbook</td>
<td>Auditor</td>
<td>Late January/Early February</td>
</tr>
<tr>
<td>PTRW Review</td>
<td>AOS</td>
<td>24-48 hours of submission</td>
</tr>
<tr>
<td>Text Files Upload to Gateway Abstract</td>
<td>County</td>
<td>February/Early March</td>
</tr>
<tr>
<td>Text Files Acceptance</td>
<td>County Auditor</td>
<td>February/Early March</td>
</tr>
<tr>
<td>Abstract Review</td>
<td>County Auditor</td>
<td>February/Early March</td>
</tr>
<tr>
<td>Abstract Submission</td>
<td>County Auditor</td>
<td>February/Early March</td>
</tr>
<tr>
<td>Abstract Review</td>
<td>AOS</td>
<td>24-48 hours of submission</td>
</tr>
<tr>
<td>Pre-Approval</td>
<td>AOS</td>
<td>Once all questions resolved immediately</td>
</tr>
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PROPERTY TAX RELIEF WORKBOOK (PTRW)

• Why do I have to complete a property tax relief workbook (PTRW)?
  - Calculates the property tax relief rate
  - Used for the allocation of the property tax relief among property type groups.
  - Calculates the property tax relief rate
  - What happens if my PTRW is incorrect?
  - Property tax relief will be allocated to the incorrect categories
  - Does not impact overall property tax relief, impacts allocation of property tax relief to specific tax districts
  - Impacts individual tax bills
  - Could have circuit breaker impacts
PROPERTY TAX RELIEF WORKBOOK (PTRW)

• What are the Property Tax Relief Categories?
  • Total AV
    - Credit is applied uniformly to all taxpayers in a county
  • 1% AV
    - Homesteads eligible for a credit under IC 6-1.1-20.6-7.5 that limits the taxpayer’s property tax liability for the property to one percent (1%).
  • 2% AV
    - Residential property, long term care property, agricultural land, and other tangible property (if any) eligible for a credit under IC 6-1.1-20.6-7.5 that limits the taxpayer’s property tax liability for the property to two percent (2%).

PROPERTY TAX RELIEF WORKBOOK (PTRW)

• What are the Property Tax Relief Categories? (Continued)
  • 3% AV
    - Residential property, as defined in 6-1.1-20.6-4. (i) A single family dwelling that is not part of a homestead and the land, not exceeding one (1) acre, (ii) real property that consists of (a) a building including two (2) or more dwelling units, (b) any common areas shared by the dwelling unit, and (c) the land on which the building is located, and (iii) land rented or leased for the placement of a manufactured home or mobile home.

PROPERTY TAX RELIEF WORKBOOK (PTRW)

• What are the Property Tax Relief Categories? (Continued)
  • Residential Property
    - Residential property, as defined in 6-1.1-20.6-4. (i) A single family dwelling that is not part of a homestead and the land, not exceeding one (1) acre, (ii) real property that consists of (a) a building including two (2) or more dwelling units, (b) any common areas shared by the dwelling unit, and (c) the land on which the building is located, and (iii) land rented or leased for the placement of a manufactured home or mobile home.

PROPERTY TAX RELIEF WORKBOOK (PTRW)

• Calculation of Split for Former Qualified Residential
  • Allocation to 1% AV
    - Total Calculated Taxes for 1% AV
  • Allocation to Residential Property
    - One less the 1% Property AV Share of Former Qualified Residential Property

PROPERTY TAX RELIEF WORKBOOK (PTRW)

• AOS Review of Allocation of Property Tax Relief
  • AOS maintains a database of property tax relief allocations
  • Database is based on:
    1. Allocation assigned by AOS for pay 2017 based upon the prior year Income Tax types. (See Slide 10)
    2. Updated resolutions received by AOS
      - When a resolution is uploaded to Gateway for a change in LIT, AOS receives an automated email containing the resolution.
      - AOS updates database accordingly
  • Pre-Abstract Survey
    - The pre-abstract survey will ask county auditors to enter their allocation of property tax relief
    - If the answer entered does not agree to the AOS database, a member of the AOS staff will follow up to verify the correct allocation
PROPERTY TAX RELIEF WORKBOOK (PTRW)

What is my Allocation?

-Allocations prior to the 2017 LIT structure were grandfathered in based on proportional percentage of various taxes
-If your county income tax council has adopted a new PTR resolution since 2017, allocation should be stated in the resolution
-Reviewing the prior year property tax relief workbook is a good baseline for determining your allocation, however it does not guarantee the allocation is correct!

PROPERTY TAX RELIEF WORKBOOK (PTRW)

What is my Allocation?
(County has not adopted a Resolution)

- Allocation assigned by AOS for pay 2017 based upon the prior year Income Tax types.

<table>
<thead>
<tr>
<th>Income Tax Type</th>
<th>Assigned to</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOT PTMC</td>
<td>Total AV</td>
</tr>
<tr>
<td>LOT HSC</td>
<td>1% AV</td>
</tr>
<tr>
<td>CEDT HSC</td>
<td>1% AV</td>
</tr>
<tr>
<td>CGT HSC</td>
<td>1% AV</td>
</tr>
<tr>
<td>LOT RES PTMC</td>
<td>1% &amp; Residential (Form Qualified Residential)</td>
</tr>
</tbody>
</table>

Updated Abstract Manual

- Currently a work in progress, but will include:
  - Overview of Gateway Abstract Process
  - Step by step instructions for:
    - Uploading text files
    - Completing the County Review section
    - Submitting the Abstract
    - Creating reports within Gateway Abstract
  - Detailed screen shots and explanations of the different sections

JOKES!

- Can a kangaroo jump higher than a house?
  - Of course! A house doesn’t jump!
- Why did the football stadium get hot after the game?
  - All of the fans left!
- What did the toilet say to the other toilet?
  - You look flushed!
- What is the difference between a snowman and snowwoman?
  - Snowballs!
Gateway Abstract Review Process

- The questions received in the County Review section are very similar to the questions that AOS would have asked in previous years.
- The County Review section is:
  - Automated review based on ratios of current year to prior year data
  - Assessed values will be compared to CNAVs
- The ratios used in the review section are as follows:
  - Increase or decrease in taxing district all property NAV by 10%
  - Increase or decrease in taxing district real property NAV by 10%
  - Increase or decrease in taxing district personal property NAV by 10%
  - Increase or decrease in TIF district real property NAV by 10%
  - Increase or Decrease in TIF district personal property NAV by 10%

Gateway Abstract Review Process

- Example of Review Question in Gateway

Gateway Review Process

- Response to questions should be:
  - Detailed and complete, for example:
    - Assessed value increased due to largest tax payer in the district making a large investment into plant.
  - Should be similar to prior year responses
  - Responses to questions should not be
    - Short one word response.
    - Saying “because it went up” or “I don’t know” will not be accepted
    - If answer is incomplete AOS will follow up with county auditor
    - Abstract will not be approved if response is not acceptable.

Gateway Review Process

- AOS review begins once county submits abstract via Gateway Signature box
- Once you submit the abstract, you will no longer be able to make changes to the review section or upload new files.
Gateway Abstract Review Process

• AOS will receive an automated email from Gateway that you submitted your abstract

• AOS will be in contact with you within 24 hours of submission, verifying that we received the submission.
  • If you do not hear from an AOS staff member, please email localgovernment@auditor.in.gov to verify that your submission was received.

• If we have any follow up questions, you will receive our questions via email.

• If changes are needed to your submission:
  • AOS will have your abstract submission unlocked, and notify you that is available for changes
  • The county will need to make the required changes and then resubmit abstract
  • AOS will review required changes and will notify the county if the changes are accepted and grant pre-approval

Thank You!

Additional questions? Contact us!

• Bob Reynolds
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  • (317) 232-3309

• Jane Cope
  • Settlement Specialist
  • (317) 232-1712

Email: LocalGovernment@auditor.in.gov