



2009 ISBA Annual Meeting

Update on Indiana Property Tax Law

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Commissioner

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1



Outline

- Agency and Tax Billing Status Update
- New Legislation
- 2010 U.S. Census



Agency & Tax Bill Status Update

3



Establishing New Standards

- Core Values

- Put taxpayers first.
- Respect local control.
- Excellence in all that we do.

4



Establishing New Standards

■ Core Competencies

1. Know Your Job
2. Work as a Team
3. Serve the Taxpayers
4. Enforce Assessment Standards
5. Make Sure Data Submission Deadlines are Met
6. Ensure Budget Processes are Followed and Levy and Rate Controls Enforced
7. Provide Guidance and Interpret Laws but Respect Local Control

5

Competencies:

1. Know Your Job: Possess the skills, knowledge, and experience to perform your duties.

2. Work as a Team: Speak with “one voice” and work cooperatively to accomplish our mission and meet our goal of on-time property tax billing.

3. Serve the Taxpayers: Anticipate needs of taxpayers by issuing easily understood guidance and direction to taxpayers and local government officials.

4. Enforce Assessment Standards: Ensure compliance with the Standard on Ratio Studies and “trending” rule. Enforce penalties (i.e., assessor de-certification, notifying county council as step to remove assessor from office) if standards and deadlines are not met.

5. Make Sure Data Submission Deadlines are Met: Ensure compliance with data submission deadlines and enforce penalties (i.e., CAGIT, CEDIT, COIT withholding) if data submission deadlines are not met.

6. Ensure Budget Processes are Followed and Levy and Rate Controls Enforced. Ensure compliance with non-binding recommendation procedures are followed by local units, and that maximum levy controls and tax rate controls are not exceeded. If not, budgets of the non-compliant units will not be approved.

7. Provide Guidance and Interpret Laws but Respect Local Control: Issue clear guidance and direction to local officials to assist them in meeting deadlines and to ensure state standards are met. The Department will support the administrative duties of local officials, giving them flexibility to streamline and simplify the assessment to tax billing process while providing oversight of the assessment and budget functions, holding local officials accountable to state standards and deadlines, and interpreting the property tax laws of the State.



Agency Goals

- Increase Professional Development of Staff
 - Require all staff to become Level I, Level II, and Level III certified
 - Cross-train field representatives with both budget and assessment knowledge
 - Increase amount and level of data analysis conducted by the Department

6

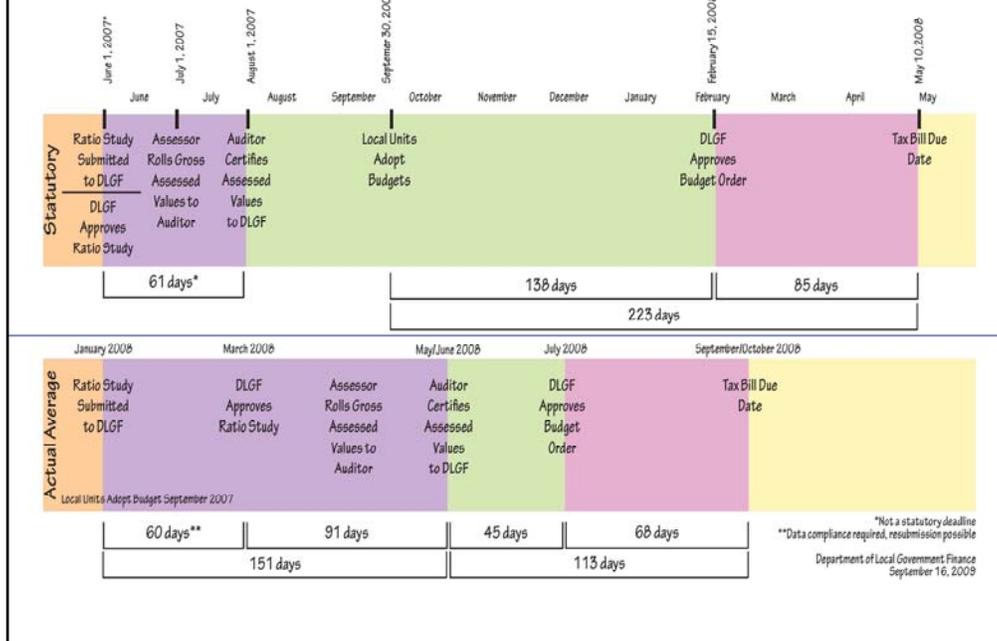


Agency Goals

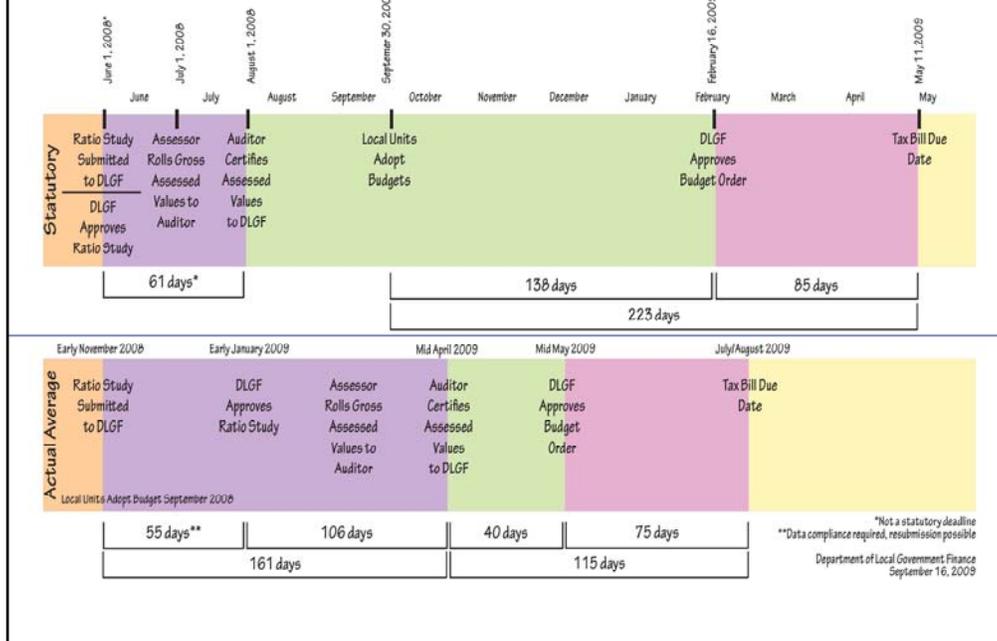
- **Restore On-Time Property Tax Billing**
 - Proactively assist counties in achieving data compliance
 - Department Policy provides for a 2-3 day response and turnaround for Data compliant counties
 - Reduce turnaround time for review and approval of ratio studies (includes counties w/data compliance issues)
 - 2007 pay 2008 – 60 days
 - 2008 pay 2009 – 55 days
 - 2009 pay 2010 – 18 days
 - Reduce turnaround time for budget certification once certified assessed values are received
 - 2007 pay 2008 – 45 days
 - 2008 pay 2009 – 40 days

The “Total Days Late” number is 13,416 days late, which leaves us with an average per county days late total of approximately 147 days. We still are aiming to cut that number by 50% for pay-2009 (i.e., down to 6,700 total days late or an average of 74 days late per county). With Spring tax bill due dates from 84 counties so far, **the “Total Days Late” number is currently 6,849 total days late, which leaves us with an average of 82 days late per county.** The goal was to cut the average days late by 50 percent, or to 74 days, so we missed our goal. Of course, I recognize the first installment due date is based upon factors mostly beyond the control of the DLGF – county’s software conversion issues, etc... Despite this missed goal, based upon our projections, I fully expect the total number of days late to be **37 percent faster than pay-2008.** To be 37 percent faster than last year is still a huge improvement.

Comprehensive Assessment and Budget Timeline 2007 pay 2008



Comprehensive Assessment and Budget Timeline 2008 pay 2009





**2008 Budget
Certification
status as of
September 28,
2008**

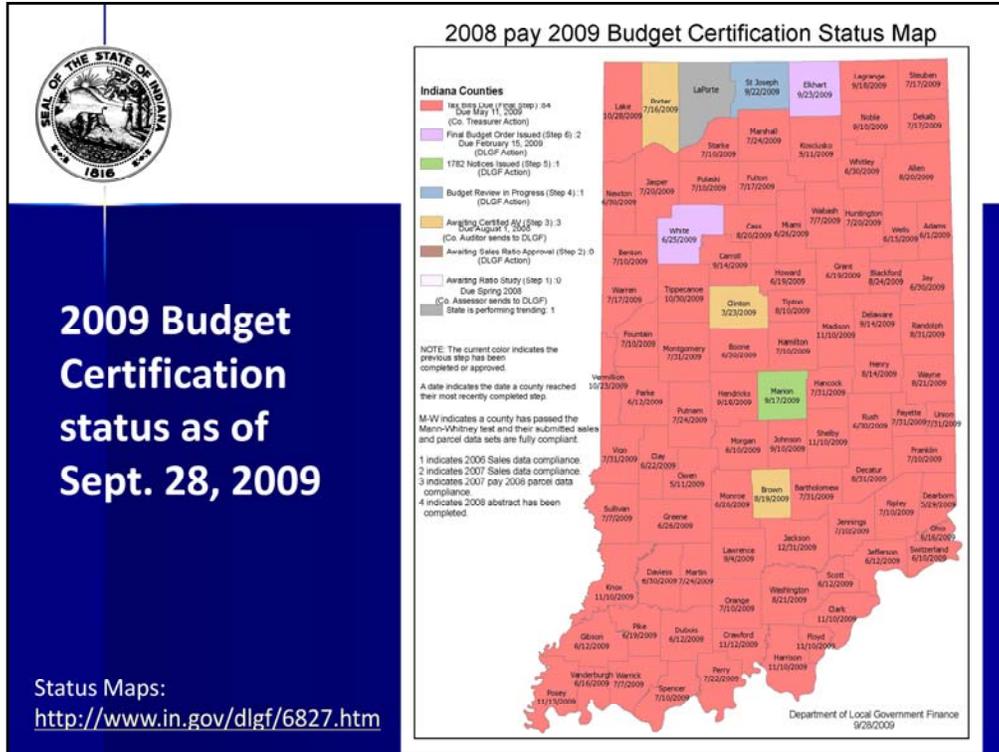
Status Maps:
<http://www.in.gov/dlgf/6827.htm>

?? Budget Orders as of July 14, 2008

?? 1782 notices issued

?? Budget reviews in progress

?? counties with AVs



86 Budget Orders as of September 28, 2009 vs. 77 in 2008

1 1782 notices issued (Marion)

1 Budget reviews in progress (St. Joseph)

88 counties with AVs

I have set a goal to issue 91 budget orders by October 31, 2009. I call it “91 by 10/31”. I anticipate the following 2009 budget orders to be issued on the estimated dates:

- Marion (September 30)
- St. Joe (October 27)
- Brown (October 30)
- Porter (October 30)
- Clinton (October 30)

For comparative purposes, the 91st 2008 budget order was not issued until June 30, 2009 (Brown County), so to be able to issue the 91st 2009 budget order just four months after the 91st 2008 budget order was issued would be quite a remarkable feat and proof of our progress over the last eight months.



2010: “The Year of No Excuses”

In response to this challenge, the DLGF Team has accomplished the following:

- Streamlined the data compliance process for assessment-sales ratio study approval purposes;
- Simplified the annual adjustment rule to allow for the use of only one year of sales and repealed the previous guidance that assessments be changed even if assessment level and uniformity statistical measures were within international standards; and
- Established a goal to issue 2010 budget orders within 60 days from receipt of certified net assessed values from the county auditor.

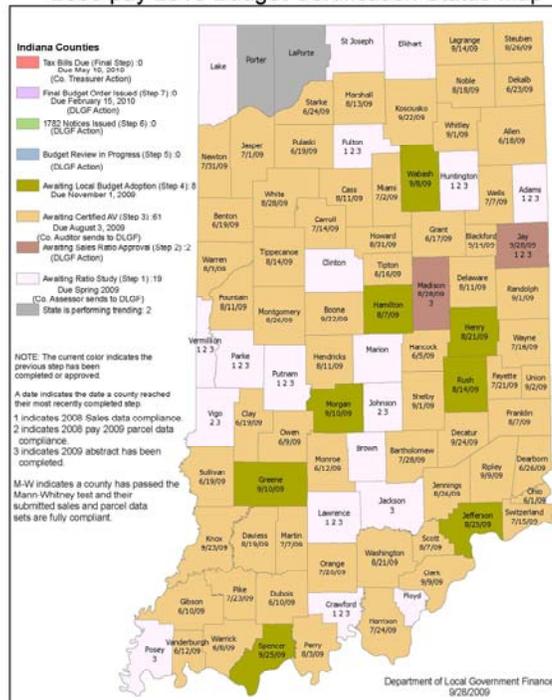
12



2010 Budget Certification status as of Sept. 28, 2009

Status Maps:
<http://www.in.gov/dlgf/6827.htm>

2009 pay 2010 Budget Certification Status Map



73 ratio studies not submitted last year until January 16, 2009.

71 ratio studies not approved last year until March 4, 2009.

8 CAVs not submitted last year until February 5, 2009



Status Update Conclusion

- Department's core values and competencies guide agency toward achieving on-time billing.
- Significant progress has been made for 2009 and we are off to a good start for 2010.
- 2010 is the "Year of No Excuses"

Let's talk about new legislation...

14



New Legislation

15



Reassessment Delay

- Delay start of reassessment to July 1, 2010
 - March 1, 2012 assessment date (and valuation date)
 - Property taxes first due and payable in 2013
- May start reassessment activities now
 - Just make sure you verify and confirm property data during reassessment period
 - Property visit;
 - Review of building permits; or
 - Pictometry

16

“Physical inspection” is required under IC 6-1.1-4-4 as part of a general reassessment

Accuracy of property characteristics data is an essential element in developing accurate assessments

Property data must be continually updated in response to changes brought about by new construction, demolition, new parcels, etc...

Can start reassessment now, if you want, under your authority to assess or reassess real property under the Undervalued or Omitted chapter of the Indiana Code – IC 6-1.1-9.



Assessment Appeals

- Filing deadline for appeals when no Form 11 sent
 - Notice of appeal must be filed not later than the later of:
 - May 10 of the tax billing year; or
 - 45 days after tax bill
- Burden of Proof
 - Assessor now has the burden of proof where the assessment increased by more than 5% over the preceding assessment date

17

Appeals: In other words, if no Form 11 is issued by the county assessor for the March 1, 2009 assessment date (for taxes first due and payable in 2010), the 2010 tax bill / TS-1 serves as the notice of assessment, and the deadline to file an appeal must be filed NLT the later of May 10, 2010 or 45 days after date of the 2010 tax bill.

Burden of Proof: According to IAAO's *Fundamentals of Tax Policy*, which was published in 2008, there has been a shift from the taxpayer having to prove the assessment wrong to the assessor having to prove that the assessment is correct in some jurisdictions. That rationale for such a shift – not placing onerous burdens on aggrieved taxpayers – has greater force in residential appeals, where many taxpayers lack the sophistication and resources to mount a successful appeal.

In Kansas, the county assessor cannot increase assessed values of real property unless the “documentation exists to support such increase in valuation”. KSA 79-1460. In other words, the burden of proof is on the county assessor to show its value is correct if the assessment is increased from the previous year.



PTABOA

- Commissioners may decide to have 3 or 5 members
- County assessor is a non-voting member
- 5 member PTABOA
 - Commissioners appoint 3 landowners / residents; county fiscal body appoints 2 individuals
- 3 member PTABOA
 - Commissioners appoint 2 landowners / residents; county fiscal body appoints 1 individual

18

5 member PTABOA: Only one (1) other individual who is an officer or employee of a county or township may serve on the PTABOA. County fiscal body appoints two (2) individuals. At least one (1) of the members must be a Level II or III.

Commissioners appoint three (3) landowners so that not more than three (3) of the five (5) members may be of the same political party and so that at least three (3) of the five (5) members are residents of the county. At least one (1) of the members must be a Level II or III. Commissioners may waive the requirement that one (1) of the landowners must be a Level II or III.

3-member PTABOA: Only one (1) other individual who is an officer or employee of a county or township may serve on the PTABOA. County fiscal body appoints one (1) individual. The member must be a Level II or III.

County commissioners appoint two (2) landowners so that not more than two (2) of the three (3) members may be of the same political party and so that at least two (2) of the three (3) members are residents of the county. At least one (1) of the members appointed by the commissioners must be a Level II or III. Commissioners may waive the requirement that one (1) of the landowners must be a Level II or III.



Mobile Homes as Inventory

- MH is inventory, if MH:
 - Does not qualify as real property;
 - Is located in a MH community;
 - Is unoccupied; and
 - Is owned and held for sale by the owner of the MH community
- MH is inventory regardless of whether MH that is held for sale is new or pre-owned.

19

Inventory: Since these MHs are inventory, they are not subject to assessment or property taxation (eff. January 1, 2010).



Mobile Home: Waiver of Taxes

- Waiver of property taxes for holder of title of certain abandoned MHs
- Holder of title of MH may submit a written request to the county assessor for asking the personal property tax liability be waived, if the MH:
 - has deteriorated to a degree that it can no longer provide suitable protection;
 - has little or no value as a structure;
 - personal property tax liability exceeds the estimated resale value; and
 - has been abandoned in a licensed MH community.

20

Waiver of Property Taxes: The holder of title to an abandoned MH with an AV less than the taxes owed, may submit a written request to the county assessor to waive the property taxes, special assessments, interest, penalties, and costs on that property (eff. January 1, 2009 (retroactive)).

Holder of title to the MH may submit a written request to the county assessor for the county where the MH sits requesting that personal property tax liability imposed on the MH be waived, if the MH:

- has deteriorated to a degree that it can no longer provide suitable protection from the elements as to be used as a primary place of residence;
- has little or no value as a structure to be rehabilitated for use as a primary place of residence;
- personal property tax liability has been imposed on the home in an amount that exceeds the estimated resale value of the MH; and
- has been abandoned in a licensed MH community.

If County Assessor determines the above factors have been met, the County Assessor is required to send the applicant a letter that waives property taxes, penalties, etc...; and delivers a copy of the letter to the County Auditor and Treasurer.

Holder of title of MH, upon receipt of waiver letter, must deliver a signed statement to the County Assessor stating that the MH:

July 16, 2009



Annual Adjustments by DLGF

- DLGF may conduct annual adjustments if county assessor has not delivered gross AVs to county auditor by July 1 + 180 days have elapsed [December 28].
 - DLGF develops annual adjustment factors with data from county assessor or any of the other sources listed below:
 - sales data,
 - government studies,
 - ratio studies,
 - cost and depreciation tables, and
 - other market analyses

21

If county assessor is 6 months (180 days) beyond the July 1 deadline, the Department may develop AA factors.

DLGF may use sales data from the county assessor, OFHEO government study for residential properties, Marshall & Swift cost tables, MLS, etc... to develop factors countywide and by property class.

Taxpayers may object to factors. A public hearing is required. Taxpayers may appeal the final factors to DLGF to reconsider, and then to Tax Court.



Permanently Flooded Real Property

- Owner of parcel may petition county assessor for reassessment of parcel if:
 - Permanently flooded (or access over land is permanently prevented by flooding); and
 - Not used for agricultural purposes
- Form 137PF, *Petition for Survey and Reassessment Real Property that is Permanently Flooded or Access is Permanently Prevented by Flooding*

22

If parcel is permanently flooded, and not used for agricultural purposes, upon receipt of Form 137PF, the county assessor shall cause a survey of the parcel.

If the parcel meets the description above, the county assessor shall order a reassessment of the parcel.



Permanently Flooded Real Property

- Flooding occurs before May 11 and after preceding November 10 (between Nov 11, 2008 and May 10, 2009)

- Form 137PF must be filed by December 31, 2009
- Reassessment order affects 2009 and 2010 tax bills

- Flooding occurs after May 10 and before following November 11 (between May 11, 2009 and Nov 10, 2009)

- Form 137PF must be filed by December 31, 2009
- Reassessment order affects 2009 (Fall installment) and 2010 bills

23



Valuation Date = Assessment Date

- Real Property valued taking into account its physical condition and the market factors in existence on the assessment date (e.g., March 1, 2009).
- This value is trended to reflect the property's market value-in-use on the valuation date (e.g., January 1, 2008).
- "What would a potential buyer have paid on the valuation date for the property as it physically looked on the assessment date given the market conditions on that assessment date?"

24



Valuation Date = Assessment Date

- Beginning in 2010 (pay-2011), valuation date and assessment date are same = **March 1**
- For general reassessment, use sales occurring from March 2, 2010 through March 1, 2012.
- For annual adjustments, use sales occurring during a time period that is as short as possible and, ideally no more than 14 months before the March 1 assessment and valuation dates.

25

We're updating annual adjustment rule to reflect the bottom bullet point.



SDF Technical Change

■ SB 346

- Beginning on July 1, 2009, a person filing a sales disclosure form with respect to a sale of real property occurring between January 1, 2004 and December 31, 2011 shall pay a fee of \$10 to the county auditor.
- 50 percent of the revenue collected shall be deposited in the county sales disclosure fund and 50 percent shall be transferred to the assessment training and administrative fund.
- The DLGF may provide training of assessment officials and employees of the DLGF through the Indiana chapter of the IAAO on various dates and at various locations in Indiana.

- Places non-code provision into Indiana Code
- Not a substantial change



Timely Certified Distributions

- County Auditor to timely distribute certified CAGIT, COIT, and CEDIT distributions to each civil taxing unit, school corporation and city/town.
- A distribution is timely if it is made no later than 10 working days after the date the County Treasurer receives the county's certified distribution.

27



Electronic Property Tax Bills

- Beginning in pay-2009, county legislative body (county commissioners) may adopt ordinance authorizing tax bills to be sent via e-mail to taxpayers who have applied.
- If ordinance adopted, County Treasurer and County Auditor shall publicize, through appropriate media, the availability of the option and the applicable steps and deadlines involved to begin receiving electronic tax bills.

28



Electronic Property Tax Bills

- Format of the e-bill (TS-1-E) is just like the regular tax bill and comparison statement.
- Taxpayers can apply to receive e-bills in two ways:
 - State Form 53954, *Authorization for Receipt of Electronic Property Tax Statements*.
 - State Form 46021, *Sales Disclosure Form*
- Taxpayer must apply at least 30 days before the anticipated mailing date of tax bills in the county.

29

This is where County Auditor and County Treasurer publicity efforts about the availability of the e-bill option and deadlines is important!



Electronic Property Tax Bills

- E-bills must be sent to the taxpayer at least 15 days prior to the first installment due date
 - This is the same amount of minimum notice required for regular, hard copy tax bills.
 - Example: May 10, 2010 Spring tax bill due date means e-bills must be sent on or before Friday, April 23, 2010

30



Electronic Property Tax Bills

- In a county that elects to e-mail tax bills, County Treasurer is required to maintain a record documenting the following:
 - Name of the person to whom a tax bill is sent by email;
 - The information included in the bill; and
 - Whether the tax bill was received

31



Electronic Property Tax Bills

- If County Treasurer receives response to e-mail that e-bill was not received by taxpayer, Treasurer must send a hard copy tax bill via U.S. mail.
- Due date for the tax bill, however, remains same.

32



Electronic Property Tax Bills

- At least 30 days prior to anticipated mailing date of tax bills in county, taxpayer may choose to either change the designated e-mail address where bills are sent, or opt out of receiving e-bills altogether.

33



Installment Payments

- A single tax bill due date will be allowed if requested by the county in 2010.
- Installment plans are encouraged but not required.
 - Installment plan for homestead taxpayers under IC 6-1.1-22-9.5
 - Ordinance adopted by county council allowing all taxpayers to pay one or more installments of property taxes by any combination of the following:
 1. Automatically monthly deductions from a financial account
 2. Payments under a monthly installment plan adopted in accordance with IC 6-1.1-22-9.7

34



Installment Payments

- Statutorily required due dates are May 10 and Nov. 10
- A single tax bill due date will be allowed if requested by the county.
- Installment plans are encouraged but not required.
 - Installment plan for homestead taxpayers under IC 6-1.1-22-9.5
 - Ordinance adopted by county council allowing all taxpayers to pay one or more installments of property taxes by any combination of the following:
 1. Automatically monthly deductions from a financial account
 2. Payments under a monthly installment plan adopted in accordance with IC 6-1.1-22-9.7

35



New Legislation Conclusion

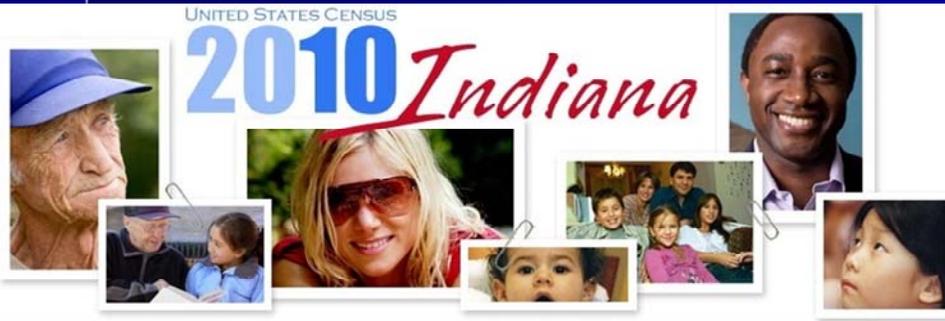
- Reassessment delayed until July 1, 2010 – start now
- Burden of Proof on Assessors if AV increased more than 5%
- DLGF can develop annual adjustments for “slow” counties
- Permanently flooded properties can be reassessed
- Valuation date and assessment date are the same
- SDF technical changes
- Timely Certified Distributions within 10 working days
- Electronic Tax Bills
- Installment Payments

Let's talk about the 2010 U.S. Census...

36



2010 Census



For more information, visit the Indiana 2010 Census Web page: www.census.indiana.edu.

37



2010 Census

- The U.S. Constitution requires that a Census be conducted every 10 years to count each person living in the country.
 - The Census is used to apportion congressional seats.
 - Results inform policymakers who construct government programs.
 - Census numbers are the basis of funding for many federal programs, up to \$1,200 per person.
 - Medicaid, WIC food grants, social services
 - Title I educational grants
 - Transportation
 - State funds are often distributed using Census counts.
- **Our objective is to ensure that every Hoosier is counted.**

38



2010 Census

- Census Day is April 1, 2010
- Short “do” list to promote U.S. Census:
 - Alert your staff to upcoming Census
 - Post the Census message or link on your Web page
 - Mention it at appropriate meetings / presentations
- Census Message added to DLGF Form 11, TS-1, etc...

39



Contact The Department

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- **Web site: www.in.gov/dlgf**
 - **“Contact Us”: www.in.gov/dlgf/2338.htm**

40