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# NEWS RELEASE

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**For Immediate Release**

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## **Property tax bills on-time in 85 counties, saving taxpayers millions in dollars**

INDIANAPOLIS (April 14, 2010) – Hoosier property taxpayers are seeing something in their mail they are not accustomed to seeing in the spring – their property tax bills. The Department of Local Government Finance today announced that for the first time since 2002, property tax bills in at least 85 counties will be mailed in spring, resulting in the normal May 10 due date. Only two counties – Kosciusko and Owen – billed on-time in 2009, while no county achieved on-time billing in 2008.

On-time tax bills mean lower costs for the State's 2,691 cities, towns, townships, schools, libraries, and other special districts.

"It took too long to get here, but a great cooperative effort has brought this process current," Governor Mitch Daniels said. "The result is our cities, schools and libraries will get their funding in a timely manner and will no longer have to borrow while they wait on a check."

State and local officials together made great strides in returning the tax billing cycle to normal after several years of adjusting to the new system. A total of 87 budget orders were certified by the Department on average 118 days sooner than last year.

The first step in the assessment to tax billing process is the completion of the property assessments, which culminates with the submission of a ratio study by the county assessor. A ratio study is a comparison between property sales prices and assessed values in the county to ensure that market values are being used to determine assessed values. County assessors submitted 2010 ratio studies on average 94 days sooner than last year. (To facilitate on-time billing, the Department conducted at least part of the assessment work in three counties – Lake, LaPorte, and Porter.)

Once the Department approves the ratio study, the county assessor sends the gross assessed values to the county auditor, who applies exemptions, deductions or abatements to determine the net assessed values – the values upon which tax rates are based. County auditors in 87 counties submitted certified net assessed values on average 139 days sooner than the previous year.

After the Department issues the budget order, the county auditor calculates the bills, which should be mailed by the county treasurer no later than April 23, 2010. Tax bills will be due an average of 86 days sooner than last year.

Late tax bills have been costly to local units of government, which rely on property tax revenue to operate. While a total dollar figure paid in interest due to late tax bills is not known, the Indiana Bond Bank stated that borrowing by local government units reached nearly \$950 million in calendar year 2008, \$518 million in 2009, and \$133,000 so far for 2010. According to the Indiana Department of Education, schools borrowed over \$42 million in calendar year 2008 and over \$13 million in the first half of 2009.

“With more local government units returning to normal billing and collection cycles, the need by these entities to borrow will more than likely continue to return to normal levels as we have witnessed over the past year and a half,” State Treasurer Richard Mourdock, who serves as Chairman of the Indiana Bond Bank, said.

Delays in the past several years have been attributed to the change to the market value-based property tax system and the onset of “trending” – the updating of property values annually to reflect the property’s market value in use. Additionally, a statewide review of assessments resulted in several counties having to re-do work, and many counties experienced software changes to upgrade technology.

Now that the normal billing cycle has been restored, state and local officials are working to maintain the predictability for next year, setting a goal of on-time billing in 91 of the state’s 92 counties, a feat that has not happened since 2000.

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