

An Overview of Franklin County's 2009 Annual Trending July 31, 2009

The following steps were taken to conduct the 2009 annual trending in Franklin County:

Step 1: Calculation of New Land Values

New land values were calculated for 2008. For residential property, land values were held constant for 2009. For commercial and industrial properties, land values generally stayed consistent between January 1, 2006 and January 1, 2009, and no updates were implemented.

Step 2: Calculation of New Residential Factors & Residential Studies

Per 50 IAC 14, a preliminary ratio study was conducted for vacant and improved residential properties at the township level. This study dictated which property classes required further analysis, stratification, reassessment or calculation of a new neighborhood factor. The February 4, 2009 memo from the DLGF states (page 4):

Change for Change's Sake

According to the *IAAO Standard on Property Tax Policy*, Standard 4.2.2 (August 2004), in the annual adjustment process, the county assessor is required to re-evaluate the factors that affect value each year, express the interactions of those factors mathematically, and use mass appraisal techniques to estimate property values. As a result, although it is necessary to observe and evaluate, **it is not always necessary to change the assessment of each property each year to achieve current market value-in-use.**

In other words, as stated in the *Statewide Property Tax Equalization Policy Report* conducted by the Indiana Fiscal Policy Institute (October 2005), **assessments only need to be changed when there is a clear indication based on market evidence that valuations no longer meet assessment level and uniformity standards, or when there are significant physical changes.**

As such, when the preliminary ratio study indicated that the majority of parcels in residential classes still were within assessment level and uniformity standards, those assessments were not changed.

Step 3: Updated Commercial & Industrial Improvement Values

As a result of annual updating land values, cost tables, and depreciation for the past three years, and given the very small sample of sales for these class types in Franklin County, no further updating was done for 2009 trending. The sales that did occur when reviewed in the preliminary ratio study, met all IAAO ratio study statistical measures. As a result, no further action was taken.

****Please note that the period of time from which sales were used for this ratio study was from 1/1/2007 to 12/31/2008. Every attempt was made to ensure a representative sample for each property class. However, given the very low sales activity for vacant and improved industrial property in Franklin County, even going back to 2002, no additional sales data was yielded. No additional sale was yielded for vacant commercial, resulting in only 3 sales for this class. Finally, the ratio study file contains a list of all valid sales that upon further**

review were found to actually be invalid, the commercial sales are located at the bottom of that section and the residential sales not used are in their own worksheet.