

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE
DATA ANALYSIS DIVISION



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TO: County Assessors and Auditors
FROM: Eric Bussis, Director of Data Analysis *EB*
SUBJECT: Lock Guidance in 50 IAC 26
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The purpose of this memo is to provide an explanation and implementation methodology for locking assessed values per 50 IAC 26, Computer Standards for a Uniform and Common Property Tax Management System. In 50 IAC 26, the Department of Local Government Finance ("Department") updated the requirements of assessment and tax and billing software. 50 IAC 26 details the ability of county assessors and auditors to update assessed values after the values are rolled from the county assessor to the county auditor and after net assessed values have been certified by the county auditor. Under the previous software requirements, assessors and auditors were unable to update values during this period. **The intent of the change in the lock rule through 50 IAC 26 is to provide county officials with greater flexibility during the locked period to maintain and update assessed values throughout the assessment and tax year.**

Assessment Systems

The lock guidance for assessment systems is contained in 50 IAC 26-13-2. The rule specifies:

The assessment system must not allow for the addition, modification or removal of certified assessment data in the current tax year following the certification of gross assessed values to the county auditor. This requirement ensures that the county assessor can always identify the assessed value certified to the county auditor.

Allowable corrections to a parcel's assessment, such as appeals and corrections of error, may be entered into the assessment system in the current tax year. These corrections should be maintained in a separate assessed value posting and must not overwrite the certified assessed value data. At any point in time, both the certified gross assessed value and the updated gross assessed value should be available for review in the assessment system.

While the updating of gross assessed values is permitted under this lock guidance, these provisions apply only to assessment data for the current tax year. Assessed values from years before the current tax year are not allowed to be modified per 50 IAC 26-13-2(3).

Tax and Billing Systems

The lock guidance for tax and billing systems is contained in 50 IAC 26-14-2. This section requires:

Multiple assessed values must be maintained in the tax and billing systems. Similar to the lock guidance for assessment systems, the tax and billing system must not allow for the addition, modification or removal of gross assessed values that are certified to the county auditor from the county assessor in the current tax year. This value should match the value that is contained in the assessment system for the certified gross assessed value for a particular parcel.

The tax and billing system also must not allow for the addition, modification or removal of a certified net assessed value in the current tax year following the certification of net assessed values to the Department. By maintaining the net assessed values on which the county's certification was based, it would be possible to recreate the certification of net assessed values if necessary.

After certification of net assessed values to the Department, the tax and billing system should allow for appropriate modifications to be made to the assessed value in the current tax year, so long as these corrections are maintained in a posting separate from both the gross assessed values rolled from the county assessor and the certified net assessed value as submitted to the Department. These modifications would include appeals, corrections of error, filing of deduction applications, and other legally allowable changes. Under this multi-step lock, the tax and billing system should maintain and have available for review at any point in time the following values:

- The gross assessed value certified by the county assessor;
- The certified net assessed value;
- The modified gross assessed value; and
- The modified net assessed value data.

By allowing for these modifications throughout the tax year, the county auditor will not need to wait until after tax calculation to input assessed value changes. This should allow tax bills to be initially calculated on more accurate values while reducing the workload of the county auditor's office in the time period from the calculation of taxes to the creation of tax bills.

The final lock in the tax and billing system should go into place upon the calculation of tax liability for the current tax year as provided by 50 IAC 26-14-2(4). After the calculation of tax liability, changes to the assessed values can only be accomplished through one of four mechanisms:

- A correction of error;
- An assessment adjustment for the purpose of omitted or undervalued property;
- An adjudication by an administrative agency or court; or
- A legislative change that retroactively affects the calculation of taxes.

Vendor Implementation of the Updated Lock Guidance

It is the responsibility of each software vendor to implement the updated lock guidance within the assessment and tax and billing systems. County assessors and auditors should work with their software vendors to identify the timing of the implementation of the updated lock guidance and any changes that will occur within the systems to account for this guidance.

Impact of Assessed Value Changes on Data Compliance

While the updated lock guidance in 50 IAC 26 allows for county assessors and auditors to track and maintain assessed values throughout the year, this guidance increases the possibility that the assessed values contained in a county assessor's data submissions would not match the assessed values contained in the county auditor's data submissions. This is due to the ability of the county auditor to continue to update assessed values after the county assessor has already submitted the assessment data submissions to the Department and the Legislative Services Agency ("LSA").

To address this possibility, the Department and LSA request that both the county assessor and the county auditor track any modifications to assessed values made under this lock guidance. The template for tracking these modifications is attached to this memo and captures the following information:

- The parcel number;
- The gross assessed value certified by the county assessor;
- The certified net assessed value;
- The modified gross assessed value;
- The modified net assessed value data;
- Date of modification; and
- Reason for the modification.

The tracking spreadsheet prepared by the county auditor should be provided at the same time that the county auditor submits the TAXDATA and ADJMENTS files. The Department and LSA will use this tracking spreadsheet to identify differences between the values contained in the assessor's data submissions and the values contained in the auditor's data submissions. By providing this tracking spreadsheet at the time of data submission, a county can reduce the possibility of receiving a report of non-compliance due to differing values between the assessment and the tax and billing systems. The Department and LSA may request the county assessor's tracking spreadsheet, depending on the extent of the assessed value modifications. The county assessor's spreadsheet does not need to include data in the net assessed value columns in the template.

If you have any questions on the lock guidance contained in 50 IAC 26, please contact Director of Data Analysis Eric Bussis at erbussis@dlgf.in.gov or 317.232.3759.