

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Assessing Officials
FROM: Barry Wood, Assessment Division Director *BJM*
RE: Cyclical Reassessment Guidance
DATE: November 16, 2012

Governor Daniels signed Senate Enrolled Act No. 19 - 2012 into law on March 19, 2012. One of the main components of the legislation was the elimination of the "general reassessment" and the implementation of the "cyclical reassessment." On April 30, 2012, the Department of Local Government Finance (the "Department") issued guidance regarding the cyclical reassessment (see http://www.in.gov/dlgf/files/120430_Cyclical_Reassessment.pdf). A follow-up memo was disseminated on July 6, 2012 (see http://www.in.gov/dlgf/files/120707_-_Wood_Memo_-_Cyclical_Reassessment_Follow-up.pdf).

The following are the effective dates for the cyclical reassessment:

- June 28, 2013: The county assessor must submit to the Department the cyclical reassessment plan by this date.
- February 28, 2014: The Department must review and approve the plan by this date.
- July 1, 2014: The reassessment of the first 25% of the parcels within each property class within the county begins.
- March 1, 2015: The reassessment of the first 25% of the parcels must be completed.
- July 1, 2015: The reassessment of the second 25% of the parcels within each property class within the county begins.
- March 1, 2016: The reassessment of the second 25% of the parcels must be completed.
- July 1, 2016: The reassessment of the third 25% of the parcels within each property class within the county begins.
- March 1, 2017: The reassessment of the third 25% of the parcels must be completed.
- July 1, 2017: The reassessment of the fourth 25% of the parcels within each property class within the county begins. Note: IC 6-1.1-4-4.2 (a) states the county assessor must submit a cyclical reassessment plan "before July 1 of every fourth year thereafter." Hence, the county assessor must submit the plan for the next four year cyclical reassessment before this date.
- March 1, 2018: The reassessment of the fourth 25% of the parcels must be completed.
- July 1, 2018: The reassessment of the first 25% of the parcels within each property class within the county for the next four year cyclical reassessment begins.

“Cyclical Reassessment Plan:”

Under the new law, a “general reassessment” of property has been replaced with a “cyclical reassessment.” The basic premise of a “cyclical reassessment” is to spread the reassessment activities, including the inspection and updating of all of the parcels and parcel characteristics, in an assessment jurisdiction, over a four (4) year period instead of a twenty (20) month period.

The County Assessor must, before July 1, 2013, and before July 1 each fourth year thereafter (see timeline on page 1 for due dates), prepare and submit to the Department a reassessment plan for the county. The reassessment plan is subject to approval by the Department, and the Department must complete its review and approval before March 1 of the following year. The reassessment plan must divide all parcels of real property in the county into four different groups, and each group must contain at least 25% of the parcels within each class of real property in the county. A county may submit a reassessment plan that provides for reassessing more than 25% of the parcels in the county in a particular year; however, a plan must cover a four year period. The reassessment begins July 1 of a year and must be completed on or before March 1 of the following year (e.g., for the March 1, 2015 assessment date, reassessment commences July 1, 2014 and must be completed by March 1, 2015). All real property must be reassessed once during each reassessment cycle.

The Timeframe to Complete Cyclical Reassessments:

The appraisal of one-third (1/3) of the 25% of parcels must be completed before October 1 of the year in which the group’s reassessment under the county reassessment plan begins. Two-thirds (2/3) of the parcels must be completed before January 1 of the year following the year in which the reassessment plan begins. The appraisal of all the parcels in the group shall be completed before March 1 of the year following the year in which the reassessment plan begins. For example, for 25% of the parcels to be reassessed by March 1, 2015, the reassessment commences July 1, 2014, with 1/3 of the appraisal of the parcels completed by October 1, 2014, 2/3 of the appraisal of the parcels completed by January 1, 2015, and the reassessment of the parcels completed before March 1, 2015. If a county assessor employs a professional appraiser, the professional appraiser or appraisal firm must file appraisal reports with the county assessor by the same dates. The reassessment plan must also specify the dates by which the assessor will submit the land values to the Property Tax Assessment Board of Appeals (PTABOA). Please note, the County Assessor may modify the reassessment plan, subject to review and approval by the Department.

Components of the Plan

Great deference is given to local control; hence, the following components should be contained in the reassessment plan:

- An overall plan for completing the cyclical reassessment. This should include the approximate number of parcels in the jurisdiction, including a break-down by property class and the projected number of parcels to be inspected each year to meet 25% cyclical reassessment requirement.

- Tasks or activities that were part of the 2012 general reassessment should be included in the plan. For example, sales verification/validation, neighborhood delineation, land pricing, the application of updated costs, the review and application of a market adjustment factor (if necessary), and the completion/submission of the ratio study should be part of the plan.
- A Gantt chart is highly recommended. A Gantt Chart should list the task name or project, the person(s) responsible for the task or project, the duration of the task or project (e.g., 120 days), and a timeline starting with the end date and working backwards. Increments will show what percent of work needs to be completed by a certain date in order to complete the task or project.
- A detailed description of the task or project should accompany the Gantt chart. For example, if the task is to photograph each property in the jurisdiction; details that should be addressed include procurement (if necessary) of a camera or cameras, the person(s) responsible for the photography, a routing map of the properties to be photographed, a decision on how many photographs and/or views (e.g., the front and back) will be taken of each property, a means to identify each property and photograph(s) and inputting the photographs into the computer system, and the time needed to complete the project (e.g., there are 10,000 properties to be photographed, 50 properties photographed each day, one person taking the photographs, 200 days needed to complete the project [50 properties x 200 days = 10,000 properties ; 200 days/25% = 50 days per year]). Thus, the assessing official should plan on approximately 50 working days each year to photograph approximately 2,500 properties. At the end of the four year cyclical reassessment cycle, all 10,000 properties will have a photograph.

Contracts with Professional Appraisers:

Unlike the provisions for a general reassessment, whereby counties had a certain timeframe to enter into a contract (e.g. between January 1 and April 16 of the year in which the reassessment was to commence), the Department may establish a period in which a county assessor may enter into a contract with a professional appraiser. Per Indiana Code 6-1.1-4-20 (see both Version “a” and Version “b”), a county currently may not enter into a contract for the cyclical reassessment before January 1, 2014. After that date, a county will be able to enter into a contract for the full cyclical reassessment cycle.

Notices to Taxpayers:

If any assessing official assesses or reassesses any real property, the assessing official shall give notice to the taxpayer by mail, or by using electronic mail that includes a secure Internet link to the information in the notice, of the amount of the assessment or reassessment. E-mail notification may be used only for those taxpayers that have elected that method. The assessing official shall provide notice by the earlier of: ninety (90) days after the assessor completes the appraisal of a parcel; receives a report for a parcel from a professional appraiser or professional

appraisal firm; or April 10 of the year containing the assessment date for which the assessment or reassessment first applies (e.g. for a March 1, 2015 assessment date, by April 10, 2015).

Petition for Reassessment:

A petition for the reassessment of a real property group designated under a county's reassessment plan may be filed by property owners within the group with the Department not later than forty-five (45) days after notice of assessment. A petition for reassessment applies only to the most recent real property assessment date. The petition must be signed by the lesser of one hundred (100) owners of parcels in the group or five percent (5%) of owners of parcels in the group. Upon receipt of a petition, the Department may order a reassessment or conduct a reassessment.

The Reassessment Fund/Budget:

Under a county's reassessment plan, the county council must establish a levy each year for the group of parcels to be reassessed in that year. The County Assessor may petition the county fiscal body to increase the levy to pay for the costs of a reassessment of one or more groups of parcels under a county's reassessment plan; verification of sales disclosure forms; or processing annual adjustments. The Assessor must document the needs and reasons for the increased funding. If the county fiscal body denies the petition, the County Assessor may appeal to the Department. The Department shall hear the appeal; and determine whether the additional levy is necessary.

Rules and Standards for Interim Assessments:

The valuation of properties subject to the cyclical reassessment will reflect sales data and the application of neighborhood factors. Those properties will also be inspected to ensure the underlying parcel characteristics are correct. In making any assessment or reassessment of real property between reassessments under the county's reassessment plan, the rules, regulations, and standards for assessment are the same as those used in the preceding reassessment of that group of parcels. Additionally, for the March 1, 2013 and March 1, 2014 assessment dates, the county will conduct the annual adjustment process (see IC 6-1.1-4-4.5 and 50 IAC 27) for properties not subject to cyclical reassessment in that year.

County Assessor Equalization:

A county assessor must inquire into the assessment of classes of tangible property in the group of parcels under a county's reassessment plan prepared under IC 6-1.1-4-4.2 after March 1 in the year in which the reassessment of tangible property in that group of parcels becomes effective. The county assessor must make any changes, whether increases or decreases, in the assessed values that are necessary in order to equalize the values in that group. In addition, the county assessor must determine the percent to be added to or deducted from the assessed values in order to make a just, equitable, and uniform equalization of assessments in that group.

If you have any questions, please contact Barry Wood, Assessment Division Director, at 317.232.3762 or Bwood@dlgf.in.gov.