

# STATE OF INDIANA

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## MEMORANDUM

TO: County Assessors, Auditors, County Council Members, and County Commissioners

FROM: Cheryl A.W. Musgrave, Commissioner *CWM*

DATE: November 13, 2008

SUBJECT: County Property Reassessment Fund Statute -- IC 6-1.1-4-28.5

The purpose of this memorandum is to clarify the authorized uses of a county's property reassessment fund and timeframe during which the funds may be expended. The fund is limited to the purposes outlined in the law. In general, the fund's use is limited to expenditures for the assessing officials, but there are exceptions for computers and plat maps. Counties are not required to use reassessment funds for the purposes listed in the statute as other funds may be used, but the funds may only be used for those statutorily expressed purposes.

It is important to recognize the fund may be used at any time for the statutorily stated purposes. While "reassessment" occurs on a statutorily mandated schedule, trending occurs annually. Plat map expenditures supporting annual trending or reassessment are incurred continually. A statutorily permitted expense is the settlement of appeals. The appeals process may take months or years beyond the date of reassessment or trending.

The general reassessment for 2011 pay 2012 begins by law in January 2009 with the process to contract for vendors to assist with the data collection and valuation. See the Department's memo on the reassessment model contract for further details at <http://www.in.gov/dlgf/6854.htm>. The costs of preparing and analyzing the Request for Proposal and attorney fees for contract matters may be paid by the fund.

The key process for which the fund is available is the valuation of real property. Continuing education and assessment training costs for all assessing officials, including members of the county property tax assessment board of appeals (PTABOA), are permissible. Payments are permitted for the salary of permanent, temporary or contractual staff necessary to assist assessing officials.

An appropriation from the county reassessment fund must be approved by the county council after the review and recommendation of the county assessor. IC 6-1.1-4-28.5(d). While the form of review and recommendation is not detailed in the statute, it is reasonable that the county assessor should receive prompt notice of appropriation requests by copy and respond in writing in a timely manner.

**Annual Trending: IC 6-1.1-4-4.5**

The fund may be used to pay for any and all costs relating to the annual trending process. This includes real property assessment vendor contracts, computer hardware, software, programming, and maintenance. The fund may also be used for the expenses relating to verification of sales disclosure forms (50 IAC 21-3-2).

**Reassessment: IC 6-1.1-4-4**

The expenditures from the fund for the general reassessment of property must coincide with the July 1, 2009 statewide general reassessment start date for the March 1, 2011 (pay-2012) assessment date. This includes preparation for the reassessment, such as acquisition of computers or the development of maps, and concluding activities, such as appeal resolution by the PTABOA or other staff.

As stated in IC 6-1.1-4-28.5, the reassessment fund may be used to pay the costs of the computerization of assessment records. Qualifying computerization costs include Computer Aided Mass Appraisal ("CAMA") system initial purchases, upgrades, and supplemental programming. Other allowable computer costs are programs supporting real property valuation, such as word processing, spreadsheet, or similar software used in real property valuation. It does **not** include hardware or software dedicated exclusively for personal property or other county assessor duties such as inheritance tax. It does **not** include software or hardware for tax billing purposes.

Permissible expenditures include the portions of a Geographic Information System ("GIS") supporting real property valuation. This can include required hardware, software, or maintenance provided it assists with real property reassessment or annual trending. In addition, development or updating of detailed soil survey data and updating plat books. As plat books exist as digital or hard copy formats, expenditures for the creation or maintenance of both is permitted. In some counties, plat books or GIS systems are maintained by the auditor, surveyor, or a specialized mapping department. The reassessment fund may be expended for the purpose of mapping for real property valuation regardless of the office which oversees the mapping process.

Money in a property tax reassessment fund may not be transferred or reassigned to any other fund and may not be used for any purposes other than those set forth above. IC 6-1.1-4-28.5.

If you have any questions about this memorandum, please feel free to contact Charles Traylor, Staff Attorney, (317) 233-2709.

The statute is as follows:

**IC 6-1.1-4-28.5 Property reassessment funds; use of money; soil maps**

(a) Money assigned to a property reassessment fund under IC 6-1.1-4-27.5 may be used only to pay the costs of:

(1) the general reassessment of real property, including the computerization of assessment records;

(2) payments to assessing officials and hearing officers for county property tax assessment boards of appeals under IC 6-1.1-35.2;

(3) the development or updating of detailed soil survey data by the United States Department of Agriculture or its successor agency;

(4) the updating of plat books;

(5) payments for the salary of permanent staff or for the contractual services of temporary staff who are necessary to assist assessing officials;

(6) making annual adjustments under IC 6-1.1-4-4.5; and

(7) the verification under 50 IAC 21-3-2 of sales disclosure forms forwarded to:

(A) the county assessor; or

(B) township assessors (if any);

under IC 6-1.1-5.5-3.

Money in a property tax reassessment fund may not be transferred or reassigned to any other fund and may not be used for any purposes other than those set forth in this section.

(b) All counties shall use modern, detailed soil maps in the general reassessment of agricultural land.

(c) The county treasurer of each county shall, in accordance with IC 5-13-9, invest any money accumulated in the property reassessment fund. Any interest received from investment of the money shall be paid into the property reassessment fund.

(d) An appropriation under this section must be approved by the fiscal body of the county after the review and recommendation of the county assessor. However, in a county with a township assessor in every township, the county assessor does not review an appropriation under this section, and only the fiscal body must approve an appropriation under this section.\*

\*Note: Effective January 1, 2009, as a result of HEA 1001 – 2008 and the November 4, 2008 referenda question, this situation will not exist.