
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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September 28, 2012

Adam Horst
Director
State Budget Agency
Statehouse, Room 212
Indianapolis, IN 46204-2796

Dear Mr. Horst:

Attached please find the FY 2014-2015 biennium budget proposal for the Indiana Department of Local Government Finance ("Department"). This proposal explains the funding needed to support the Department's mission to administer a fair and equitable property tax system for Indiana taxpayers.

A. AGENCY OVERVIEW

Background

The Indiana Board of Tax Review "IBTR" and the Department were established January 1, 2002, as the successor agencies of the State Board of Tax Commissioners. The Department assumed the assessment and budgeting functions of the former State Board. Currently, the Department is divided into four divisions: Assessment, Budget, Data Analysis, and Legal.

Mission Statement

The mission of the Department is to ensure a fair and equitable property tax system for Indiana taxpayers. To that end, the Department is responsible for ensuring property tax assessment and local government budgeting are carried out in accordance with Indiana law, as reflected in Exhibit 1. The Department is charged with publishing property tax assessment rules and annually reviewing and approving the tax rates and levies of every political subdivision in the state, including all counties, cities, towns, townships, school corporations, libraries, and other entities with tax levy authority.

Major Programs

The major programs administered by the Department are oversight of the assessment and local budgeting processes, including data analysis of property tax-related data. Details follow here by division, with an index of statutes following in Appendix A.

Assessment - Oversee the assessment process - The Assessment Division oversees the assessment process, which is carried out on the local level by either a Township Assessor or County Assessor. This oversight is accomplished through visits with the elected assessing official; responding to inquiries; preparing memos, instructional bulletins, or other communications to provide guidance; and promulgating rules and regulations, forms, or other documents to assist in a fair and equitable assessment system. Additionally, the Assessment Division reviews and approves each county's annual adjustment ratio study, which compares the assessed values to market values evidenced by property sales prices. The Department also tests the assessments to ensure vertical and horizontal equity and verify that "sales chasing" has not occurred. (IC 6-1.1-30-7; IC 6-1.1-31-1; and IC 6-1.1-35-1)

Budget - Ensure statutory budget processes are followed and enforce rate and levy controls - Annually, the Budget Division certifies the tax rates, distributions, and appropriations for local units of government in each county. This process begins with a calculation of the maximum allowable ad valorem property tax levies for each unit of government. Next, the Budget Division takes the budgets and revenue estimates for the local units, and along with a statement of certified net assessed values from the county auditor, determines tax rates by unit and fund level. The Budget Division then consolidates all the appropriate fund rates by taxing district. In conjunction with the above statute, the Department holds hearings, conducts reviews, and certifies orders approving or denying appeals or requests for loans. (IC 6-1.1-17)

Data Analysis - Administer Data Compliance Standards - The Data Analysis Division was established by IC 6-1.1-33.5. The main duties of this division are to:

1. Establish an electronic database of information of real and personal property characteristics, tax information, and assessment information.
2. Analyze this data to ensure compliance with state regulations on data submission.
3. Provide counties and taxpayers with information from this database upon request.

State law requires property tax data submissions from each county assessor and auditor to the Department's Data Analysis Division and the Legislative Services Agency ("LSA") for analysis of property tax trends and statistics. The two agencies jointly set the specifications for data transmittal, covering what types of data are needed and in what format they are needed (see 50 IAC 26 referenced in "Promulgation of Rules" section above).

As data submissions are received, the Data Analysis Division and LSA analyze for formatting and content to ensure high-quality data is available for analysis. If the review uncovers anomalies in the data, the Data Analysis Division works with the county officials to determine the reasons for the anomalies so local officials can correct the data submissions if necessary to comply with law.

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The Data Analysis Division develops and maintains a number of systems, including the Sales Disclosure Form Program, technical support for online calculators, and production of standard data reports for the website to provide information to taxpayers and local units.

Finally, the Data Analysis Division helps to improve and maintain Indiana's Gateway for Government Units website. Gateway is a collaborative project between the Department, the State Board of Accounts ("SBOA"), and the Indiana Business Research Center at the Kelley School of Business. Gateway is a website that allows local government units to submit forms to certain State agencies online. Local units submit budget forms to the Department and annual reports to SBOA. The information collected through Gateway is placed in a modern, statewide database, making it easy to generate numerous reports: specialized reports for trade organizations, online taxpayer-friendly reports, and more. (IC 6-1.1-33.5)

Legal - Interpret the property tax laws of the State - The Legal Division guides the Department with interpretation of property tax laws passed by the General Assembly and signed into law by the Governor. This interpretation is then distributed, frequently in the form of memos, to the local county officials as guidance as they perform their statutory responsibilities. (IC 6-1.1-35-1)

Other programs

The Department regularly conducts outreach to the counties to stay abreast on issues and to determine how the Department may be able to assist with solutions. Examples of these include, but are not limited to: training sessions, speaking engagements, weekly e-mails to a variety of listserv groups, and on-site visits with county officials.

B. ACCOMPLISHMENTS AND CHALLENGES (DEC 2010 – DEC 2012)

Accomplishments

The Department has been pleased to partner with the State Board of Accounts and the Indiana Kelley School of Business in the launch of Gateway for Government Units. Gateway has modernized local government budgeting review and has made available an unprecedented amount of local government tax and spending information to policymakers and taxpayers.

Moreover, after the property tax crisis of 2007 and the reforms in 2008, one of the Department's primary objectives was to work with local officials to restore the normal property tax billing cycle, resulting in two tax bill due dates of May 10 and November 10. Throughout 2011 and 2012, the Department has continued with this work, improving upon the great strides made in 2010 when 85 counties achieved on-time billing. In addition, the Department is now in the midst of overseeing the first general real property reassessment since 2002.

More specific results are as follows:

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Gateway for local governments, policymakers, and taxpayers

The following statistics show the extent of public's access to information that has never been so widely available:

- Report builder used: 265,627
- Data Set Downloaded: 5,644
- Unique Visitors: 24,986
- Total Visits (Including repeats): 129,689
- Page views: 1,480,313
- Pages viewed per visit: 11.41
- Average Visit Duration: 11 minutes, 19 seconds
- Since July, Gateway has averaged about 750 page visits each business day.

Gateway has also made possible far greater compliance in local government debt reporting. Last year, under the paper report process, only 50% of all local governments submitted their debt report to the Department as required by law. This year, over 93% of all local governments have submitted their debt reports as required by law. Not only is greater compliance being achieved through Gateway, this information is now widely and easily accessible to taxpayers.

In an article exploring Gateway titled "A Gateway to Indiana Local Government," Professor Larry DeBoer writes: "I understand there's more to come, but there's already more government data here than has ever been available this easily. So, Department of Local Government Finance: Please sirs, can we have some more?" (Exhibit 2)

2010 pay 2011 billing cycle

- 90 counties achieved on-time billing (first installment due date of May 10, 2011) for the first time since 2002.
 - In addition, Lake County issued tax bills with a due date of June 10, meaning that Lake County avoided issuing provisional tax bills.
 - LaPorte County was the only county to issue provisional bills.

2011 pay 2012 billing cycle

- 90 counties once again achieved on-time billing (first installment due date of May 10, 2012).

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- In addition, Lake County improved on its prior year's improvement by issuing tax bills with a first installment due date of May 25. Lake County, as a result, once again avoided provisional bills and improved 15 days ahead of the prior year's gains.
- LaPorte County was the only county to issue provisional bills.

2012 pay 2013 billing cycle and General Reassessment

- This year is the first since 2002 in which all real property in Indiana is undergoing a general reassessment. Since late 2010, the Department has been tracking the monthly progress of each county's administration of the general reassessment. The Department measured month by month two key metrics: (1) percentage of parcels in a county that received a physical inspection, and (2) percentage of parcels in a county in which the physical inspection data had been entered into the county's assessment database.
 - Each county in Indiana is now at full 100% completion of parcel inspection.
 - Each county in Indiana is now at full 100% completion of data entry.
- The first major step in the assessment-to-tax-billing timeline is for each county assessor to submit and the Department to review each county's ratio study. These are statistical analyses of county assessments. The deadline for county assessors to submit ratio studies to the Department is May 1, 2012.
 - As of the date of this letter, the Department has received 88 ratio studies and approved 87.
 - Last year at this time, 91 counties had submitted and received Department approval of their ratio studies.
- The next major step in the assessment-to-tax-billing process is the county auditor's submission of certified net assessed values (NAV). These values are the property tax base with which property tax rates are calculated. The statutory deadline for all 92 county auditors to submit NAVs to the Department is August 1, 2012.
 - As of the date of this letter, county auditors in 47 counties have submitted NAVs to the Department.
 - Last year at this time, county auditors in 41 counties had submitted NAVs to the Department.

Other Accomplishments

- The Department continues to maintain relationships with local officials, extending communications efforts through listservs available to representatives of all taxing units, including county commissioners and county councilmen. In addition to weekly updates to

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these groups and Indiana legislators, the Department sends direct e-mails throughout the assessment-to-tax-billing process so local officials in each county know of the county's status in the cycle.

- To promote transparency in its statutory calculations of the maximum levy, the Department researched the statute and provided explanatory documents for all local governments to understand how their maximum levy calculation was performed. This groundwork led to the streamlining of the calculation through an amendment to statute.
- To cut costs for both the State and local officials, the Department created a self-paced online tutorial for Level I and II assessor training. Each level involves a week-long course capped with a written examination. Through this program, the Department is able to cut its own costs of transportation and lodging while allowing county officials and their staff to save money by foregoing trips for training in Indianapolis or other areas around the state. The written examination is still required and is offered for a half day at different locations throughout Indiana and at different times of the year.
- As part of the General Reassessment, the Department is required to reassess the large industrial facilities (i.e., steel mills) in northwest Indiana. In an effort to lead by example, the Department completed this task on-time. It is important to note that the Department is responsible for this task by legislation; however, the State receives no funding from local units that benefit from the tax base of these parcels. While counties have a separate fund that is levied to pay for duties associated with the general reassessment process, the Department completed this task using existing resources.
- While helping Indiana counties and taxpayers return to on-time tax billing and launching Gateway, the Department has been cutting its own spending and reverting the savings to the State General Fund.
 - In FY 2011, the Department reverted 22.5% of its budgeted appropriations to the State's General Fund. This exceeded the 15% requested reversion.
 - In FY 2012, the Department reverted 10.3% of its budget to the State's General Fund. This exceeded the 3% requested reversion.

Challenges

The challenges facing the Department change from year to year, but seem to all come down to one root issue: balancing the Department's administrative oversight function, which protects taxpayers and enforces state law, with a respect for local control that recognizes that locally elected officials are chosen by voters to make local government budgeting decisions. Given the complexity of state law, the Department enforces these laws by directly assisting locally elected officials with their duties. A fundamental challenge of the Department is maintaining a balance between acting in an advisory role and a regulatory role, both of which are necessary to achieve the mission of ensuring that the more than 2,400 local units of government comply with state law.

Certification of software for assessment and tax billing

Over the past four years, the Department has had challenges in implementing 50 IAC 23 and its successor regulation 50 IAC 26, which govern computer data standards for assessments and tax billing.

Rather than have one state-controlled computer system for all 92 counties, all county officials have the flexibility to use software of their preference to perform functions related to their offices. However, because the data submitted to the Department must meet state standards for analysis, there are functions that each software system must perform. Additionally, because the local officials must work hand-in-hand with the Department, when software systems are not compatible – with each other or the State’s system – delays in the property tax billing cycle may result.

Specifically, the rule requires that counties use software that has achieved state certification. Further, the software utilized by each office – assessor and auditor/treasurer – must achieve a certain level of functionality. These requirements have become known as Phase I, Phase II, and Phase III certifications.

The challenges with implementation of this rule have been numerous, including the time and money expended by local officials, vendors, and the Department to ensure compliance. Additionally, the certification process required cooperation of three elected offices, competing vendors, and coordination with the State. At times, competing interests delayed progress, and while the certification was required, the Department had little authority to ensure compliance, short of withholding budget certifications and consequently delaying property tax bills. Another challenge was the timing of the certification requirement.

The Department has completed plans for the next round of software certification under 50 IAC 26. Our goals have been to improve upon the previous experience by circulating detailed testing scenarios to local officials and vendors and to bring the certification process in house to be conducted by Department employees rather than a contractor. As a result, the Department will save money and will maintain more responsive and responsible control over the certification process.

Overseeing local government budgeting review process including deadlines

In recent years, Indiana law has been changed to allow for greater communication among local governments regarding proposed budgets, tax rates, and tax levies. In most cases, local governments whose boards are not elected are required to have their budget adopted by an elected body, such as a city, town, or county council. For those local governments with elected boards, their budget and tax information is subject to city, town, or county non-binding review and recommendation. The Department is responsible to see that local governments meet these deadlines.

Transitioning from general reassessment to cyclical reassessment

In the 2012 session of the Indiana General Assembly, a law was enacted to modify Indiana’s general reassessment of real property. A general reassessment, as distinguished from annual trending, was to involve a physical inspection of every real property parcel, both land and

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improvements, in Indiana every five years. The inspection was to take place over a 20-month period. To improve the administration of the general reassessment, the legislature enacted "cyclical reassessment," a system in which 25% of all parcels will be physically inspected once every four years on a rolling basis. Reassessment under the new system will begin July 1, 2014. Leading up to launch, counties are required to submit cyclical reassessment plans to the Department and submit cyclical reassessment contracts for Department review and approval. The Department is preparing a template of the cyclical reassessment contract for release soon.

Replace the Local Government Database

The Department and other state agencies rely on the Local Government Database, otherwise known as Logodaba. The current version of Logodaba has been in place since 1984. The Department historically used Logodaba to perform a number of calculations and generate documents. However, the obsolete programming language COBAL has made it difficult to update the database to conform calculations to changes in statute. The Department, therefore, uses Logodaba for data storage. A replacement of Logodaba would allow the Department to more efficiently update calculation changes to keep pace with changes in the law.

C. OBJECTIVES

The Department's primary objective will be to continue to work with local officials to achieve on-time billing for 91 counties and assist LaPorte County in returning to on-time billing. This annual objective involves a complex process that requires the coordination and cooperation of three independently elected county offices, vendors, multiple State agencies, and the Legislature. Because of the complexity, the process can be derailed at various points. It will be especially challenging over the course of the next two years because of the institution of cyclical reassessment, which, as noted above, will begin on July 1, 2014. However, the Department believes the objective can be accomplished and will be maintaining communication with counties throughout this process to uncover and overcome obstacles as quickly as possible.

The Department will also continue to focus on improvements to Gateway, for local government officials, taxpayers, and policymakers. After the first full year of Gateway, the Department made improvements to streamline the submission process for budget forms, which has prompted compliments from local officials who appreciate the increased efficiency of the process.

Other important tasks relate directly to statutory responsibilities and are outlined in Appendix A.

D. AGENCY KEY PERFORMANCE INDICATORS / PROGRAM MEASURES

Overall, the Department is performing well, as evidenced by the accomplishment section. However, because the assessment-to-billing process is by nature cyclical, certain key tasks of each Department division are concentrated in one or two quarters, rather than trickling in at a steady pace throughout the year.

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Currently, the Department uses three KPIs – one for each of the main divisions of the Department:

- **Assessment:** Number of days to process ratio studies

The Department's KPI goal is ten days. The Department tracks the average number of days between the time a complete ratio study is submitted by a county to the date the Department certifies the study. For the recently completed ratio study period, the Department turned around ratio studies in just under seven days.

- **Budget:** Number of counties that issue tax bills with a first installment due date of May 10

Timeliness is key to a properly functioning tax system. Timelines are vital to all the parties involved in the annual transfer of \$6 billion in levies from taxpayers to local government. On-time tax bills ensure taxpayers can plan for payment. It also ensures taxing units receive revenue at the correct time and minimize cash flow loans. For bills payable in 2012, there were 90 counties with an on-time first installment. By the end of the upcoming biennium, the Department hopes to have all 92 counties billing on time.

- **Data Analysis:** Percent of local government data sets that are compliant with state data standards

Over the last biennium, the data compliancy of the county data reached an all-time high. The recently completed cycle has been slower to complete, but the Department anticipates reaching the target of 98% by the time the 2012 data reviews are complete.

E. ORGANIZATIONAL CHANGES

Since the last budget request, the Department has voluntarily restructured at a cost savings to the State. This restructuring through both promotion and attrition of personnel has resulted in a reduced number of middle management positions. The Department no longer employs a deputy commissioner, assistant assessment director, assistant general counsel, or field budget supervisor. Instead, duties performed by these positions have been transferred to division executives or other Department staff.

The Department currently has 48 full-time equivalent positions.

F. PROGRAMS TO BE REDUCED, ELIMINATED AND/OR REPLACED

The Department is not eliminating or replacing any existing program for the upcoming budget cycle.

G. REQUESTED FUNDS

The Department's General Fund budget proposal for FY 2014–2015, at \$3,645,500 annually, is approximately 5.6% under the Department's appropriation for the FY 2012–2013 biennium. The agency plans, as in prior years, to supplement its General Fund appropriation with funds from three dedicated funds. The largest is the Assessment Training Fund, which is augmented by \$5 for every filed sales disclosure form in the state. The other two are dedicated funds that have remaining balances to be spent down over the upcoming biennium. These funds collected homestead fraud fees and old state property tax levies that will not be collected in the future. The additional funds are required to support the agency's staffing and contract needs.

The Department recognizes the fiscal challenges faced by the State and is doing whatever is possible to control expenditures and to spend money only when it is necessary to accomplish our mission.

Thank you for your consideration of this budget request for FY 2014–2015. On behalf of the Department of Local Government Finance, we look forward to discussing this request with you at your convenience.

Sincerely,

Brian E. Bailey
Commissioner

Appendix A

Audits and Investigations – IC 6-1.1-11-8 (exemptions); IC 6-1.1-35-1-(4) (audits of assessor offices) 50 IAC 15 (assessing officials); IC 6-1.1-4-9; and IC 6-1.1-4-31 (LaPorte)

The Assessment Division also performs audits of exemptions and investigations of allegations of official misconduct by assessing officials. Moreover, the Division sets up ad hoc committees to deal with specific situations. The Department used this authority in 2008 when a review of assessment processes in LaPorte County showed that assessment work was not properly conducted. The Department's review and report initiated the process by which the county commissioners could move forward with removing the county assessor from office.

Develop and maintain an assessment manual – IC 6-1.1-35-1(5)

The Department writes and updates the assessment manual based on the rules for assessments. A copy of the assessment manual is available at <http://www.in.gov/dlgf/2489.htm>. The Department updated the manual in 2009 to reflect required statutory and rule changes.

Conduct all ratio studies required for equalization and annual adjustment – IC 6-1.1-30-14

Beginning with the 2009-pay-2010 assessment year, the Department is responsible for conducting all county ratio studies.

Review and approve local assessment contracts – IC 6-1.1-4-17(a); 18.5(a); and 19.5(b)(8)

As of July 1, 2008, PL 146-2008 (HEA 1001) amended IC 6-1.1-4-17(a) and 19.5(b)(8) to require the Department to be a party to any contract between a county assessor and a professional appraiser, which is an individual or firm certified under IC 6-1.1-31.7. As a result, the Department developed model contracts for assessment work, received approval of the draft contracts from the Department of Administration and the Office of the Attorney General, and, after approval, disseminated the model contract with instructions to all counties. Since July 1, 2008, the Department has reviewed all such county contracts to ensure compliance with IC 6-1.1-4.

Conduct Assessments of Large Industrial Facilities – IC 6-1.1-8.5; IC 6-1.1-8.7

The Assessment Division is responsible for assessing large industrial facilities within the state (e.g. steel mills), and relaying those assessments to the appropriate county assessors so that they can include them in the transfer of gross assessed values to the county auditor.

Conduct Assessments of Utility (State Distributable) Property – IC 6-1.1-8-22

The Assessment Division is responsible for assessing the property of public utility companies within the state (state distributable property) and relaying those assessments to the appropriate county assessors so that they can include them in the transfer of gross assessed values to the county auditor. In addition, the Division staff assesses railroad properties.

Calculate the Agricultural Land Base Rate – IC 6-1.1-4-4.5

The Assessment Division is required to set the agricultural land base rate using a formula determined by statute. This information is distributed by December 31 each year through a memorandum and reference materials via the Department's assessment listserv. Additionally, the information is available on the Department's website at <http://www.in.gov/dlgf/7016.htm>.

Adopt Values For the Assessment of Real Estate Interests and Equipment in Oil and Gas

Each year, the Department distributes an addendum to 50 IAC 1-3-1 (STB Directive 78-1001-Real Property Assessments of Oil and Gas). This is done in conformity with the provisions of Indiana Code 6-1.1-4-12.4 and IC 6-1.1-4-12.6. This directive sets the values to be utilized in completing the Form G & O-1 for that year's assessment date. This directive is issued as a memo and can be found at <http://www.in.gov/dlgr/2444.htm>.

Set Annual Adjustment Factors if a County Assessor Fails to Set Them – IC 6-1.1-4-4.6

If a county assessor fails, before July 2 of a particular year for which an adjustment to the assessed value of real property applies under IC 6-1.1-4-4.5, to prepare and deliver to the county auditor a complete detailed list of all of the real property listed for taxation in the county as required by IC 6-1.1-5-14 and at least 180 days have elapsed after the July 1 deadline specified in IC 6-1.1-5-14 for delivering the list, the department of local government finance may develop annual adjustment factors for that year.

The Department undertook this responsibility for Lake, LaPorte, and Porter Counties for 2009 pay 2010. Additionally, the Department undertook this responsibility for LaPorte County for 2008 pay 2009.

Conduct Assessment Training – IC 6-1.1-35.2; IC 6-1.1-4-4.7

The Assessment Division is responsible for administering training and continuing education to assessment officials, as well as other interested parties. Additionally, the Assessment Division is responsible for teaching, testing, and certifying candidates as Level I, Level II, and Level III Assessor/Appraisers. These certifications signify a basis of knowledge about assessment practices that the Department deems minimum requirements for an effective assessing official. The Division staff conducts a week-long training class and testing for Level I and Level II certifications. In addition, the Division will require candidates for Levels II and III to successfully complete certain IAAO courses. For the Level III certification, the Division requires the candidate to be Level II certified and successfully complete five (5) specific IAAO classes. The Division also administers continuing education and, when necessary, conducts revocation of certification hearings. The Assessment staff also conducts training classes for local officials during conferences, in the counties through on site visits, and through teleconferences. In addition, the Department must conduct training of assessors and county auditors in sales disclosure form verification. Finally, the Department is required to certify professional appraisers.

A listing of statutory hearings and matters reviewed by the Department is included below:

- Budget, Tax Rates and Tax Levies—Hearing, Review, and Approval IC 6-1.1-17-16
- School Capital Projects Fund—Approval IC 20-46-6-15 and Objection Hearing IC 20-46-6-14
- School Capital Projects Fund Amendment of the Current Year CPF Plan—Approval Emergency Procedure (50 IAC 9-1-11)
- Bus Replacement Plan and amendment—Approval IC 20-46-5
- School Excessive levy appeals—Approval
Transportation Operational Increase IC 20-46-4-10

- Library Capital Projects Fund—Review, Approval, Objection Hearing IC 36-12-12-6,7
- Additional Appropriations—Approval IC 6-1.1-18-5
- Cumulative funds—Review, Approval, Objection Hearing IC 6-1.1-17-16.5; IC 6-1.1-41; IC 3-11-6; IC 8-10-5; IC 8-16-3; IC 8-16-3.1; IC 8-22-3; IC 14-27-6; IC 14-33-21; IC 16-22-4; IC 16-22-8; IC 36-8-14; IC 36-9-4; IC 36-9-14; IC 36-9-14.5; IC 36-9-15; IC 36-9-15.5; IC 36-9-16; IC 36-9-17; IC 36-9-17.5; IC 36-9-26; IC 36-9-27; IC 36-10-3; IC 36-10-4; and IC 36-10-7.5.
- Assessed values reduction review IC 6-1.1-17-8.5
- Reassessment levy—Approval IC 6-1.1-4-27.5
- TIF neutralization—Approval IC 36-7-14-39(h) (no special section for TIR levy approval)
- Appeal of County Board of Tax Adjustment—Hearing IC 6-1.1-17
- Local Excessive levy appeals—Approval
 - Three Year Growth (IC 6-1.1-18.5-13(a)(3))
 - Property Tax Shortfall (IC 6-1.1-18.5-16)
 - Correction of Error (IC 6-1.1-18.5-14)
 - Emergency Levy Appeal (IC 6-1.1-18.5-13(a)(13))
 - Annexation, Consolidation or Extension of Services (IC 6-1.1-18.5-13(a)(1))
- Fire and emergency services loan approval IC 36-6-6-14.5

Promulgation of Rules

In response to legislative mandate, the Department promulgates rules to implement property tax statutes. For example, the Department adopted the Annual Adjustment Rule to update assessment standards. The Department currently has three rules pending:

1. Software Certification Standards (50 IAC 26), LSA #12-290.
2. Oil and Gas Property Tax Data Files (50 IAC 26), LSA #12-548.
3. Residence in Inventory Rule (50 IAC 28), LSA #12-382.

The Department makes pending rule information available on our Web site at <http://www.in.gov/dlgf/2449.htm>.

Prescribe all state property tax forms and returns – IC 6-1.1-31-1(a)

The Department is tasked with the prescription of all forms and returns that taxpayers are required to complete, and on which the assessments will be based, as well as all forms that convey assessment action to taxpayers.

Distressed Unit Appeals Board (DUAB) – IC 6-1.1-20.3

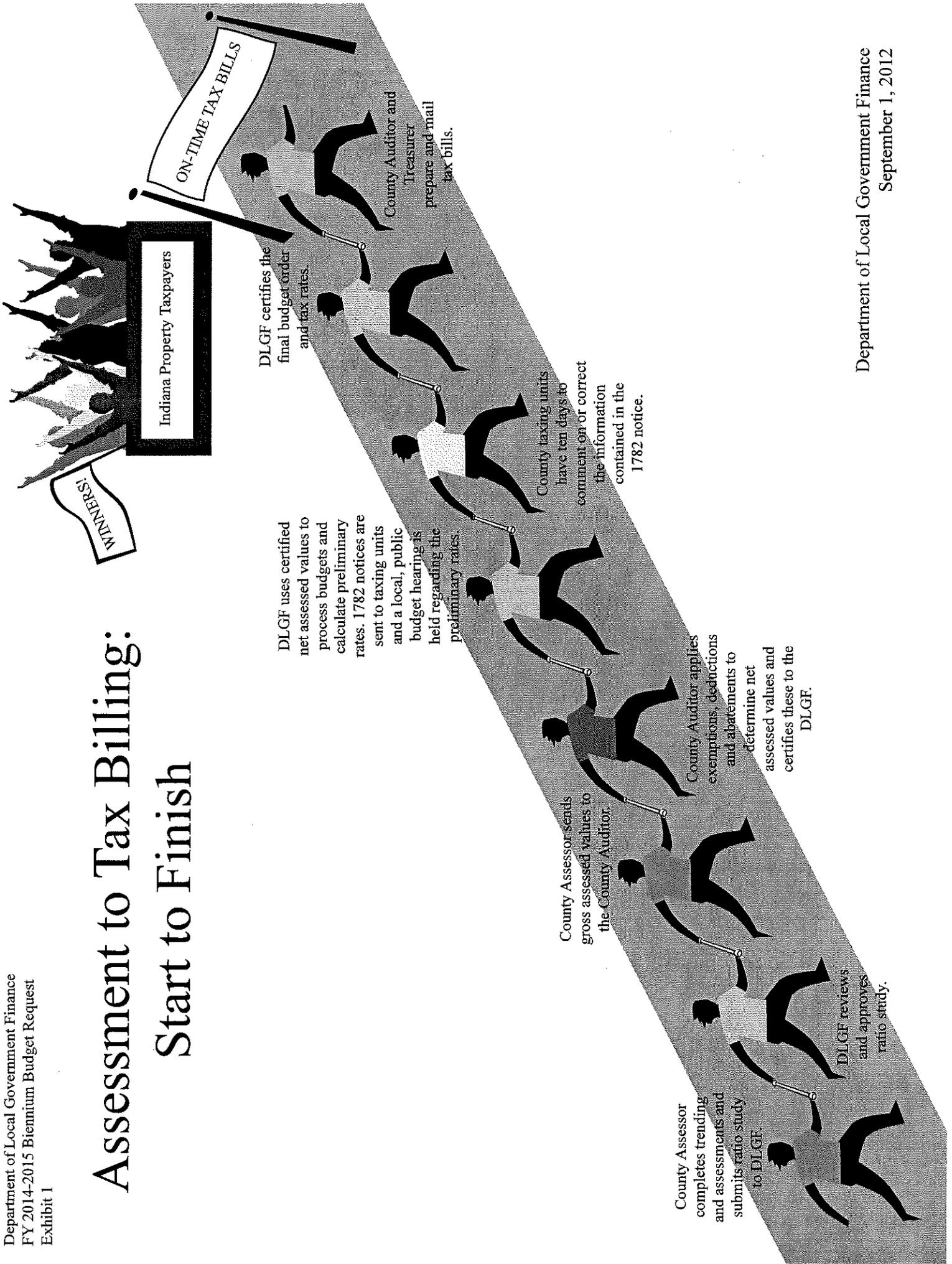
The Distressed Unit Appeals Board (DUAB) was established to receive petitions from the fiscal body and the executive of a political subdivision seeking to be declared a distressed unit and from the governing body and the superintendent of a school corporation seeking a loan.

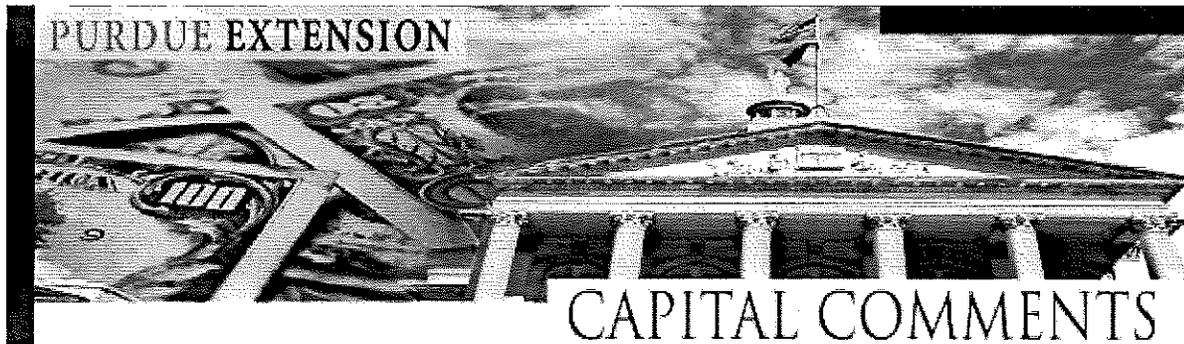
If the fiscal body of a distressed political subdivision submits a petition, the DUAB is required to make a binding or non-binding determination with respect to the unit's financial plans (including

the appointment of an emergency manager or debt restructuring) or to make a recommendation with respect to a loan application for a qualified school.

The Department serves the DUAB by providing staffing, memoranda, technical support, and flow charts. Furthermore, the Commissioner of the Department is a member of the DUAB.

Assessment to Tax Billing: Start to Finish





**NOVEMBER
2011**

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**By
Larry DeBoer**

A Gateway to Indiana Local Government

**Professor of
Agricultural
Economics
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Just in time for Christmas, or the holiday of your choice, Indiana's Department of Local Government Finance has released its new Gateway data site. It contains a virtual ton of budget and tax information about counties, cities, towns and other local governments. You can see it at <https://gateway.ifionline.org>.

A new toy! Let's try it out.

I clicked on "browse unit reports" to start and found a list of data. I thought "compare units' total spending/revenue" sounded interesting. Another menu selection on unit type was required, so I chose to compare "counties." Up popped the data. The table shows 2010 Census population, total budgeted spending, spending per capita (person), expected revenues and revenues per person for the 92 counties for 2012.

I clicked the arrows at the top of the spending per capita column, and the data sorted highest to lowest. Now I see which county governments spend more and less per person. This amount ranges from more than \$1,500 per person to less than \$300. People who want to criticize or praise their county governments for spending too much or too little might want to stop right here.

But let's not stop. You might think that the big urban counties would have the highest county government spending per person, but the four highest are Switzerland, Newton, Pulaski and Benton counties. All have populations less than 15,000 people. The big counties are in the lower half of the list. This might be an indication of economies of scale. Research does show that bigger units can provide some services at a lower cost per person than smaller units. Counties have to provide some basic services, even when their populations are very small. That can make for higher costs per person.

But wait. It may be that the cities and towns in the bigger counties provide services that substitute for county spending. Maybe when the population in a city increases, city police spending also increases; therefore, county sheriff's spending doesn't have to increase.

So I went back to "compare units," and clicked on "cities and towns." I tried to sort by clicking the arrow at the top of the spending per person column, but unfortunately it didn't work. There are some towns missing data, which creates division by zero, so the sort doesn't work. That's something to fix.

Fortunately there's a terrific work-around. I think all data websites should have a way to get the numbers from the Internet into your spreadsheet so you can really use them. Gateway does this wonderfully. There's an export button at the top of the table that lets you download the data into your spreadsheet. So I did.

I used my spreadsheet to sort by spending per person. Now we see the bigger units near the top of the list. There are 525 cities and towns with complete data. The top 100 average nearly 13,000 in population and \$1,340 in spending per person. The bottom 100 average less than 1,000 people and \$220 spending per person. There still might be economies of scale, but other factors are more important.

The highest spending municipality isn't a big one, however. It's Shipshewana, in LaGrange County, at about \$4,800 per person. That's spending of \$3.2 million with a population of 658. Why would such a small a town spend so much?

People who live in Shipshewana know a lot more about their

town, but what we know in the rest of the state is flea market! And I might add, since I did a talk there in August, also a collection of beautiful Hudson automobiles at Hostetler's Auto Museum.

As a result Shipshewana gets a lot of visitors, so its town government must serve more than its 658 residents. If you could measure those added people, Shipshewana's per person spending wouldn't look quite so high. Here's more evidence: also near the top of the per-person spending list are Nashville (fall foliage) and Monticello (lakes).

Gateway doesn't have everything. Only data for 2012 are available. The school corporations aren't included. It only has assessed values for property taxes by tax district, not governmental unit. I understand there's more to come, but there's already more government data here than has ever been available this easily. So, Department of Local Government Finance: Please sirs, can we have some more?

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