

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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## MEMORANDUM

TO: County Assessors and County Auditors

FROM: Timothy J. Rushenberg, Commissioner *TJR 7/8/09*

DATE: July 8, 2009

SUBJECT: HEA 1094 (P.L. 136-2009) – Valuation Date and Assessment Date

The purpose of this memorandum is to inform local assessing officials and assessment vendors of the change to the valuation date beginning in 2010-pay-2011.

### **What is the Valuation Date for the 2012-pay-2013 General Reassessment?**

The assessed value of real property shall be based on the estimated true tax value of the property on the assessment date that is the basis for taxes payable in the year following the year in which the general reassessment is to be completed. IC 6-1.1-4-4 (eff. July 1, 2009).

In other words, for the March 1, 2012 (for property taxes first due and payable in 2013) general reassessment, the valuation date and the assessment date are March 1, 2012. See 50 IAC 2.4 and the Real Property Assessment Manual.

([www.in.gov/dlgf/files/Adopted\\_2011RealPropertyAssessmentManual.pdf](http://www.in.gov/dlgf/files/Adopted_2011RealPropertyAssessmentManual.pdf)).

### **What is the Valuation Date for Annual Adjustments beginning in 2010?**

For annual adjustments beginning in 2010, “an adjustment in the assessed value of real property under this section shall be based on the estimated true tax value of the property on the assessment date that is the basis for taxes payable on that real property.” IC 6-1.1-4-4.5 (eff. July 1, 2009).

In other words, for annual adjustments for the March 1, 2010 assessment date (for property taxes first due and payable in 2011), the valuation date and assessment date are both March 1, 2010.

### **From what period of time should sales be drawn that the valuation date and the assessment date are the same for the 2012-pay-2013 general reassessment?**

The assessing official is required to use sales of properties occurring during a period of time from March 2, 2010 through March 1, 2012 for the March 1, 2012 general assessment date. Sales

occurring before the valuation date shall be trended, if appropriate, in accordance with the International Association of Assessing Officers (IAAO) *Standard on Ratio Studies* (July 2007).

### **From what period of time should sales be drawn for annual adjustments?**

For annual adjustments beginning in 2010, the county assessor shall use sales of properties occurring during a time period that is as short as possible and, ideally no more than fourteen (14) months before the March 1 assessment and valuation date. A longer time period may be required to produce a representative sample for a property class within the county.

To develop an adequate sample size, the sales used in ratio studies and value calibration analyses may span a period as long as five (5) years provided economic shifts are taken into account, property characteristics are as they were at the time of the sale, and sales prices have been adjusted for time as necessary.

Now that the valuation date is the March 1 assessment date, sales occurring before that date shall be time adjusted if appropriate, in accordance with the IAAO *Standard on Ratio Studies* (July 2007).

### **What effect will having the valuation date and the assessment date the same date have on assessments?**

The change will result in the use of more recent sales data and cost data in the annual adjustment of real property assessments.

To illustrate, before the law changed in HEA 1094-2009 changing the valuation date to match the assessment date beginning in 2010, the valuation date was January 1 of the year preceding the year of the assessment date. For example, for the March 1, 2009 assessment date (for property taxes first due and payable in 2010), the valuation date was January 1, 2008. As a result, arms' length, open market sales of real property in 2007 and 2008 were used to value properties for the March 1, 2009 assessment date on the January 1, 2008 valuation date.

With the valuation date and the assessment date the same beginning in 2010, sales used for annual adjustments will be no more than fourteen (14) months before the March 1 assessment and valuation date resulting in assessed values that more accurately reflect current market conditions.

### **What effect will a March 1 valuation date and assessment date have on property assessment appeals?**

Currently, real property is valued taking into account both the property's physical condition on the March 1 assessment date and the property's market value-in-use as of the relevant January 1 valuation date. There have been many Indiana Board of Tax Review (IBTR) and Tax Court cases where an appraiser failed to relate his valuation opinion to the January 1 valuation date, but instead related his opinion to the March 1 assessment date or another date. The IBTR and Tax

Court decisions require a party to an assessment appeal to explain how their evidence relates to the appealed property's market value-in-use as of the relevant valuation date.

With the passage of HEA 1094-2009, the appellant has a much simpler task: relate valuation opinions to the March 1 assessment date, which now also happens to be the same as the valuation date. This should reduce unnecessary confusion regarding the valuation date versus assessment date during the appeals process.

If you have any questions, please contact Assessment Division Director Barry Wood at (317) 232-3762 or [bwood@dlgf.in.gov](mailto:bwood@dlgf.in.gov) or Assistant Assessment Division Director Carol Johns at (317) 234-6342 or [cjohns@dlgf.in.gov](mailto:cjohns@dlgf.in.gov).