



*Fiscal Policy*

# **NEWS RELEASE**

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**FOR IMMEDIATE RELEASE**

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## **Indiana Fiscal Policy Institute, state launch property tax equalization study**

An in-depth, independent study will be conducted by the Indiana Fiscal Policy Institute to determine the ramifications of the court-ordered property tax reassessment, state officials announced today.

The study is intended to help the state Department of Local Government Finance determine the accuracy of the statewide reassessment. The State Budget Agency will use information from the study to analyze the shifts in tax burden that resulted from the court-ordered changes in assessment policies.

“By checking the counties' data, we know – on paper – that the counties are following the law,” said Beth Henkel, commissioner of the Department of Local Government Finance. “Because we don't want counties, schools and municipalities to have to borrow to meet their budgets, they need to go ahead with billing.

“But the reassessment process is new and it involves many officials and levels of government and a massive amount of data, so it's important for us to take a long-term, in-depth look at the equalization process and reassessment results.”

The analysis will outline both strengths and weaknesses of the new assessment process and will serve as a comprehensive basis for future property tax policy. The Institute, with assistance from the nationally recognized property tax consulting firm of Almy, Gloudemans, Jacobs and Denne, will analyze parcel-level information on a county-by-county basis to determine the accuracy of the reassessment.

The Institute has created a Tax Equalization Steering Committee to oversee its work.

“Our Board of Directors wants to ensure that a broad group of stakeholders from both public and private concerns can monitor the progress of this study,” said William Sheldrake, President of the Indiana Fiscal Policy Institute.

Dr. John Huie of Purdue University, a recently retired professor of agricultural economics and former chairman of the State Tax Board, will head the committee.

“This type of equalization analysis is performed by those states that have had market value systems in place for decades,” Huie said. “It is even more important for Indiana as we enter into market-value assessment for the first time.”

Other members come from the Institute’s Board of Directors, private industry, state government, local governments and community organizations. Among them are Lieutenant Governor Joe Kernan; Jon Laramore, chief counsel to Governor Frank O’Bannon; State Budget Director Marilyn Schultz; and Henkel.

Institute Chairman David Kelly and Vice Chairwoman Francina Dlouhy also are members, as are representatives of the Indiana Association of Realtors, Eli Lilly and Co., the Indiana Farm Bureau and Steel Dynamics, Inc.

## **STATEWIDE STUDY**

This year, Indiana officials who assess property must ensure the assessments are in line with the market value of property. For the first time, these officials must perform ratio studies to determine whether the assessments are valid. To date, 63 counties have completed the equalization step locally and submitted information to the Department of Local Government Finance.

## **REPORT CONTENTS**

Key features of the study will include:

- A county-by-county analysis of the property tax equalization performed by the counties;
- A school assessment sales ratio study;
- An analysis, by jurisdiction, of the tax burden shift between classes of property;
- An analysis, by jurisdiction, of tax bill changes and property class;
- A study of the assessment methodology and process, with recommendations for improvements in future years;
- An analysis, by jurisdiction, of the effects on tax bills of levy increases; and
- An analysis of the data requirements for future property tax reassessments.

## **TIMELINE**

Sheldrake said the study is expected to cost \$600,000 to \$700,000. The state has committed \$250,000 and a like amount has been contributed from the private sector. The institute will seek further private contributions, he said.

The study cannot be completed until the last county has finished the reassessment process, so it is impossible to say when the study will be ready. However, Sheldrake said he plans to issue interim reports, including one this fall that will come out in time for consideration during the upcoming session of the General Assembly.

## **ADDITIONAL INFORMATION**

To assist in the study, the IFPI is contracting with two consulting firms: Almy, Gloudemans, Jacobs, and Denne and Crowe Chizek and Company, LLC. Almy, Gloudemans, Jacobs, and Denne will work exclusively in property tax equalization and assessment administration. Crowe Chizek will be consulting on database/IT issues.

**Richard R. Almy** is a former Executive Director and Director of Research and Technical Services of the International Association of Assessing Officials (IAAO) and co-author of *Assessment Practices: Self-Evaluation Guide* (IAAO, 1991). Mr. Almy has directed or participated in over fifty consulting projects in North America, the Caribbean, and in nine post-communist countries.

**Robert J. Gloudemans** served as a Senior Research Associate at the IAAO and is a former Supervisor of Computer Assisted Appraisal and Director of Research and Equalization for the Arizona Department of Revenue. He is the author of *Mass Appraisal of Real Property* (IAAO, 1999) and has taught IAAO and other courses and workshops on assessment administration, mass appraisal, and ratio studies in over thirty-five states and provinces. He has directed or participated in assessment consulting projects for over 100 government agencies.

**Robert C. Denne** held positions of Deputy Executive Director and Director of Research and Technical Services at the IAAO. He has both directed and participated in many property tax consulting projects in the United States, as well as Canada, Argentina, Kosovo, Montenegro, Poland, and Russia.

**Crowe Chizek and Company, LLC** is an accounting and consulting firm with 17 offices across the Midwest and southern U.S. They have consulted with a number of state and local government offices in Indiana in the area of data processing. Crowe Chizek is also serving as the independent auditor for the reassessment of Lake County, Indiana.

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