**Frequently Asked Questions**

**Phase II**

**December 31, 2018**

**Test Area 4 (Assessment to Tax & Bill Integration) - Test 1 (Appeal Data Integration)**

**Question/Comment:** In regards to this test, we don’t see any issues in getting the calculations correct using the previous year’s assessed value.  My question is more along the lines of how these differences are to be reported if the appeal is pending all year long and is not resolved before settlement.  I would assume it would be one of the following options:

1. Classify these changes as “Other Before Apportionment Adjustments” on the 102 and/or 105 settlement forms.
2. Ignore the new tax calculations and report the difference between the amount paid/collected on the prior year’s AV and the amount that would be collected on the current year’s AV as Unpaid at This Settlement (lines 24-25 on the Form 102/Form 105), while not adding any penalty to the unpaid portion.
3. Other?

**Answer**: The Department is currently consulting with its partners at the Auditor of State’s office on further guidance as to how the information should be reflected on the applicable settlement forms and will be providing additional guidance on this inquiry in the upcoming weeks. For purposes of demonstrating the appeals data integration during Phase II testing, the Department does not anticipate asking the tax and billing vendors to generate either aforementioned settlement form.

**Question/Comment:** The appeals data files (i.e., APPEAL, APPEALPP, and APPEALMH) do not contain enough information to manage sending appeals data to the tax and billing system for processing, and to ultimately create a new bill based on the changed value. Multiple fields required by the tax and billing side must be included. For example, there is no field indicating the tax year for which a given appeal should be processed. Additionally, the Auditor will not be able to apportion the value to the tax cap categories accurately, as the breakdown of allocation values are not included. Furthermore, no status is included in the file, so is it the assumption that these records are only for concluded appeals? Is it the Department’s intention that we create another supplemental file to manage the missing information?

**Answer**: The Department does not anticipate prescribing one standard integration file to be used for transferring appeals data from the assessment system to the tax and billing system. Instead, the Department will defer to the property tax management system software vendor community to decide what data points may be needed in a given data integration file between a given vendor pairing. The three appeals data files prescribed in 50 IAC 26 (i.e., APPEAL, APPEALPP, and APPEALMH) may represent a good starting point on which to base the format of the appeals data integration file; however, the Department is mindful that the vendors may need additional data point in an integration file beyond what is contained in the appeals data files in 50 IAC 26. Similar to the approach used to integrate data from the tax and billing systems to the CAMA systems during the previous round of Phase II testing in 2014, the Department is certifying the functionality as demonstrated during testing rather than the actual integration file itself.

**Test Area 4 (Assessment to Tax & Bill Integration) - Test 2 (Application of Standard Homestead Deduction to Multiple Parcels)**

**Question/Comment:** This begins with the CAMA system creating an association or linkage amongst at least two parcels that are checkmark indicated as being homestead eligible and share the same property owner. How is the tax system supposed to recognize this linkage? There is no field or value passed in the PARCEL file to indicate as such and no unique identifying information to use for making any owner association. Also, trying to use multiple parcel’s having homestead eligible value (1%) when only the primary residence can qualify for the deduction of which the assessor’s office doesn’t have sufficient information to make any determination as such would only allow for several errors in linkage if this could be done. What system is in place in the assessment office to ensure the accuracy of this linkage?

**Question/Comment:** While we can determine potential same ownership based on mailing address and Owner Name, we cannot say with 100% degree of certainty that these parcels are adjacent, and indeed owned by the same individual. The onus will then be on the assessor to determine eligibility to become a “group”, resulting in many office hours to review and group parcels together. Further, there is no means to establish a “primary” parcel. This could be established by the assessed value, but how do you manage this when you have two identical dwellings that are on two separate adjacent parcels? In discussing this test with several of our county users, the assessors did not feel that it was their responsibility, as the homestead application is managed by the auditor’s office. Conversely, it did not appear that the auditor wanted to assume responsibility for this, as this information was not readily apparent to them. As the auditor is responsible for ownership and is responsible for applying the homestead flag that the assessor ultimately see within the CAMA system, what mechanism is in place to ensure that the auditor is/will apply the homestead to multiple parcels? Additionally, there is discrepancy across jurisdictions, in how they apply the homestead. Many counties indicated that they apply it to the primary parcel, per their understanding of the code. Their interpretation is such that it is on the parcel where the taxpayer resides, and if the taxpayer wishes to receive the full benefit of the “up to 1 acre”, the taxpayer must initiate a combination of their parcels. Some counties have combined parcels for their taxpayers, simply notifying them that they completed a combination. Other counties indicate the taxpayer must submit a request. As such, there will be little commonality across the State of Indiana. With a combined volume of parcels well over 400,000, the county users could only think of 5 instances where they have granted a homestead exemption on more than one parcel. The benefit of introducing this functionality may not be embraced or utilized enough by the counties to warrant the inclusion of this test, at least at this juncture. A suggestion was made by a user that perhaps the homestead applications may be enhanced first, or the legislative code could be rewritten to indicate that the homestead is applied to one parcel, only, and taxpayers wishing to benefit must combine their adjacent parcels.

Presently, there is no mechanism to provide this information from one office to another. Additionally, what would the timing be to pass/process this file? The law allows someone to apply for a homestead well past the time the assessor has rolled certified values, leading to perhaps confusion on multiple parcel instances. For example, if I own two adjacent parcels, and then sell them to two different owners, how will this then be managed, given timing of passing information back and forth? Conversely, if I purchase two adjacent parcels from two different owners, how then should this be managed? Given past experiences, it is difficult to come to a consensus among the vendor community regarding information that will work across the board.

**Question/Comment:** In reviewing Test Area 4: Assessment to Tax & Bill Integration of the Phase II Testing Scenarios, we have found the following and ask that this test be removed.

1. Out of 130,000 real property parcels, the Auditor has worked in conjunction with the Assessor to manually identify instances specific to this testing – 47 parcels.
2. The Auditor has reports that assist in identifying and resolving multiple parcel scenarios.
3. When the Assessor identifies contiguous parcels, they are combined per Assessor authority granted in IC 6-1.1-5-16.  A letter is sent to the property owner notifying them of the Assessor’s intention.  The property owner is then given two weeks to respond if they do not want the combination to occur.  The Assessor reports there have been a few property owners who did not want their properties combined.  However, those parcels are represented in the Auditor’s count above.

The cost-to-benefit ratio does not support creating programming that will automatically apply a Standard Homestead and Supplemental Homestead across multiple parcels.

**Answer**: Upon further consultation, the Department has decided to remove the tests pertaining to creating a homestead linkage amongst a group of parcels and then, using that linkage to correctly apply a standard homestead deduction to the group of parcels. While the Department remains committed to working with the property tax management system software vendors to ensure that their software is accurately applying and calculating property tax deductions, the software vendors have raised a number of valid concerns about how the process is handled at the county level. The Department intends to continue having discussions with the county assessors, county auditors, county treasurers, software vendors, and other interested stakeholders on the best approach to creating a consistent standard across all 92 counties for handling the scenario where a property owner has two or more adjacent parcels that are treated as their homestead. If necessary, the Department may require certification testing on this issue at a later date, even if it were to occur outside the two-year time frame allotted for general certification testing, as is permitted by 50 IAC 26-18-6.

**Test Area 5 (Reporting Capabilities in the Property Tax Management System) - Test 4**

**Question/Comment:** This begins with the CAMA system creating an association or linkage amongst at least two parcels that are checkmark indicated as being homestead eligible and share the same property owner. How is the tax system supposed to recognize this linkage? There is no field or value passed in the Parcel file to indicate as such and no unique identifying information to use for making any owner association. Also, trying to use multiple parcel’s having homestead eligible value (1%) when only the primary residence can qualify for the deduction of which the assessor’s office doesn’t have sufficient information to make any determination as such would only allow for several errors in linkage if this could be done. What system is in place in the assessment office to ensure the accuracy of this linkage?

**Question/Comment:** Given the outstanding issues, questions, and comments listed above pertaining to Test Area 4 Test 2 with the application of the standard homestead deduction to multiple parcel, it would be difficult to provide a report that would be meaningful to the offices.

**Answer**: Upon further consultation, the Department has decided to remove the tests pertaining to creating a homestead linkage amongst a group of parcels and then, using that linkage to correctly apply a standard homestead deduction to the group of parcels. While the Department remains committed to working with the property tax management system software vendors to ensure that their software is accurately applying and calculating property tax deductions, the software vendors have raised a number of valid concerns about how the process is handled at the county level. The Department intends to continue having discussions with the county assessors, county auditors, county treasurers, software vendors, and other interested stakeholders on the best approach to creating a consistent standard across all 92 counties for handling the scenario where a property owner has two or more adjacent parcels that are treated as their homestead. If necessary, the Department may require certification testing on this issue at a later date, even if it were to occur outside the two-year time frame allotted for general certification testing, as is permitted by 50 IAC 26-18-6.