

# Eliminate Township Assessors

*Assessors should be certified as real estate appraisers and appointed by the county executive body, thus qualified and not subject to political pressure.*

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The delegates from Indiana to a 1901 national tax conference considered the Indiana tax system the best in the nation. Read the following excerpt from the Indiana Fiscal Policy Institute's Statewide Property Tax Equalization Study report on the State's first market value assessment in 2003:

*“Corporate property was being assessed at fair cash value, and the assessment of personal property was increasing. The assessed value of the State had increased, and the rate of taxation proportionately lowered. The principal defect in the system, according to the Indiana delegates, was the elected township assessor, but they expected that to be corrected.”*

The problem identified by those delegates 106 years ago remains today. In fact, the elected township assessor is the most significant impediment to quality and fair property assessment. According to the above-mentioned Study, there were “systematic inconsistencies” in assessment results across townships. Inconsistent assessments took two forms:

1. Levels of assessment – the assessment of a property relative to its market value – were different in different townships and in different counties. In some places, properties were valued, on average, as low as 25-30% below market value. In other places, properties were over-valued by as much as 30%.
2. Individual property values varied within townships. Even when the median assessed value for a township was within 10% of market value, large errors occurred among the different properties within the township. Coefficients of Dispersion, a statistical measurement of the quality of assessments within a jurisdiction) indicated that average errors of 30% or more were common. In other words, the average property was either under- or over-assessed by 30%.

The Study also found systematic differences in assessment practice in townships within the same county and found evidence of sales chasing in townships in 80% of the counties in the state. Sales chasing occurs when, after a property sells, an assessor changes the assessed value of a property to reflect its sales price, but does not change any other property assessments.

Inconsistencies and differences should not surprise. One-thousand-and-eight (1,008) separate and elected township assessors, each with different backgrounds, education and training, will produce nearly 1,008 distinctive results. When coupled with the fact that the townships themselves are diverse – some are very rural and have only 250 parcels and some are very urban with more than 25,000 parcels – and the fact that real estate markets do not recognize artificial boundaries, fair market value assessment cannot be achieved with Indiana's current government structure.

Consistent assessments require consistent application of the market value standard, state statute as passed by the Indiana General Assembly and state rule as promulgated by the state Department of Local Government Finance (DLGF).

With regard to the market value standard, the data required to apply was not collected and was not used by township assessors. The Study found that only 10% of sales disclosure forms were complete and correct. In addition, the Study found that state-mandated standards for data storage, transmission and coding were routinely and widely ignored. In some cases, data from prior years was commonly deleted, and more disturbing, assessors, auditors and treasurers, all with important property tax functions, could not “talk” to one another without computer “translation”.

Four years after the state’s first market value reassessment, evidence from those counties which have completed the annual adjustment process known as trending strongly indicates that the situation has not improved. Data for Gibson, Greene and Marion Counties suggests the same inconsistent assessment results across townships. Further, the DLGF has found evidence of incomplete trending of commercial and industrial property. The State has ordered reassessments in these three counties and expects to order more as data is received from other counties.

The common assessor response to these inconsistencies is that they need more training, yet the new market value standard has been in place for more than five years and this year’s trending was delayed twice precisely because assessors were not ready.

Townships lack the resources necessary to administer a 21<sup>st</sup> Century, data intensive assessment process. Trustee assessors have other duties, including poor relief administration and fire protection. There are no professional property valuation qualifications necessary to stand for election to either township trustee assessor or township assessor.

The Indiana Association of REALTORS® proposes that township assessing duties become the responsibility of the county assessor and possibly a regional assessor in some less populated areas. IAR also proposes that the county or regional assessor be appointed and that they be certified as real estate appraisers.