

## THE PROCESS OF ASSESSING

The Hamilton County Assessor's office has mailed the Notices of Assessment of Land and Structures/Improvements (Form 11) for the January 1, 2022 assessment date. This value will serve as the basis for property taxes payable in 2023. The Previous Assessment for 2021 and the New Assessment Effective January 1, 2022 are both shown for the purpose of comparison. The guidelines used in this process are provided by the Indiana Department of Local Government Finance and followed by all County Assessors in Indiana. Changes to values will typically relate to one or more of several required processes including: Land Order, Reassessment, Trending, or New Construction.

There are two components to the assessment, Land and Structures/Improvements. The total of these two components should reflect a reasonable market value for your property. Because the assessment process is referred to as mass appraisal, the assessed value may not reflect an exact value of your property on the open market. This assessed value is used for tax purposes only.

Regarding land assessment, the State guidelines require a Land Order to evaluate and update the land portion of the assessment, typically every four years. Hamilton County last updated the per acre base rate value of land in 2020. Going forward, the Land Order will be conducted on a rotating basis that is consistent with the four-year Reassessment cycle that is conducted by the Assessor's office. Land base rates are typically determined: 1) by using vacant land sales, or 2) by allocating a percent of total value in developed neighborhoods (those without vacant lots). The Land Order involves a detailed analysis of the prior two years sales data. Once the values have been established, they are presented to the county's Property Tax Assessment Board of Appeals (PTABOA) for their review and approval.

The Annual Trending process requires the Assessor to compare current assessed values to arms-length sales data from the previous year to develop assessment-to-sale ratios. Ratios reflect the assessed value as a percentage of the sale amount. Indiana assessments are to be reflective of 100% Market Value. The state guidelines allow for a 10% variance (high or low) to this 100% goal. Sales are reviewed on a neighborhood by neighborhood basis. Based on the median assessment ratio of a neighborhood, a market Trend factor is calculated and applied uniformly across all properties in the neighborhood. This factor may increase or decrease property values to reflect the market appreciation or depreciation that has occurred in that neighborhood during the previous year. Note that "Outlier" sales such as "flips", family transactions, foreclosures, etc. are typically excluded from this process.

The Trend factor is only applied to the structure/improvement component of the assessment. Thus, the land value may not change except during a Land Order review year. The Land Order allows for a re-balancing of the Land and Structure components of the assessment, while still determining an overall assessed value that reflects current market value. Due to this re-balancing, it may not be uncommon to see larger increases to the Land with little or no adjustment to the Structure/Improvement value.

Also of note is new construction on a property. A change such as adding a structure (pool, barn, garage, etc.) or adding a room addition, a porch, or basement finish to an existing structure may add to an assessment.

**Ultimately, the focus should be on the overall assessed value and whether the new value shown for 2022 is reflective of the property's market value as of the January 1, 2022 assessment date.**

**If you believe this New Assessment Effective January 1, 2022 does not reflect a reasonable market value for your property, there is an appeal process. The instructions are on the Form 11 Notice.**