


Industry Awareness

CHICAGO TITLE 

DEFINITIONS OF COMMON TAX TERMS

Assessment: The process of placing a value on *property*. There are 2 major classes of *property* in Indiana: real and personal.

Real Property: Land, buildings and other major permanent structures. This is what most people think of when they think of property tax.

Personal Property: Almost exclusively that of businesses and includes farming equipment, manufacturing and product inventories.

The assessment of Real Property is assessed less frequently while the assessment of Personal Property is conducted every year. Assessments are conducted by elected Township Assessors and by an elected County Assessor.

Reassessment: The process of revising or updating the value of property for tax purposes.

Gross Assessed Value: The full value determined for a property. In most cases, the gross assessed value is not the value your tax is based on because usually a property will qualify for exemptions or deductions that further reduce its taxable value.

Net Assessed Value: The assessed value of a property after all exemptions and deductions are subtracted.

Tax Rate: The Department of Local Government Finance sets the rate for each taxing district to be used in tax bills.

THE ABC'S OF PROPERTY TAX

Property tax is collected by local governments to provide for the many services most of us take for granted. Schools, roads, public libraries, and police and fire protection are all possible because of revenue generated from the property tax. Property owners are asked to pay their fair share of the cost of these services by paying tax in proportion to the value of their property.

In Indiana, property taxes are collected twice a year, typically in May and November, and are paid in *arrears*. For example, your 2007 property taxes pay for government services that were performed in 2006.

HOW IS MY TAX BILL CALCULATED?

Property taxes are calculated using two main factors: 1) the **Net Assessed Value** of your home and 2) your **Tax Rate**.

$$\text{Tax Bill} = (\text{Net Assessed Value} \times \text{Tax Rate}) - \text{Credits}$$

EXEMPTIONS AND DEDUCTIONS THAT COULD REDUCE YOUR PROPERTY TAXES

NOTE: If you refinance or have a deed change at any time, you will need to re-file the following deductions. You will not receive a reminder to re-file.

Homestead Deduction: This is the most common deduction. If you own a home and use it as your primary residence, your home could qualify for this deduction. The residence cannot be a rental property. The deduction is either one half of your assessed valuation or \$35,000, whichever is less.

Mortgage Deduction: If you buy a property via a recorded mortgage or contract, and you are a resident of the State of Indiana, you could qualify for a mortgage deduction. The value of the deduction may not exceed the amount of the indebtedness. The

deduction is either one half of your assessed valuation or \$3,000, whichever is less. A person owning more than one property may not receive mortgage deductions totaling more than \$3,000.

In order for these deductions to be applied to your following year's tax bill, you must be the owner as of March 1st, and your application must be filed with your County Auditor on or before June 10th of the current calendar year. For mobile homes, you must file by March 31st.

Other examples of common deductions include those for individuals who are older than 65, blind, disabled, and/or a veteran. Visit indygov.org/eGov/County/Auditor/Services/deduction_guide.htm to view a comprehensive list of possible deductions.

APPEAL PROCESS

Should you disagree with your property tax assessment, you are entitled to an appeal. Indiana law provides a couple of ways for you to contest the assessed value of your property. The burden of proof, however, rests with you to show why your assessment should be changed.

THE PROCESS

- ✓ **Correction of Errors.** If a discrepancy exists, file a Form 133 with your County Auditor. Errors can include square footage, number of plumbing fixtures, finished or unfinished attics and basements, etc. If the error encompasses multiple years, this form may be used to correct up to 3 years. Once the correction is made, you may file a Form 17T to apply for a refund of property tax if one is due.
- ✓ **Appeal of Property Tax Assessment.** File a Form 130 or write a letter to your Township Assessor within 45 days of receiving your tax bill. Be sure to detail why you are disputing the assessed value. You should also file a copy with your County Assessor.
- ✓ **Board of Appeals Determination.** The Property Tax Assessment Board of Appeals will review your petition and then mail you its determination.
- ✓ **Petition to the Indiana Board of Tax Review.** If you're not happy with the Board's decision, you can appeal to the State Board of Tax Review. You must do so within 30 days of receiving the Assessment Board's decision. You will need a lawyer or state-certified tax representative.
- ✓ **Petition to the State Tax Court.** Finally, you have another 45 days to file a request for review by the Indiana Tax Court if you don't like the Board of Tax Review's decision. A copy of your appeal should be filed with the Attorney General's Office and your County Assessor.
- ✓ **Appeal to the State Supreme Court.** A final appeal can be made to the State Supreme Court.

To download any of these forms visit: indygov.org/eGov/County/Assessors/County/Appeals/forms.htm

TO APPEAL A TAX ASSESSMENT, CONTACT YOUR COUNTY ASSESSOR

Marion County Assessor

317-327-4907 or www.indygov.org/eGov/County/Assessors/County/Appeals/home.htm

Marion County Township Assessors

Center Township	317-327-4698
Decatur Township	317-856-2230
Franklin Township	317-327-4191
Lawrence Township	317-547-8625
Perry Township	317-788-4833
Pike Township	317-327-7453
Warren Township	317-898-5000
Washington Township	317-327-4819
Wayne Township	317-273-4130

Boone County Assessor

<http://boonecounty.in.gov>
765-482-0140

Hamilton County Assessor

www.co.hamilton.in.us
317-776-9617

Hancock County Assessor

www.hancockcoingov.org
317-477-1102

Hendricks County Assessor

www.co.hendricks.in.us
317-745-9207

Johnson County Assessor

www.co.johnson.in.us
317-346-4701

Morgan County Assessor

765-342-1065

Shelby County Assessor

317-392-6305

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A CALL TO ACTION - www.MyIndianaTaxes.com

Thousands of Hoosiers received 2007 tax bills reflecting property tax increases beyond what most expected and what many are capable of paying. Burdensome property taxes are impacting home values, the stability of neighborhoods, and the lives and fortunes of homeowners, tenants, and real estate investors throughout Indiana.

The Metropolitan Indianapolis Board of REALTORS® is committed to securing meaningful, long-term, property tax and government reform that will benefit all Hoosiers. You can help in this effort. Please tell MIBOR how property taxes are impacting your household or business. Tell them your story at www.MyIndianaTaxes.com!