

Reassessment on tap

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LAPORTE -- LaPorte County officials are relieved that the state did not order a full-scale reassessment for the county, with physical inspection of every property.

Instead, the Indiana Department of Local Government Finance has ordered the county to use existing data but a different methodology to reassess all residential, commercial and industrial properties in the county.

Shaw Friedman, LaPorte County attorney, said the DLGF's order "was not the one we feared was coming, which was a full, physical reinspection of this county's nearly 70,000 parcels that would have cost millions and taken six months to complete."

Frank Kelly, president of the Nexus Group, said his company could do the ordered reassessment in two or three months, and he has offered to do the work for free. Nexus is an Indianapolis tax consultant firm that has been under contract with LaPorte County since 2004 to handle its annual reassessments.

Kelly doesn't expect LaPorte County property values to change much in the reassessment.

Cheryl Musgrave, DLGF commissioner, issued a 26-page order late Friday for LaPorte County to redo its assessments for 2006, with taxes payable in 2007.

"This is basically a retrending order," Kelly said. Trending is an assessment method that uses sales of comparable properties in a neighborhood to place a value on a house or commercial property.

Kelly said he expects a few neighborhoods in the county to change dramatically up or down, but "for 99 percent of the taxpayers out there, it simply is not possible to get a vastly different value."

The DLGF's decision reverses its earlier approval of last year's assessment by the DLGF, which had indicated twice in 2007 that the Nexus work was acceptable.

By issuing the order, however, the DLGF signaled its agreement with a county resident who said the original assessment process was flawed.

William Wendt, a Long Beach resident, challenged the county's figures last year and claimed Nexus had used improper methodology to calculate property values.

Wendt hired a private firm to conduct another study, then presented its findings to the DLGF in October.

Robert C. Denne, who handled Wendt's reassessment project, concluded that Nexus had treated sold and unsold properties differently when calculating value, a tactic known as sales chasing.

Neither Wendt nor his attorney, Thomas M. Atherton, responded to requests for comments on Tuesday.

On May 1, the DLGF issued a resolution saying it found compelling evidence of assessment errors, including sales chasing, and that the county and Nexus might have changed assessment elements to reach a "bottom line value."

Both the county and Nexus have denied any wrongdoing.

The DLGF spent months listening to both sides and analyzing the assessments done by Nexus and Denne. It held forums in LaPorte on March 6 and May 15 to hear from the public

Its order allows the county to hire an outside firm to do the work. It could choose to let Nexus do the recalculating, or it could hire someone else.

Musgrave's order limits the county to spend no more than \$219,000, which is the cost of a year's work under the current contract with Nexus.

Friedman had taken preliminary steps to challenge a full-scale reassessment in the state tax court. He had delivered a petition earlier this month to the Indiana Tax Court opposing the reassessment and asking for permission to take depositions from several people involved in the dispute.

"While the option of appealing to the Indiana Tax Court remains," Friedman said, "if we can get a work plan approved by the DLGF and address their concerns with regard to individual changes to grade, condition and effective age, we can avoid a costly appeal and even costlier delays."

The order voids last year's assessed values. Reconciliation bills are to be sent by March 1, 2009, with payments due March 15, 2009. Some taxpayers could end up owing more, while others might be entitled to a refund or credit.

The Nexus Group has assessment contracts in roughly two dozen Indiana counties and uses the same methodology in all of them, but only LaPorte County was ordered to reassess.

That's because "LaPorte County is the only county where these allegations have been brought forth," according to Mary Jane Michalak, DLGF director of communications.

Meanwhile, the county also is working on 2007 taxes, payable this year. Musgrave directed the township assessor, Carol McDaniel, to direct the township assessors to continue working on establishing assessments.

However, the values set for March 1, 2007, rely on values set on March 1, 2006, and "no such valid and accurate assessment exists." Therefore, Musgrave said, the county should use sales data from 2005 and 2006 when making the calculations.

The county can issue provisional bills for 2007/payable 2008 based on rates from 2006/payable 2007.