

HOUSE BILL No. 1192

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-4-4.5.

Synopsis: Farmland assessment. Amends the six year rolling average calculation and the capitalization rate percentage under the statewide agricultural land base rate determination.

Effective: January 1, 2026.

Culp

January 8, 2025, read first time and referred to Committee on Ways and Means.



First Regular Session of the 124th General Assembly (2025)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2024 Regular Session of the General Assembly.

HOUSE BILL No. 1192

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-4-4.5, AS AMENDED BY P.L.8-2022,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2026]: Sec. 4.5. (a) The department of local government
4 finance shall adopt rules establishing a system for annually adjusting
5 the assessed value of real property to account for changes in value in
6 those years since a reassessment under section 4.2 of this chapter for
7 the property last took effect.
8 (b) Subject to subsection (f), the system must be applied to adjust
9 assessed values beginning with the 2006 assessment date and each year
10 thereafter that is not a year in which a reassessment under section 4.2
11 of this chapter for the property becomes effective.
12 (c) The rules adopted under subsection (a) must include the
13 following characteristics in the system:
14 (1) Promote uniform and equal assessment of real property within
15 and across classifications.
16 (2) Require that assessing officials:
17 (A) reevaluate the factors that affect value;



- 1 (B) express the interactions of those factors mathematically;
 2 (C) use mass appraisal techniques to estimate updated property
 3 values within statistical measures of accuracy; and
 4 (D) provide notice to taxpayers of an assessment increase that
 5 results from the application of annual adjustments.
 6 (3) Prescribe procedures that permit the application of the
 7 adjustment percentages in an efficient manner by assessing
 8 officials.
 9 (d) The department of local government finance must review and
 10 certify each annual adjustment determined under this section.
 11 (e) For an assessment beginning after December 31, 2022,
 12 agricultural improvements such as but not limited to barns, grain bins,
 13 or silos on land assessed as agricultural shall not be adjusted using
 14 factors, such as neighborhood delineation, that are appropriate for use
 15 in adjusting residential, commercial, and industrial real property. Those
 16 portions of agricultural parcels that include land and buildings not used
 17 for an agricultural purpose, such as homes, homesites, and excess
 18 residential land and commercial or industrial land and buildings, shall
 19 be adjusted by the factor or factors developed for other similar property
 20 within the geographic stratification. The residential portion of
 21 agricultural properties shall be adjusted by the factors applied to
 22 similar residential purposes.
 23 (f) In making the annual determination of the base rate to satisfy the
 24 requirement for an annual adjustment for each assessment date, the
 25 department of local government finance shall not later than March 1 of
 26 each year determine the base rate using the methodology reflected in
 27 Table 2-18 of Book 1, Chapter 2 of the department of local government
 28 finance's Real Property Assessment Guidelines (as in effect on January
 29 1, 2005), except that the department shall adjust the methodology as
 30 follows:
 31 (1) Use a six (6) year rolling average adjusted under subdivision
 32 (3) instead of a four (4) year rolling average.
 33 (2) Use the data from the six (6) most recent years preceding the
 34 year in which the assessment date occurs for which data is
 35 available, before ~~one (1)~~ **two (2)** of those six (6) years is
 36 eliminated under subdivision (3) when determining the rolling
 37 average.
 38 (3) Eliminate in the calculation of the rolling average ~~the year~~
 39 among the six (6) years, **the top two (2) years** for which the
 40 highest market value in use of agricultural land is determined.
 41 (4) After determining a preliminary base rate that would apply for
 42 the assessment date without applying the adjustment under this



1 subdivision, the department of local government finance shall
2 adjust the preliminary base rate as follows:

3 (A) If the preliminary base rate for the assessment date would
4 be at least ten percent (10%) greater than the final base rate
5 determined for the preceding assessment date, a capitalization
6 rate of ~~eight percent (8%)~~ **ten percent (10%)** shall be used to
7 determine the final base rate.

8 (B) If the preliminary base rate for the assessment date would
9 be at least ten percent (10%) less than the final base rate
10 determined for the preceding assessment date, a capitalization
11 rate of ~~six percent (6%)~~ **eight percent (8%)** shall be used to
12 determine the final base rate.

13 (C) If neither clause (A) nor clause (B) applies, a capitalization
14 rate of ~~seven percent (7%)~~ **nine percent (9%)** shall be used to
15 determine the final base rate.

16 (D) In the case of a market value in use for a year that is used
17 in the calculation of the six (6) year rolling average under
18 subdivision (1) for purposes of determining the base rate for
19 the assessment date:

20 (i) that market value in use shall be recalculated by using the
21 capitalization rate determined under clauses (A) through (C)
22 for the calculation of the base rate for the assessment date;
23 and

24 (ii) the market value in use recalculated under item (i) shall
25 be used in the calculation of the six (6) year rolling average
26 under subdivision (1).

27 (g) For assessment dates after December 31, 2009, an adjustment in
28 the assessed value of real property under this section shall be based on
29 the estimated true tax value of the property on the assessment date that
30 is the basis for taxes payable on that real property.

31 (h) The department shall release the department's annual
32 determination of the base rate on or before March 1 of each year.

