

SENATE BILL No. 7

DIGEST OF INTRODUCED BILL

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

Synopsis: Agricultural land assessment. Amends a capitalization rate percentage under the statewide agricultural land base rate determination.

Effective: January 1, 2026.

Buchanan

January 14, 2025, read first time and referred to Committee on Tax and Fiscal Policy.



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.

SENATE BILL No. 7

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) of those six (6) years is eliminated under
36 subdivision (3) when determining the rolling average.
37 (3) Eliminate in the calculation of the rolling average the year
38 among the six (6) years for which the highest market value in use
39 of agricultural land is determined.
40 (4) After determining a preliminary base rate that would apply for
41 the assessment date without applying the adjustment under this
42 subdivision, the department of local government finance shall



- 1 adjust the preliminary base rate as follows:
- 2 (A) If the preliminary base rate for the assessment date would
- 3 be at least ten percent (10%) greater than the final base rate
- 4 determined for the preceding assessment date, a capitalization
- 5 rate of ~~eight percent (8%)~~ **nine percent (9%)** shall be used to
- 6 determine the final base rate.
- 7 (B) If the preliminary base rate for the assessment date would
- 8 be at least ten percent (10%) less than the final base rate
- 9 determined for the preceding assessment date, a capitalization
- 10 rate of six percent (6%) shall be used to determine the final
- 11 base rate.
- 12 (C) If neither clause (A) nor clause (B) applies, a capitalization
- 13 rate of seven percent (7%) shall be used to determine the final
- 14 base rate.
- 15 (D) In the case of a market value in use for a year that is used
- 16 in the calculation of the six (6) year rolling average under
- 17 subdivision (1) for purposes of determining the base rate for
- 18 the assessment date:
- 19 (i) that market value in use shall be recalculated by using the
- 20 capitalization rate determined under clauses (A) through (C)
- 21 for the calculation of the base rate for the assessment date;
- 22 and
- 23 (ii) the market value in use recalculated under item (i) shall
- 24 be used in the calculation of the six (6) year rolling average
- 25 under subdivision (1).
- 26 (g) For assessment dates after December 31, 2009, an adjustment in
- 27 the assessed value of real property under this section shall be based on
- 28 the estimated true tax value of the property on the assessment date that
- 29 is the basis for taxes payable on that real property.
- 30 (h) The department shall release the department's annual
- 31 determination of the base rate on or before March 1 of each year.
- 32 **SECTION 2. [EFFECTIVE JANUARY 1, 2026] (a) IC 6-1.1-4-4.5,**
- 33 **as amended by this act, applies to assessment dates occurring after**
- 34 **December 31, 2025.**
- 35 **(b) This SECTION expires January 1, 2028.**

