

# SENATE BILL No. 367

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## DIGEST OF INTRODUCED BILL

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

**Synopsis:** Annual adjustment of assessed value. Provides that the assessed value of residential real property that is used and occupied by the owner of the property as the owner's primary residence shall not be adjusted based on investment residential real property.

**Effective:** January 1, 2026.

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## Young M, Buck

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January 13, 2025, read first time and referred to Committee on Tax and Fiscal Policy.

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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. 367

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%) shall be used to determine the final
- 6           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          **(i) For assessment dates after December 31, 2025, residential**
- 33          **real property that is used and occupied by the owner of the**
- 34          **property as the owner's primary residence shall not be adjusted**
- 35          **based on investment residential real property that is not used and**
- 36          **occupied by the owner of the property as the owner's primary**
- 37          **residence.**

