Association of Indiana Counties
Serving county officials so they can better serve taxpayers.

Assessment Fact Sheet

This quick-reference guide is intended to help Indiana assessing officials explain common assessment changes and answer taxpayer questions regarding the January 1, 2026, assessment date for taxes payable in 2027.

Key Message for Taxpayers

Indiana assessments are based on market value-in-use.

An assessment:

- It is not the same as a tax bill.
- Does not automatically mean taxes will increase or decrease by the same percentage.
- It is determined by using statewide valuation standards.

Property taxes are affected by: 1. Assessed value 2. Local tax rates 3. Local budgets 4. Tax caps, deductions, credits, and exemptions.

Common Reasons Assessments Change

Annual Trending

Annual adjustments or "trending" of property values became part of Indiana's move to a market-based assessment system upon order of the Indiana Supreme Court in 2001. Trending requires assessors to research sales of properties in a particular area over the previous year. Using that information, assessors then estimate the values of other properties in the same area to determine an assessed value. For the 2026 assessments payable in 2027, the assessor examines sales from calendar year 2025.

Assessments may increase or decrease due to:

- Local sales activity
- Housing demand
- Neighborhood market conditions
- Economic conditions
- Physical changes to a property

Indiana requires annual adjustments to help keep assessments aligned with changing market conditions. Trending may occur even if:

- The property was not recently sold.
- No improvements were made.
- Ownership has not changed.

Suggested Explanation

"Indiana law requires assessments to reflect market value-in-use. If local market conditions change, assessments may also change to maintain fairness and uniformity. Assessments are adjusted annually to reflect changing market conditions across the area, not just individual property sales."

Provide the taxpayer with the sales used to determine their value.

Additional Guidance

DLGF Annual Adjustment Fact Sheet *(click link)* or https://www.in.gov/dlgf/files/user-guides/251113-Fact-Sheet-Annual-Adjustments.pdf

Cyclical Reassessment

During statewide cyclical reassessments, county and township assessors conduct physical inspections of each property to verify the accuracy of property records. This inspection process facilitates the collection of data necessary for valuing the property. The reassessment cycle is now conducted over a four-year period, and approximately 25% of the parcels in each county will be reassessed each year.

Assessments may increase due to, but not limited to:

- New construction
- Additions
- Remodeling
- Finished basements
- New garages or pole barns
- Physical condition improvements

Suggested Explanation

"Physical improvements may increase the property's overall market value and assessed value."

Provide the taxpayer with any changes to the property record card that occurred during the physical inspection. Also include any local subjective information such as the grade or condition.

Additional Guidance

DLGF Cyclical Reassessment Fact Sheet *(click link)* or https://www.in.gov/dlgf/files/user-guides/251113-Fact-Sheet-Statewide-Cyclical-Reassessment.pdf

Cost Schedules & Verified Economic Modifier ("VEM") Updates

Assessors generally start their assessments with a Replacement Cost New ("RCN") value. The cost data is provided by Craftsman (Department of Local Government Finance's ("DLGF") vendor) to reflect national market conditions. The DLGF then analyzes the data to reflect the market value-in-use of improvements in Marion County through the VEM that calculates data on the central Indiana market. To further refine the data, a Location Cost Multiplier ("LCM") is established by the DLGF for each of the 92 counties.

The LCM for each county reflects the costs of construction and labor in the county relative to Marion County. **Each county assessor has the option to** use the published LCM to adjust the final RCN of real property to reflect local market conditions or **petition the DLGF to use their own calculation.** The LCM is calculated on an annual basis.

- The RCN value answers the question of: "What would it cost to replace this property with a new version of similar type for its use?"
- In order to calculate RCN, an assessing official must take the underlying components of a property and calculate the cumulative price of them all.

- The DLGF periodically updates statewide cost schedules and valuation factors.
  - Cost schedules increased due to significant post-pandemic inflation in labor, materials, transportation, and supply chain costs, resulting in higher replacement costs for residential, agricultural, and commercial structures.
  - Assessing officials throughout the state advocated for the DLGF to update the cost tables/schedules more frequently than the previous four-year cycle. This is due in part to costs tables not accurately reflecting building costs, which frequently resulted in the assessing official applying a high annual adjustment ("trending") factor to bring a property's assessment closer to its market value-in-use.
  - The previous four-year cycle was criticized as too long to wait between updates due to the market conditions changing quicker than the updates. This could result in a higher change between cycles, where a two-year cycle more accurately reflects the current RCN.
  - The previous VEM of 70% did not change from 2014 to 2024. The VEM was updated for the January 1, 2025, assessment date to 100% to provide a more graduated increase.
  - New cost tables were released by the DLGF for the January 1, 2026, assessment date for taxes first due in 2027. Construction costs have increased significantly since the last release of cost tables. The trending factor established by local sales data should align the RCN to the market value-in-use.
- The cost schedules standardize this cost for all assessing officials in the State of Indiana for the most standard components you would find in a property.
- Assessors have the ability to account for subjective criteria such as the grade and condition of the property. The assessor can adjust the valuation of a property based upon sales of comparable properties or other market information.

Suggested Explanation

"The state periodically updates valuation schedules to reflect current construction costs and market conditions statewide. This helps align the RCN to the market value-in-use."

Local assessors should provide the taxpayer with the property record card that explains how the costs are implemented as well as review the local levers they control to further reflect the local market conditions to determine the final assessment.

Additional Guidance

DLGF Updated Cost Schedules Memo *(click link)* or https://www.in.gov/dlgf/files/user-guides/251113-Fact-Sheet-Statewide-Cyclical-Reassessment.pdf

2026 Appendix C - Residential and Agricultural Cost Schedules *(clink link)* or https://www.in.gov/dlgf/files/2026-Appendix-C.pdf and 2026 Appendix G - Commercial and Industrial Cost Schedules *(clink link)* or https://www.in.gov/dlgf/files/2026-Appendix-G.pdf

Location Cost Modifiers for the 2026 Annual Adjustment *(click link)* or https://www.in.gov/dlgf/files/2025-memos/251031-Wood-Memo-Location-Cost-Modifiers-for-the-2026-Annual-Adjustment.pdf and 2026 LCM Results *(clink link)* or https://www.in.gov/dlgf/files/2025-memos/251031-Wood-Memo-ATTACHMENT-Updated-Location-Cost-Modifiers-2026.pdf

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Agricultural Assessments

Agricultural land assessments are determined using a statewide statutory formula. The capitalization rate increased from 8% to 9%, reducing the agricultural land base rate to $2,120 per acre. This was changed as a result of SEA 1-2025 for the January 1, 2025, assessment date and was extended to include 2026 assessments with taxes payable in 2027.

- As a result of SEA 1-2025, the ag land base rate lowered from $2,390 per acre to $2,120.

- The overall agricultural classification saw a -12.1% reduction in year over year net property tax liability from 2025 to 2026.
- Agricultural buildings may see an increase due to rapid rises in construction related costs, which in turn increase the cost tables adopted by the DLGF. The same cost tables have also increased the assessed value on other types of buildings, including homes, apartments, and commercial buildings. Unlike other buildings, there is no data with which assessors can “trend” values to market value-in-use, which is the basis for taxable assessed value.
- Assessors can apply appropriate depreciation values reflecting current use of the buildings (economic depreciation and/or physical depreciation), if applicable. Assessors should ask:
    - Is the value of the building worth less for some reason than what its reproduction cost would be?
    - Is the taxpayer no longer using the structure for its original purpose?
    - Is the structure obsolete for its intended use?
    - How old is the structure?
    - Is the building correctly identified on the property record card?

Suggested Explanation

It is recommended to engage with the taxpayer to explain the process and review the details of the property record card. If the taxpayer is still in disagreement with the assessment, explain the appeal process.

Additional Guidance

DLGF Agricultural Land Base Rate Memo *(click link)* or https://www.in.gov/dlgf/files/2026-memos/260102-Cockerill-Memo-2026-Agricultural-Land-Base-Rate.pdf

DLGF: Agricultural Land Assessments *(click link)* or https://www.in.gov/dlgf/assessments/agricultural-land-assessments/

Property Tax Assessment Appeal Process

An appeal begins with filing a Form 130 – Taxpayer’s Notice to Initiate an Appeal with the local assessing official. The appeal should detail the pertinent facts of why the assessed value is being disputed. A taxpayer may only request a review of the current year’s assessed valuation. Following an informal conference with the local assessing official, the assessor will make a recommendation either denying or approving the appeal. If denied, the appeal will be forwarded to the county Property Tax Assessment Board of Appeals (“PTABOA”) for review. If the PTABOA denies the appeal, instructions will be provided on appealing the decision to the Indiana Board of Tax Review. After being heard by the Indiana Board of Tax Review, taxpayers may also seek review by the Indiana Tax Court.

A taxpayer can still file an appeal concerning “objective” issues (i.e., factual matters, such as the property record card contains an incorrect description of the property, like a garage that does not exist); however, it is on page 2 of the Form 130.

An objective appeal may include:

1. The assessment was against the wrong person.
2. The approval, denial, or omission of a deduction, credit, exemption, abatement, or tax cap.
3. A clerical, mathematical, or typographical mistake.
4. The description of the property.
5. The legality or constitutionality of a property tax or assessment.

Objective claims may be made for up to three years of assessments with the submission of the Form 130. However, taxpayers requesting refunds must also file a Claim for Refund form (Form 17T).

Additional Guidance

DLGF: Appeals Property Tax *(click link)* or https://www.in.gov/dlgf/appeals-property-tax/

Frequently Asked Questions

1. **Who should a taxpayer contact for assessment-related questions?**

   The local assessing official.

2. **Who should a local assessing official reach out to with questions?**

   The assigned DLGF field representative.

3. **What did SEA 1-2025 change regarding assessments?**

   - *The capitalization rate was changed from 8% to 9% resulting in a lower agricultural land base rate of $2,120 per acre (previously $2,390 per acre).*
   - *Increased the Business Personal Property ("BPP") exemption from $80,000 to $2,000,000 for the January 1, 2026, assessment date, and each assessment date thereafter. (SEA 1-2025 & HEA 1427-2025)*
   - *Exemption from 30% minimum valuation limitation for certain BPP*

   Additional information can be found at 250523-Cockerill-Memo-Legislation-Affecting-Assessment-Matters.pdf (click link) or https://www.in.gov/dlgf/files/2025-memos/250523-Cockerill-Memo-Legislation-Affecting-Assessment-Matters.pdf

4. **Can an assessor deny an appeal from a taxpayer?**

   An assessor must accept an appeal filing; however, the appeal may be determined to be defective. Failure to cure the defect identified in the defect notice (Form 138) may result in denial of the appeal petition. The filing of an appeal does not automatically result in a reduction of the assessed value.

   Additional information can be found at Fact Sheet - Assessment Appeals (click link) or https://www.in.gov/dlgf/files/user-guides/251113-Fact-Sheet-Assessment-Appeals.pdf