



# Department of Local Government Finance

## Agricultural Land Assessments

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# Today's Webinar Will Cover

- Review of Indiana Code 6-1.1-4-13
- Valuing Agricultural Land
- FAQs
- Resources
- Questions



# Review of Indiana Code 6-1.1-4-13

- **IC 6-1.1-4-13**
- **Agricultural land; assessment; soil productivity factors**
- Sec. 13. (a) In assessing or reassessing land, the land shall be assessed as agricultural land only when it is devoted to agricultural use.
  - For purposes of this section, and in addition to any other land considered devoted to agricultural use, any:



# Review of Indiana Code 6-1.1-4-13

(1) land enrolled in:

- (A) a land conservation or reserve program administered by the United States Department of Agriculture;
- (B) a land conservation program administered by the United States Department of Agriculture's Farm Service Agency; or



# Review of Indiana Code 6-1.1-4-13

- (C) a conservation reserve program or agricultural easement program administered by the United States Department of Agriculture's National Resources Conservation Service;
- (2) land enrolled in the department of natural resources' classified forest and wildlands program (or any similar or successor program);



# Review of Indiana Code 6-1.1-4-13

- (3) land classified in the category of other agriculture use, as provided in the department of local government finance's real property assessment guidelines; or



# Review of Indiana Code 6-1.1-4-13

(4) land devoted to the harvesting of hardwood timber; is considered to be devoted to agricultural use. Agricultural use for purposes of this section includes but is not limited to the uses included in the definition of "agricultural use" in IC 36-7-4-616(b), such as the production of livestock or livestock products, commercial aquaculture, equine or equine products, land designated as a conservation reserve plan, pastureland, poultry or poultry products, horticultural or nursery stock, fruit, vegetables, forage, grains, timber, trees, bees and apiary products, tobacco, other agricultural crops, general farming operation purposes, native timber lands, or land that lays fallow.



# Review of Indiana Code 6-1.1-4-13

Agricultural use may not be determined by the size of a parcel or size of a part of the parcel. This subsection does not affect the assessment of any real property assessed under IC 6-1.1-6 (assessment of certain forest lands), IC 6-1.1-6.2 (assessment of certain windbreaks), or IC 6-1.1-6.7 (assessment of filter strips).

(c) The department of local government finance shall give written notice to each county assessor of:





# Review of Indiana Code 6-1.1-4-13

- (1) the availability of the United States Department of Agriculture's soil survey data; and
- (2) the appropriate soil productivity factor for each type or classification of soil shown on the United States Department of Agriculture's soil survey map.



# Review of Indiana Code 6-1.1-4-13

- All assessing officials and the property tax assessment board of appeals shall use the data in determining the true tax value of agricultural land. However, notwithstanding the availability of new soil productivity factors and the department of local government finance's notice of the appropriate soil productivity factor for each type or classification of soil shown on the United States Department of Agriculture's soil survey map for the March 1, 2012, assessment date, the soil productivity factors used for the March 1, 2011, assessment date shall be used for the January 1, 2016, assessment date and each assessment date thereafter.



# Review of Indiana Code 6-1.1-4-13

- (d) The department of local government finance shall by rule provide for the method for determining the true tax value of each parcel of agricultural land.



# Review of Indiana Code 6-1.1-4-13

- (e) This section does not apply to land purchased for industrial or commercial uses. *(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.63-1983, SEC.1; P.L.24-1986, SEC.6; P.L.75-1987, SEC.1; P.L.6-1997, SEC.14; P.L.90-2002, SEC.36; P.L.178-2002, SEC.5; P.L.112-2012, SEC.9; P.L.1-2013, SEC.1; P.L.85-2014, SEC.1; P.L.249-2015, SEC.6; P.L.180-2016, SEC.3.*



# Review of Indiana Code 6-1.1-4-13

- Programs by the USDA Farm Service Agency
- <https://www.fsa.usda.gov/programs-and-services/conservation-programs/index>
- Programs by the USDA National Resources Conservation Service
- <https://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/>



# Valuing Agricultural Land

## Valuing Agricultural Land:

- [http://www.in.gov/dlgf/files/2011\\_Chapter\\_2\\_Final.pdf](http://www.in.gov/dlgf/files/2011_Chapter_2_Final.pdf)
- The agricultural land assessment formula involves the identification of agricultural tracts using data from detailed soil maps, aerial photography, and local plat maps.



# Valuing Agricultural Land

Each variable in the land assessment formula is measured using appropriate devices to determine its size and effect on the parcel's assessment. Uniformity is maintained in the assessment of agricultural land through the proper use of soil maps, interpreted data, and unit values.

See Page 76 of the Real Property Guidelines -

[https://www.in.gov/dlgf/files/2011\\_Chapter\\_2\\_Final.pdf](https://www.in.gov/dlgf/files/2011_Chapter_2_Final.pdf)



# Valuing Agricultural Land

As illustrated in the following equation, the market value of agricultural land is calculated by dividing the net income of each acre by the appropriate capitalization rate.

**Market value = Net Income ÷ Capitalization Rate**

See Page 77 of the Real Property Guidelines -

[https://www.in.gov/dlgf/files/2011\\_Chapter\\_2\\_Final.pdf](https://www.in.gov/dlgf/files/2011_Chapter_2_Final.pdf)





# Valuing Agricultural Land

There is a subtle distinction between residential acreage tracts and land valued using the agricultural soil productivity method. The basis for this distinction is the different valuation methods used to determine land value for the two types of land.

- Agricultural land is valued using a statewide base rate and a soil productivity index system. All land utilized for agricultural purposes is valued in this manner.
- Residential land is land that is utilized or zoned for residential purposes.
- See Page 53 of the Real Property Guidelines - [https://www.in.gov/dlgef/files/2011\\_Chapter\\_2\\_Final.pdf](https://www.in.gov/dlgef/files/2011_Chapter_2_Final.pdf)



# Valuing Agricultural Land

- “Assessors are directed that all acres enrolled in programs of the United States Department of Agriculture (USDA), Farm Services Agency, and Natural Resources Conservation Service and have received a ‘farm number’ are eligible for classification as ‘agricultural.’ Those acres have been determined by those administering federal programs to be a part of an ‘agricultural operation.’ This applies to non-homestead acreage.”
- See Page 81 of the Real Property Guidelines - [https://www.in.gov/dlgf/files/2011\\_Chapter\\_2\\_Final.pdf](https://www.in.gov/dlgf/files/2011_Chapter_2_Final.pdf)



# Valuing Agricultural Land

- Parcel Size:
- The issue of parcel size has no bearing on the appropriate classification or pricing method of agricultural land, whether the parcel is wooded or used for other agricultural activities.
- See Page 82 of the Real Property Guidelines - [https://www.in.gov/dlgf/files/2011\\_Chapter\\_2\\_Final.pdf](https://www.in.gov/dlgf/files/2011_Chapter_2_Final.pdf)



# Valuing Agricultural Land

- Agricultural land is categorized according to its land use type and soil identification. The following land use types, described in the sections below, apply to agricultural acreage:
  - Type 2—classified land
  - Type 4—tillable land
  - Type 5—nontillable land
  - Type 6—woodland
  - Type 7—other farmland
  - Type 8—agricultural support land
  - Type 9—homesite



# Valuing Agricultural Land

- Type 2—Classified Land:
- Classified land is land that has been applied for and approved for specific programs administered by the Indiana Department of Natural Resources (DNR) or the county surveyor. A 100% influence factor deduction applies to classified land. The following table describes the subtypes of classified land.
- See Page 85 of the Real Property Guidelines - [https://www.in.gov/dlgf/files/2011\\_Chapter\\_2\\_Final.pdf](https://www.in.gov/dlgf/files/2011_Chapter_2_Final.pdf)



# Valuing Agricultural Land

**Table 2-20. Classified Land Subtypes**

<b>This Subtype</b>	<b>Indicates</b>
Type 21	Classified Forest
Type 22	Wildlands
Type 24	Windbreak
Type 25	Filter Strip



# Valuing Agricultural Land

- Type 4—Tillable Land: Tillable land is land used for cropland or pasture that has no impediments to routine tillage. Cropland is:
- land used for production of grain or horticultural crops such as:
  - corn
  - soybeans
  - wheat
  - rotation pasture
  - Hay
- See Page 88 of the Real Property Guidelines - [https://www.in.gov/dlgf/files/2011\\_Chapter\\_2\\_Final.pdf](https://www.in.gov/dlgf/files/2011_Chapter_2_Final.pdf)



# Valuing Agricultural Land

- vegetables
- orchard crops
- land used for cover crops
- land in summer fallow
- idle cropland
- land used for Christmas tree plantations
- land used for nursery plantings





# Valuing Agricultural Land

**Table 2-21. Tillable Land Subtypes**

<b>This Subtype</b>	<b>Indicates</b>
Type 41	Land flooded occasionally—damaging floods occur two to four times in a ten-year period. A 30% influence factor deduction applies to this land use type.



# Valuing Agricultural Land

**Table 2-21. Tillable Land Subtypes**

<b>This Subtype</b>	<b>Indicates</b>
Type 42	Land flooded severely—damaging floods occur five times or more in a ten-year period. A 50% influence factor deduction applies to this land use type.



# Valuing Agricultural Land

**Table 2-21. Tillable Land Subtypes**

<b>This Subtype</b>	<b>Indicates</b>
Type 43	Farmed wetlands—land that the U.S. Department of Agriculture has designated as farmed wetlands. This land type applies only to areas of contiguous land measuring 2.5 acres or more. This land use type must be verified through records obtained from the U.S. Department of Agriculture, Farm Service Agency. A 50% influence factor deduction applies to this land use type.



# Valuing Agricultural Land

- Farmable Wetlands Program (USDA)
- <https://www.fsa.usda.gov/programs-and-services/conservation-programs/farmable-wetlands/index>
- State Offices – Indiana (USDA)
- <https://www.fsa.usda.gov/state-offices/Indiana/index>



# Valuing Agricultural Land

- **Type 5 - Nontillable Land**
- Nontillable land is land covered with brush or scattered trees with less than 50% canopy cover, or permanent pasture land with natural impediments that deter the use of the land for crop production. A 60% influence factor deduction applies to nontillable land.

See Page 89 of the Real Property Guidelines -

[https://www.in.gov/dlgf/files/2011\\_Chapter\\_2\\_Final.pdf](https://www.in.gov/dlgf/files/2011_Chapter_2_Final.pdf)



# Valuing Agricultural Land

- **Type 6 - Woodland**
- Woodland is land supporting trees capable of producing timber or other wood products. This land has 50% or more canopy cover or is a permanently planted reforested area. This land use type includes land accepted and certified by the Indiana Department of Natural Resources (DNR) as forest plantation under guidelines established to minimize soil erosion. An 80% influence factor deduction applies to woodland.
- See Page 89 of the Real Property Guidelines - [https://www.in.gov/dlgf/files/2011\\_Chapter\\_2\\_Final.pdf](https://www.in.gov/dlgf/files/2011_Chapter_2_Final.pdf)



# Valuing Agricultural Land

A wooded parcel of land less than 10 acres may be assessed using the agricultural soil productivity method upon evidence of timber production or other agricultural use. In addition, smaller than 10 acre parcels not contiguous with other wooded parcels under the same ownership may qualify as –agricultural.



# Valuing Agricultural Land

Of assistance to the assessor in determining the classification is evidence of enrollment in programs which assign a “farm number” or programs designed to foster timber production management. The determining factors are provided in Indiana Code section 6-1.1-4-13, the Manual, and Guidelines. Of particular interest to the assessing official is the reason for the purchase of the land.”





# Valuing Agricultural Land

While not controlling in the assessing official's determination, the following factors may be of assistance:

- (1) the acreage is designated by the DNR as qualifying for one of their classified programs. The DNR has established a 10 acre minimum for its programs; and
- (2) the owner can show an active timber management program in place which will improve the marketability of the forest for an eventual harvest; and



# Valuing Agricultural Land

- (3) the owner possesses a DNR management plan to further enhance the forest quality; and
- (4) the owner can show that regular forest harvests have occurred over a long time period.



# Valuing Agricultural Land

**Table 2-22. Other Farmland Subtypes**

<b>This Subtype</b>	<b>Indicates</b>
Type 71	Land used for farm buildings and barn lots. This land use subtype does not include homesites. The value is determined using the appropriate soil map productivity factor and a 40% influence factor deduction.



# Valuing Agricultural Land

**Table 2-22. Other Farmland Subtypes**

<b>This Subtype</b>	<b>Indicates</b>
Type 72	Land covered by a farm pond or running water. The value is determined using a productivity factor of .50 and a 40% influence factor deduction.



# Valuing Agricultural Land

**Table 2-22. Other Farmland Subtypes**

<b>This Subtype</b>	<b>Indicates</b>
Type 73	2.5 contiguous acres of land designated by the U.S. Department of Agriculture as wetlands. This land use type must be verified through records obtained from the U.S. Department of Agriculture, Farm Service Agency. The value is determined using a productivity factor of .50 and a 40% influence factor deduction.



# Valuing Agricultural Land

**Table 2-23. Agricultural Support Land Subtypes**

<b>This Subtype</b>	<b>Indicates</b>
Type 81	A legal ditch. The area used and occupied as part of a legal drainage ditch is considered to have no value and is deducted from the total parcel acreage. This area also includes the area adjacent to the ditch that cannot be farmed because of the need for access to the ditch.



# Valuing Agricultural Land

**Table 2-23. Agricultural Support Land Subtypes**

<b>This Subtype</b>	<b>Indicates</b>
Type 82	A public road. The right-of-way area dedicated for public roads is deducted from the total parcel acreage.



# Valuing Agricultural Land

**Table 2-23. Agricultural Support Land Subtypes**

<b>This Subtype</b>	<b>Indicates</b>
Type 83	Land on which public utility transmission towers are situated. The area of .125 (1/8) acre is deducted from the parcel acreage. The transmission line right-of-way is assessed according to the land use of the acreage and is not deducted from the parcel acreage.





# Valuing Agricultural Land

- **Type 9 - Homesite**
- One acre per dwelling on an agricultural property is classified as agricultural homesite land. The base rate for an agricultural homesite acre is a flat rate determined by the assessing official. A soil map productivity factor is not applied. Information about valuing an agricultural homesite is provided in the section Valuing Residential Acreage and Agricultural Homesites. Type 92 is a subtype of Type 9.
- See Page 93 of the Real Property Guidelines - [https://www.in.gov/dlgf/files/2011\\_Chapter\\_2\\_Final.pdf](https://www.in.gov/dlgf/files/2011_Chapter_2_Final.pdf)



# Valuing Agricultural Land

- Type 92 - Indicates agricultural excess acres. This land area is presently dedicated to a non-agricultural use normally associated with the homesite. Areas containing a large manicured yard over and above the accepted one acre homesite would qualify for the agricultural excess acre designation. The agricultural excess acre rate is the same rate that is established for the residential excess acre category. These rates are determined by the assessing official.



# Valuing Agricultural Land

- **Using Soil Maps**
- The agricultural land assessment formula values farmland, in part, based on the productivity of each parcel's soil resources. More productive land is rated higher than less productive land. Therefore, more productive land has a higher value. To evaluate and categorize land according to its productivity, measurements are calculated from detailed soil maps published by the U.S. Department of Agriculture.
- See Page 93 of the Real Property Guidelines - [https://www.in.gov/dlgf/files/2011\\_Chapter\\_2\\_Final.pdf](https://www.in.gov/dlgf/files/2011_Chapter_2_Final.pdf)



# Valuing Agricultural Land

- Soil maps show where different soils are located within the landscape and narrative text describes the various soil characteristics. Soils are classified based on soil series and soil map units.



# Valuing Agricultural Land

- **Soil Series**

- A soil series is a basic classification of soils. A soil series is a group of soil units that are similar according to such characteristics as:
  - horizons (soil layering)
  - drainage class
  - water holding capacity
  - organic matter content
  - various other soil characteristics
- See Page 93 of the Real Property Guidelines - [https://www.in.gov/dlgef/files/2011\\_Chapter\\_2\\_Final.pdf](https://www.in.gov/dlgef/files/2011_Chapter_2_Final.pdf)



# Valuing Agricultural Land

- Soil series are named with names such as Miami, Crosby, Fox, and Brookston. Each soil series is formed in a type of parent material and is generally found in a particular type of location in landscapes. For example, the poorly drained Brookston series generally is found in depressions or wide, flat areas. The soil series classification system used in the United States is national in scope.



# Valuing Agricultural Land

- Therefore, the soil categorized in a particular soil series, such as Miami, is the same across counties throughout the state.
- Soil properties, such as depth, water holding capacity, and organic matter content, are used to help estimate the productivity of the soil. Because soils are naturally occurring, not all soils categorized in a particular soil series are exactly alike.



# Valuing Agricultural Land

- When defining a soil series, a range is defined for the characteristics noted above to account for variations. However, these variations do not greatly affect the productivity of the soil.





# Valuing Agricultural Land

- **Soil Map Units**
  - Each soil series is further subdivided into soil map units. After soil scientists identify a soil series, they further subdivide the series by identifying soil map units based on variations in:
    - surface texture, such as silt loam or sandy loam
    - slope class
    - amount of previous erosion
  - See Page 94 of the Real Property Guidelines - [https://www.in.gov/dlgf/files/2011\\_Chapter\\_2\\_Final.pdf](https://www.in.gov/dlgf/files/2011_Chapter_2_Final.pdf)



# Valuing Agricultural Land

- Soil scientists draw lines around each soil map unit on aerial photographs based on their best estimate of where the soil series or soil map unit changes. In reality, the change from one soil map unit to another is gradual.



# Valuing Agricultural Land

- **Understanding the Calculation of the Soil Productivity Index**
- For the purpose of defining the agricultural land assessment formula, each of the approximately 2,400 soil map units in Indiana is assigned a productivity rating. This rating is based on average estimated crop yields, which in turn are based on the physical properties of the soil, such as:
- See Page 95 of the Real Property Guidelines - [https://www.in.gov/dlgf/files/2011\\_Chapter\\_2\\_Final.pdf](https://www.in.gov/dlgf/files/2011_Chapter_2_Final.pdf)



# Valuing Agricultural Land

- slope
- moisture holding capacity
- natural drainage class
- depth of rooting
- amount of surface soil remaining
- organic matter content
- various other soil characteristics



# Valuing Agricultural Land

- Soil productivity ratings in Indiana are based on corn yield estimates. Estimated corn yields are the most convenient and reliable yield estimates since no other crop is grown on a wider range of soils or over a larger area in the state. Estimated corn yields are based on an average level of crop management and reflect a 10-year average.



# Valuing Agricultural Land

- Estimates of corn yields for particular soil map units are tested using data collected by Purdue University and the U.S. Department of Agriculture, Natural Resource Conservation Service from field trials, yield tests, and producer experiences. An average level of crop management is assumed to account for variations in the amount of fertilizer used, time of planting, hybrid performance, and tillage systems--crop management factors that can cause yield differences.



# Valuing Agricultural Land

- Thus, the soil productivity ratings reflect the yield differences caused by the properties of the soil, not the crop management decisions made by agricultural producers.
- The productivity factor for a soil map unit is calculated by dividing the estimated 10-year average corn yield (calculated in bushels per acre) by 100. Productivity factors do not accurately predict the actual yields for a particular year since weather has a great influence on actual yields.



# Valuing Agricultural Land

- However, you can think of the soil productivity index as a relative ranking of soil map units. The more productive the soil, the higher the rating. The best soil in the state has a productivity factor of approximately 1.28; the poorest soil has a productivity factor of .50.





# Valuing Agricultural Land

- **Valuing Strip Mined Agricultural Land**
  - If coal has been strip mined from agricultural land subsequent to the creation of the detailed soil map for the area, the assessor must apply a special productivity factor to that land:
  - “For land strip mined on or before December 31, 1977, identify the “Soil I.D.” as “SBD7” and apply a productivity factor of .75.”



# Valuing Agricultural Land

- **Valuing Strip Mined Agricultural Land**
  - “For land strip mined after December 31, 1977, identify the “Soil I.D.” as “SAD7” and apply a productivity factor of .68.



# Valuing Agricultural Land

**Table 2-24. Agricultural Land Use Types**

<b>This Subtype</b>	<b>Indicates</b>
Type 21	Classified Forest Land
Type 22	Wildlands
Type 24	Classified Windbreak Land
Type 25	Classified Filter Strip Land
Type 4	Tillable Land



# Valuing Agricultural Land

**Table 2-24. Agricultural Land Use Types**

<b>This Subtype</b>	<b>Indicates</b>
Type 41	Tillable Land that Floods Occasionally
Type 42	Tillable Land that Floods Severely
Type 43	Designated Farmed Wetlands
Type 5	Nontillable Land
Type 6	Woodland
Type 71	Other Farmland: Land used for farm buildings and barn lots



# Valuing Agricultural Land

**Table 2-24. Agricultural Land Use Types**

<b>This Subtype</b>	<b>Indicates</b>
Type 72	Other Farmland: Land covered with a farm pond or running water
Type 73	Other Farmland: Designated Wetlands
Type 81	Agricultural Support Land: Legal Ditch
Type 82	Agricultural Support Land: Public Right-of-Way



# Valuing Agricultural Land

**Table 2-24. Agricultural Land Use Types**

<b>This Subtype</b>	<b>Indicates</b>
Type 83	Agricultural Support Land: Land on which public utility transmission towers are situated
Type 9	One-Acre Homesite
Type 92	Agricultural Excess Acres



# Valuing Agricultural Land

**Table 2-25. Influence Factors for Agricultural Acreage**

For this Land Use Type	Use this Influence Factor Deduction
21	-100%
22	-100%
24	-100%
25	-100%
4	None

41	-30%
42	-50%
43	-50%
5	-60%
6	-80%
71	-40%
72	-40%
73	-40%



# Valuing Agricultural Land

- The Agricultural Base Rate for the January 1, 2020 assessment date is \$1,280 per acre ([Certification of Agricultural Land Base Rate Value for Assessment Year 2020](#)).
- It is expected that the January 1, 2021 Agricultural Base Rate will be released by December 31, 2020.





# Frequently Asked Questions

- **Question: How are large tracts of woodland, not being timbered, used for recreation to be assessed.**
- **Answer: Based on the description of the property, when a woodland is used primarily for residential purposes (home sites, recreation, privacy buffers, wildlife viewing, etc.), the woodlot should be assessed as residential or residential excess acreage. Remember that use is the key and not the size of the parcel.**



# Frequently Asked Questions

- **Question:** How is the land priced for large livestock operations - Ag land or Commercial Land? What about modern hog and dairy farms?
- **Answer:** Generally, the land where the livestock graze would be assessed as agricultural land. Indiana Code 6-2.5-5-2 defines “agricultural machinery” as being used in the direct production of agricultural commodities and Indiana Code 15-16-5-1 defines “agricultural commodities” as being a plant or part of a plant and animals or animal products produced primarily for sale or consumption by humans or animals.



# Frequently Asked Questions

- Answer con't.: Indiana Code 32-30-6-1 defines an "Agricultural operation" as being used for the production of crops, livestock, poultry, livestock products, poultry products, or horticultural products or for growing timber. Our current policy is that use is the key and that it does not matter if the size of the parcel is 5 acres, 10 acres, or whatever amount. That same theory could apply for the farmer who raises 50 head or 5,000 head of a particular type of livestock.



# Frequently Asked Questions

- Answer con't.: If this operation raises the hog, and then butchers it and makes sausage out of it, the live hog is an agricultural commodity but five minutes later, the slaughtered hog is a raw material in a commercial process. This is where you draw the line between an agricultural operation and a commercial enterprise. It is the same theory with milk being converted into ice cream or cheese or a bushel of corn being cleaned, coated with a fungicide, and bagged. There is a point when an agricultural commodity stops being an agricultural commodity and becomes a raw material in another process unrelated to agriculture.



# Frequently Asked Questions

- **Question: Are there any updates or changes for 2021 that we can expect, or have been there any changes we should be aware of? What is the new per acre AG rate?**
- **Answer: There have not been any significant changes in 2020, and there are no anticipated changes in 2021 (with the understanding there could be legislative changes). It is expected that the January 1, 2021 agricultural base rate will be released by December 31, 2020.**



# Frequently Asked Questions

- **Question:** I would like clarification regarding properties that have horses for recreational purposes. How can that land be designated as ag land?
- **Answer:** Each situation should be reviewed separately. There have been several Indiana Board of Tax Review (IBTR) decisions that address the use of the land, and differentiating between agricultural land, residential land, and excess residential land.



# Frequently Asked Questions

- Answer con't.: The law does not indicate how many animals it takes to reclassify land from residential to agricultural. Horses used for recreational purposes, 4-H animals, hobby farms, and family vegetable gardening plots are all topics related to this question and there is no clear place to draw the line and no single indicator used to make the determination. It is fact sensitive with a wide variety of scenarios.



# Frequently Asked Questions

- Answer con't.: In one decision (see [https://www.in.gov/ibtr/files/Faerber\\_06-010-14-1-5-00006\\_etc.pdf](https://www.in.gov/ibtr/files/Faerber_06-010-14-1-5-00006_etc.pdf) ), the IBTR provided the following:
- “The Board cannot find any support for the proposition that an agricultural classification depends solely on whether the property is actively farmed. The classification depends on whether the acreages in question are put to agricultural or residential use.”





# Frequently Asked Questions

- **Question: Will there be any changes or updates to which factors designate a parcel as agricultural as opposed to residential?**
- **Answer: There are no anticipated Administrative Rule updates; however, it is possible that there could be legislative changes.**



# Frequently Asked Questions

- **Question: I had someone file a woodland management program with us in 2015. It has now changed owners, can I remove that classification and require the new owner to file a new management program under their name?**
- **Answer: If property is transferred, the use/classification does not necessarily need to remain the same (i.e. “market value-in-use”). However, per Indiana Code 6-1.1-15-17.1 (see below), if the county assessor changes the land classification, they must provide notice of the change to the taxpayer, and the assessor has the burden of proof with the change in the classification.**



# Frequently Asked Questions

- Answer con't.: IC 6-1.1-15-17.1 Burden of proof on the assessor in a review of a change in land classification

Sec. 17.1. In the case of a change occurring after February 28, 2015, in the classification of real property:

(1) the county assessor or township assessor must on the notice required by IC 6-1.1-4-22 specify any changes in land classification and the reasons for the change; and

(2) the county assessor or township assessor making the change in the classification has the burden of proving that the change in the classification is correct in any review or appeal under this chapter and in any appeals taken to the Indiana board of tax review or to the Indiana tax court.

As added by P.L.249-2015, SEC.14.



# Frequently Asked Questions

- **Question: We are finding it difficult to determine whether “hobby farms” and/or small scale gardens, e.g., a taxpayer with a garden on their parcel located in a subdivision, fits the definition of agricultural land. Land devoted to “horticultural or nursery stock, fruit, vegetables” does, and that the size of the parcel or part of the parcel devoted to the ag purpose may not be a determinant. We are seeking clarity as to whether an owner whose land is devoted to farming or gardening, primarily for pleasure as opposed to for-profit, should in fact receive the benefit of the ag land rate, regardless to the classification and/or location?**



# Frequently Asked Questions

- Answer: Each situation should be reviewed separately, and the specific use of the property. If you do not believe it should be assessed as agricultural land, that is your prerogative. If the taxpayer does not agree with his assessment, in this case the classification of his land, he could file an appeal.

Hence, each situation is fact sensitive/specific. We would encourage you to be fair and equitable, and uniform in your approach (i.e. you may want to establish a standard operating procedure). We are not aware of a specific differentiation for pleasure versus for-profit. You may also want to view the IBTR's website for decisions pertaining to agricultural acreage (<https://www.in.gov/ibtr/2332.htm>).



# Frequently Asked Questions

- **Question:** My father is a farmer in XXX County and I'm trying to help him find the answer to a question concerning a woods he owns. The question is this...what percentage of a woods must have tree coverage to qualify that piece of property as a woods?
- **Answer:** As part of the property tax assessment process, land that has at least a 50% canopy cover or is a permanently planted reforested area can receive an 80% influence factor.



# Frequently Asked Questions

- Answer: con't: Additionally, the DNR has a “Classified Forest and Wildlands Program” (<http://www.in.gov/dnr/forestry/files/fo-ClassifiedForestBrochure.pdf>). Pertinent information is copied below:
- A Classified Forest and Wildlands tract is an area of at least 10.0 contiguous acres of forest or non-forest wildlife habitat where the landowner has agreed (by application) to be a good steward of the land and its natural resources.



# Frequently Asked Questions

- In return, the State of Indiana agrees to see that the assessed value of the land is significantly reduced and taxed on that preferential assessment. The land is managed for timber production, wildlife habitat, and the protection of watersheds, while conserving other natural resources and values.





# Frequently Asked Questions

- Eligible lands may be either native forests containing at least 40 square feet of basal area per acre or at least 1,000 timber-producing trees (any size) per acre. Tree plantations with at least 400 well-established timber-producing trees are also eligible to be classified. Wildlands can include natural or planted grasslands, wetlands, native woody vegetation, or areas of open water averaging less than 4 feet in depth or less than 2 acres in size.



# Frequently Asked Questions

- **Question: Is this something that the assessor automatically applies to parcels that qualify for this classification or does the property owner need to enroll in the program if desired?**
- **Answer: The statutes contain requirements for participation in the program and penalties when the property owner decides to withdraw from the program, so the assessor should not automatically do anything concerning the classified land designations.**



# Frequently Asked Questions

- Classified land rates per acre through the years.
  - 2016 - \$1
  - 2017 - \$13.29 (Changed mandated by SEA 308 – 2016)
  - 2018 - \$13.57
  - 2019 - \$13.85
  - 2020 - \$14.11
  - 2021 - TBD



# Resources

2020

- [Certification of Agricultural Land Base Rate Value for Assessment Year 2020](#)
- [Reference Materials for Valuing Agricultural Land for Assessment Year 2020](#)

2019

- [Certification of Agricultural Land Base Rate Value for Assessment Year 2019](#)
- [Reference Materials for Valuing Agricultural Land for Assessment Year 2019](#)

2018

- [Certification of Agricultural Land Base Rate Value for Assessment Year 2018](#)
- [Reference Materials for Valuing Agricultural Land for Assessment Year 2018](#)
- [Assessment Rate of Classified Forests, Windbreaks, & Filter Strips](#)



# Questions



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