



SENATOR
RICHARD D. YOUNG JR.
116TH INDIANA GENERAL ASSEMBLY ★ SENATE DISTRICT 47

NEWS RELEASE

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Update of state's farmland valuation methods needed

Indiana Rural Caucus considering recommendations for more accurate values

Letter to the Editor/ Opinion-Editorial

By Indiana State Senator Richard D. Young (D-Milltown)
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Last year the Indiana Rural Caucus was formed in the Indiana General Assembly to help identify and promote rural issues in state government. I, along with nearly forty other lawmakers from both sides of the aisle, recently began considering ways to improve the property assessment system to more accurately reflect the true values of farmland and property used in the agricultural industries in Indiana.

The Indiana Rural Caucus recently heard from Dr. Larry DeBoer of the Department of Agricultural Economics at Purdue University, a well respected authority on local government and taxation issues, about the expected farmland valuations for the next three years. Under the current formula, the base rate for farmland taxes is \$1,250 in 2010 and will be \$1,400 in 2011. If the current formula is not changed, it is estimated that the base rate for 2012 taxes will be \$1,700 and rise to \$1,810 in 2013.

These year-over-year increases in farmland assessments can result in devastating operational cost increases for Indiana farmers. Over the past six years, the base rate for farmland has more than doubled.

The Indiana Department of Local Government and Finance determines farmland value based on a six year cycle. The value is based on a formula that takes into account information on land rents, crop yields and prices, and interest rates. Farmland values are recalculated each year as part of the trending process.

One of the solutions to consider is to exclude the highest and lowest amounts in the six year cycle (called an "Olympic average"), and determine the market value based on an average of the four remaining values. For example, the base rate for taxes in 2012 would be \$1,590 under the Olympic average, instead of \$1,700, a decrease of about 6%.

The methodology used should also be updated to more accurately reflect the variety of agricultural land use. Too much of the formula is based on land used to produce corn and soybeans, high yield crops that are not representative of the profit per acre seen in other agricultural industries.

I, along with my colleagues in the Rural Caucus will continue to study this issue and make recommendations on how the formula can more accurately reflect the values of farmland to protect Indiana's farmers and agricultural communities.

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State Senator Richard D. Young, Jr. represents Senate District 47, which includes encompasses portions of Crawford, Dubois, Harrison, Perry, Spencer, Warrick and Washington Counties. For more information on Sen. Young or other State Senate business call 1-800-382-9467 or visit www.senatedemocrats.in.gov.