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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO: Assessing Officials**

**FROM: Barry Wood, Assessment Division Director**

**RE: Solar Project Assessment Guidance**

**DATE: September 1, 2020**

The Department of Local Government Finance (“Department”) has received inquiries regarding solar farms/projects. Solar farms and/or panels can be assessed as real, personal, or state distributable property. If the project entails generating power from the solar panels and selling it on the grid, etc., then the Department will assess the property as state distributable property which is [self-reported](#). The Department assesses only the property that is directly used to deliver the service (state distributable). If the utility files as state distributable, what would be considered locally assessed personal property should be included in the annual report that is filed with the Department. The local official would assess as personal property if the taxpayer was filing on a business tangible personal property return. If the solar project is a free-standing solar farm, the only property that would be treated as real property would be the security fencing around the solar farm (if any) and any buildings.

Typically, solar array panels mounted on a roof or free-standing structures would be deemed as business personal property. These solar panels would not be considered real property since the Department’s cost schedule guidelines do not include values for this type of structure. If the solar facility meets the definition of a state assessed utility property as defined in Indiana Code 6-1.1-8-3, there are situations where the taxpayer could file and report the personal property on a self-assessment business personal property return. Also, if the solar panels are in one taxing district, the taxpayer can file locally on a personal property tax return. If the taxpayer is in multiple taxing districts but has a feed-in tariff or net metering agreement, they can also choose to file locally.

In regard to the land pricing of solar farms, the local assessing official is responsible for assessing the land. Indiana Code 6-1.1-4-12 and Indiana Code 6-1.1-4-13 addresses the assessment of undeveloped land being reassessed and agricultural land (i.e. land shall be assessed as agricultural land only when it is devoted to agricultural use). Indiana Code 6-1.1-4-13 defines “devoted to agricultural use.” Within this statute, “devoted to agricultural use” is described to include the following:

- (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 State Department of Agriculture’s Farm Service Agency; or
- (C) a conservation reserve program or agricultural easement program administered by the United State Department of Agriculture’s Natural Resources Conservation Service;
- (2) Land enrolled in the department of natural resources’ classified forest and wildlands program (or any similar or successor program);
- (3) Land classified in the category of other agricultural use, as provided in the department of local government finance’s real property assessment guidelines; or
- (4) Land devoted to the harvesting of hardwood timber.

The land underneath a solar farm would not meet the agricultural land use; thus, it would be assessed as something other than agricultural land (e.g. commercial or industrial land).

Assessing officials are given latitude when assessing land. One alternative that the local assessing official could consider is to establish a “Solar” base rate as part of their land order under the Commercial/Industrial base rate. Indiana Code §§ 6-1.1-4-4.2, 6-1.1-4-13.6, and 50 IAC 27-5-7 addresses the determination of the land values by the county assessor. It is possible, based on the sales or other market value-in-use information (e.g. leases), that the assessor could establish a base rate for commercial property (e.g. \$20,000 per acre), but have a specific base rate for “Solar” or “Other” commercial property (e.g. \$5,000 per acre) for solar projects.

Finally, any abatements for a solar project would be a local (i.e. county or city/town) determination.

If you have any questions, please contact Assessment Division Director, Barry Wood, at [bwood@dlgf.in.gov](mailto:bwood@dlgf.in.gov) or (317) 232-3762.