



# Department of Local Government Finance

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## Land Assessments

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# Agenda

- I. Definitions
- II. Real Property Manual – Chapter 2
- III. Cyclical Reassessment and Land Orders
- IV. Land Order “Best Practices”
- V. Agricultural Land
- VI. Developer’s Discount
- VII. Other Land Types/Characteristics
- VIII. Issues/Problems in Land Valuation
- IX. Questions



# Definitions



# Definitions

## IC 6-1.1-1-15 "Real property"

Sec. 15. "Real property" means:

- (1) land located within this state;
- (2) a building or fixture situated on land located within this state;
- (3) an appurtenance to land located within this state;
- (4) an estate in land located within this state, or an estate, right, or privilege in mines located on or minerals, including but not limited to oil or gas, located in the land, if the estate, right, or privilege is distinct from the ownership of the surface of the land; and



# Definitions

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- (5) notwithstanding IC 6-6-6-7, a riverboat:
  - (A) licensed under IC 4-33; or
  - (B) operated under an operating agent contract under IC 4-33-6.5; for which the department of local government finance shall prescribe standards to be used by assessing officials.

[Pre-1975 Property Tax Recodification Citation: 6-1-20-4 part.] *Formerly: Acts 1975, P.L.47, SEC.1; Acts 1975, P.L.48, SEC.1. As amended by P.L.25-1995, SEC.11; P.L.90-2002, SEC.20; P.L.92-2003, SEC.60; P.L.146-2008, SEC.49.*



# Definitions

## **IC 6-1.1-4-1 Place of assessment; person liable**

Sec. 1. Real property shall be assessed at the place where it is situated, and it shall be assessed to the person liable for the taxes under IC 6-1.1-2-4.

[Pre-1975 Property Tax Recodification Citation: 6-1-25-1.]

*Formerly: Acts 1975, P.L.47, SEC.1. As amended by P.L.86-2018, SEC.25.*



# Definitions

## **IC 6-1.1-4-13.6 Determination and review of land values**

Sec. 13.6. (a) The county assessor shall determine the values of all classes of commercial, industrial, and residential land (including farm homesites) in the county using guidelines determined by the department of local government finance. The assessor determining the values of land shall submit the values to the county property tax assessment board of appeals by the dates specified in the county's reassessment plan under section 4.2 of this chapter.



# Definitions

(b) If the county assessor fails to determine land values under subsection (a) before the deadlines in the county's reassessment plan under section 4.2 of this chapter, the county property tax assessment board of appeals shall determine the values. If the county property tax assessment board of appeals fails to determine the values before the land values become effective, the department of local government finance shall determine the values.



# Definitions

- (c) The county assessor shall notify all township assessors in the county (if any) of the values. Assessing officials shall use the values determined under this section.
- (d) A petition for the review of the land values determined by a county assessor under this section may be filed with the department of local government finance not later than forty-five (45) days after the county assessor makes the determination of the land values. The petition must be signed by at least the lesser of:
  - (1) one hundred (100) property owners in the county; or
  - (2) five percent (5%) of the property owners in the county



# Definitions

- (e) Upon receipt of a petition for review under subsection (d), the department of local government finance:
  - (1) shall review the land values determined by the county assessor; and
  - (2) after a public hearing, shall:
    - (A) approve;
    - (B) modify; or
    - (C) disapprove; the land values.

*As added by P.L.24-1986, SEC.9. Amended by P.L.74-1987, SEC.2; P.L.41-1993, SEC.5; P.L.6-1997, SEC.15; P.L.90-2002, SEC.37; P.L.146-2008, SEC.68; P.L.136-2009, SEC.3; P.L.113-2010, SEC.16; P.L.112-2012, SEC.10.*



# Definitions

## **IC 6-1.1-5-10 Tract descriptions; delivery of title papers**

Sec. 10. If a township assessor, or the county assessor if there is no township assessor for the township, believes that it is necessary to obtain an accurate description of a specific lot or tract, the assessor may demand in writing that the owner or occupant of the lot or tract deliver all the title papers in the owner's or occupant's possession to the assessor for the assessor's examination. If the person fails to deliver the title papers to the assessor at the assessor's office within five (5) days after the demand is mailed, the assessor shall prepare the real property list according to the best information the assessor can obtain. For that purpose, the assessor may examine, under oath, any person whom the assessor believes has any knowledge relevant to the issue.

[Pre-1975 Property Tax Recodification Citation: 6-1-27-4.]

Formerly: Acts 1975, P.L.47, SEC.1. As amended by P.L.146-2008, SEC.90.



# Definitions

## **IC 6-1.1-5-11 Rules for determining land within tract; required survey Sec. 11.** (a)

In order to determine the quantity of land contained within a tract, an assessor shall follow the rules contained in this section.

(b) Except as provided in subsection (c), the assessor shall recognize the quantity of land stated in a deed or patent if the owner or person in whose name the property is listed holds the land by virtue of:

- (1) a deed from another party or from this state; or
- (2) a patent from the United States.



# Definitions

- (c) If land described in subsection (b) has been surveyed subsequent to the survey made by the United States and if the county assessor is satisfied that the tract contains a different quantity of land than is stated in the patent or deed, the assessor shall recognize the quantity of land stated in the subsequent survey.
- (d) Except as provided in subsection (f), a county assessor shall demand in writing that the owner of a tract, or person in whose name the land is listed, have the tract surveyed and that the owner or person in whose name the land is listed return a sworn certificate from the professional surveyor stating the quantity of land contained in the tract if:



# Definitions

- (1) the land was within the French or Clark's grant; and
- (2) the party holds the land under original entry or survey.

(e) If the party fails to return the certificate under subsection (d) within thirty (30) days after the demand is mailed, the assessor shall have a professional surveyor survey the land. The expenses of a survey made under this subsection shall be paid for from the county treasury. However, the county auditor shall charge the survey expenses against the land, and the expenses shall be collected with the taxes payable in the succeeding year.



# Definitions

(f) A county assessor shall not demand a survey of land described in subsection (d) if:

- (1) the owner or holder of the land has previously had it surveyed and presents to the assessor a survey certificate which states the quantity of land; or
- (2) the assessor is satisfied from other competent evidence, given under oath or affirmation, that the quantity of land stated in the original survey is correct.

[Pre-1975 Property Tax Recodification Citation: 6-1-27-5.]

*Formerly: Acts 1975, P.L.47, SEC.1; Acts 1975, P.L.50, SEC.1. As amended by Acts 1977, P.L.2, SEC.8; P.L.146-2008, SEC.91; P.L.57-2013, SEC.2.*



# Real Property Manual



# Real Property Manual – Chapter 2

## Role of the Assessing Official

The assessing official shall determine the value of all classes of residential land, commercial land, industrial land, and agricultural homesite within his or her jurisdiction. The established value of this land represents the January 1 market value of improved land. The following list does not apply to this section:



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- (1) land assessed as land devoted to agricultural use under IC 6-1.1-4-13;
- (2) land classified as forest land under IC 6-1.1-6;
- (3) land classified as a windbreak under IC 6-1.1-6.2; or
- (4) land classified as a filter strip under IC 6-1.1-6.7.



# Real Property Manual – Chapter 2

## Representative Parcels

The assessing official must select a representative number of sales disclosure statements filed under IC 6-1.1-5.5 or written estimations of a property value provided by a licensed real estate professional that are based on relevant sales data to justify the land value determination for each neighborhood. All sales disclosure statements must be verified by:



# Real Property Manual – Chapter 2

- (1) a visual inspection of the subject property; and
- (2) a reasonable attempt to determine that the transaction was negotiated as an arm's-length transaction.

All sales disclosure statements selected must be adjusted to exclude the value of any personal property of significant value that was included in the disclosed sales price. All sales disclosure statements selected involving property that is not typical of the neighborhood must be adjusted to negate the affect the atypical aspects of the property have on the disclosed sales price.



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For the purposes of this section, a “representative number” shall mean a number that is no less than three percent (3%) of the total number of parcels within the neighborhood established under the section headed “neighborhood.”

- (1) a lesser percentage is truly representative of values in the neighborhood; or
- (2) disclosure statements from a substantially similar neighborhood are truly representative of values in the neighborhood.



# Real Property Manual – Chapter 2

Assessing officials should select disclosure statements or estimations of value that, based on all relevant facts and evaluation of the neighborhood as a whole, fairly represent the value of property in the neighborhood.

## Representative Disclosure Statements

Representative disclosure statements selected for use must refer to a transaction, or written estimations of value must refer to an estimation of value, that is dated no more than eighteen (18) months prior or subsequent to January 1. Valuation adjustments may be made based on the date of the disclosure statement or estimations of value. Valuation adjustments should be made as is necessary to approximate the value of the subject land on January 1.



# Real Property Manual – Chapter 2

## Land Value Ratio

The assessing official must determine an appropriate land value ratio to be applied to sales disclosure statements or estimations of value of improved properties. This ratio must take into account factors that are critical to determination of the value of the land. The ratio and factors must be included as part of the land value determination. The factors should include, but not be limited to, such factors as:

- (1) unimproved lot sale prices designated by property developers;



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- (2) the desirability due to physical features, such as waterfront property or wooded lots;
- (3) the desirability of the location due to external features, such as school district or proximity to commercial developments; and
- (4) consideration of the replacement cost of the improvement.



# Real Property Manual – Chapter 2

## Neighborhoods

All property within a jurisdiction must be established as part of a neighborhood defined by the assessing official. The assessing official shall define neighborhoods according to:

- (1) common development characteristics;
- (2) the average age of the majority of improvements;
- (3) the size of lots or tracts;
- (4) subdivision plats and zoning maps;



# Real Property Manual – Chapter 2

- (5) school and other taxing district boundaries;
- (6) distinctive geographic boundaries;
- (7) any manmade improvements that significantly disrupt the cohesion of adjacent properties;
- (8) sales statistics; and
- (9) other characteristics deemed appropriate to assure equitable determinations.



# Real Property Manual – Chapter 2

## Maps

All neighborhoods must be identified on easily read maps. The maps must be numerically organized, clearly delineate the neighborhood boundary, show the neighborhood established base rate and the code number. All neighborhoods shall be assigned a code number for identification. A copy of the maps shall be readily available for public inspection. All property record cards must give the:

- (1) number of the map on which the neighborhood that includes the subject property is shown;
- (2) neighborhood code number; and
- (3) applicable base rate.



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## Base Rates and Base Lots

The assessing official shall establish a base rate for pricing each neighborhood. Base rates should include a specifically stated value for water supply, sewage disposal, and all other on-site development costs. Neighborhoods shall be classified according to majority use as residential, agricultural homesite, commercial, or industrial. The assessing official shall also establish a base lot to represent the typical and average characteristics of lots in the neighborhood for the purpose of making pricing adjustments.



# Real Property Manual – Chapter 2

## Influence Factors

In addition to the provisions of this chapter, the assessing official shall establish detailed criteria relating to influence factors that may be applied to individual parcels. The criteria relating to influence factors shall include:

- (1) criteria for identifying and determining the existence of unique features that are inconsistent with the norm for the neighborhood;
- (2) specific conditions that will be considered as evidence that a parcel deserves an influence factor;
- (3) a method for evaluating whether a particular condition actually influences the value of the parcel; and
- (4) any factors, criteria, or conditions relating to influence factors that are promulgated in a rule by the Department.



# Real Property Manual – Chapter 2

## Land Value Maps

Each assessing official must obtain copies of maps pertaining to the various areas of the jurisdiction. These maps must be plat maps or recorded plats that have been reproduced from the county's plat mapping system. The maps are necessary to indicate the developed portions of a jurisdiction. The maps should indicate the outlines of the blocks, streets, roads, and alleys, and include the lots and their dimensions.



# Real Property Manual – Chapter 2

Each identified neighborhood shall have a representative sample of sales to establish the land value. The representative sample is defined in this section as three percent (3%) of the total number of parcels within the neighborhood. If the number of sales disclosures for the neighborhood is less than the required three percent (3%), the assessing official must contact a local licensed real estate professional about providing a letter of opinion on the value of various parcels located throughout the neighborhood as of January 1.



# Real Property Manual – Chapter 2

## Evaluating Sales Information

The *sales comparison method* is one of the most reliable methods of estimating land value. Under this method, the sale prices of similar properties are compared. The greater the number of sales, the more reliable the results. Sale prices might require adjustment to account for differences in the properties compared. Sale prices may be adjusted by a percentage or a specific dollar amount basis. The assessing official should research every market area and base adjustments on measurable market differences in properties.



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The *abstraction method* is used to determine the indicated value of residential land if the sample of vacant land sales is insufficient for a geographic area. This method of estimating land value is most reliable when a minimum amount of depreciation has occurred on the improvements. The value of land is determined by subtracting the depreciated value of the improvements from the sales price. The result indicates the contribution of the land value to the total sale.



# Real Property Manual – Chapter 2

The *allocation* or *percentage of sale method* is used to determine the indicated value of land if the sample of sales for a neighborhood represents improved properties. This method of estimating land values depends on an analysis of the various neighborhoods to determine the percentage contribution of land to the total sale.



# Real Property Manual – Chapter 2

## Selecting Unit Values Used for Land Valuation

Unit values or base rates are units of measurement used in the assessment calculation process. The assessing official determines which of the following five types of unit values, described in the sections below, are appropriate for valuing the different types of land in the jurisdiction:

- front foot value
- square foot value
- acreage value
- site value
- unit density



# Cyclical Reassessment



# Cyclical Reassessment and Land Orders

## **IC 6-1.1-4-4.2 County reassessment plan; approval by department of local government finance**

Sec. 4.2. (a) The county assessor of each county shall, before July 1, 2013, and before May 1 of every fourth year thereafter, prepare and submit to the department of local government finance a reassessment plan for the county. The following apply to a reassessment plan prepared and submitted under this section:

(1) The reassessment plan is subject to approval by the department of local government finance. The department of local government finance shall complete its review and approval of the reassessment plan before:

(A) March 1, 2015; and

(B) January 1 of each subsequent year that follows a year in which the reassessment plan is submitted by the county.



# Cyclical Reassessment and Land Orders

- (2) The department of local government finance shall determine the classes of real property to be used for purposes of this section
- (3) Except as provided in subsection (b), the reassessment plan must divide all parcels of real property in the county into four (4) different groups of parcels. Each group of parcels must contain approximately twenty-five percent (25%) of the parcels within each class of real property in the county.
- (4) Except as provided in subsection (b), all real property in each group of parcels shall be reassessed under the county's reassessment plan once during each four (4) year cycle.
- (5) The reassessment of a group of parcels in a particular class of real property shall begin on May 1 of a year.
- (6) The reassessment of parcels:



# Cyclical Reassessment and Land Orders

- (A) must include a physical inspection of each parcel of real property in the group of parcels that is being reassessed; and
- (B) shall be completed on or before January 1 of the year after the year in which the reassessment of the group of parcels begins.
- (7) For real property included in a group of parcels that is reassessed, the reassessment is the basis for taxes payable in the year following the year in which the reassessment is to be completed.
- (8) The reassessment plan must specify the dates by which the assessor must submit land values under section 13.6 of this chapter to the county property tax assessment board of appeals.
- (9) Subject to review and approval by the department of local government finance, the county assessor may modify the reassessment plan.



# Cyclical Reassessment and Land Orders

- (b) A county may submit a reassessment plan that provides for reassessing more than twenty-five percent (25%) of all parcels of real property in the county in a particular year. A plan may provide that all parcels are to be reassessed in one (1) year. However, a plan must cover a four (4) year period. All real property in each group of parcels shall be reassessed under the county's reassessment plan once during each reassessment cycle.
- (c) The reassessment of the first group of parcels under a county's reassessment plan shall begin on July 1, 2014, and shall be completed on or before January 1, 2015.
- (d) The department of local government finance may adopt rules to govern the reassessment of property under county reassessment plans.

*As added by P.L.112-2012, SEC.2. Amended by P.L.111-2014, SEC.8.*



# Cyclical Reassessment and Land Orders

## IC 6-1.1-4-5.5 Petition for reassessment under county reassessment plan

Sec. 5.5. (a) A petition for the reassessment of a real property group designated under a county's reassessment plan prepared under section 4.2 of this chapter may be filed with the department of local government finance not later than forty-five (45) days after notice of assessment. A petition for reassessment of real property applies only to the most recent real property assessment date.

(b) The petition for reassessment must be signed by the lesser of one hundred (100) owners of parcels in the group or five percent (5%) of owners of parcels in the group. The signatures on the petition must be verified by the oath of one (1) or more of the signers. A certificate of the county auditor stating that the signers constitute the required number of owners of taxable real property in the group of parcels must accompany the petition.



# Cyclical Reassessment and Land Orders

(c) Upon receipt of a petition under subsection (a), the department of local government finance may order a reassessment under section 9 of this chapter or conduct a reassessment under section 31.5 of this chapter.

*As added by P.L.112-2012, SEC.5.*



# Cyclical Reassessment and Land Orders

## IC 6-1.1-4-6 Reassessment order

Sec. 6. If the department of local government finance determines that a petition filed under section 5.5 of this chapter has been signed by the required number of petitioners and that the present assessed value of any real property is inequitable, the department of local government finance shall order a reassessment of the real property for which the petition was filed. The order shall specify the time within which the reassessment shall be completed and the date on which the reassessment shall become effective.

[Pre-1975 Property Tax Recodification Citation: 6-1-26-5 part.]

*Formerly: Acts 1975, P.L.47, SEC.1. As amended by P.L.90-2002, SEC.32; P.L.112-2012, SEC.6; P.L.86-2018, SEC.28.*



# Cyclical Reassessment and Land Orders

## **IC 6-1.1-4-9 Reassessment resolution of department of local government finance; hearing; reassessment order**

Sec. 9. In order to maintain a just and equitable valuation of real property, the department of local government finance may adopt a resolution declaring its belief that it is necessary to reassess all or a portion of the real property located within this state. If the department of local government finance adopts a reassessment resolution and if either a township or a larger area is involved (for assessments before January 1, 2016) or one (1) or more groups of parcels under the county's reassessment plan are involved (for assessments after December 31, 2015), the department shall hold a hearing concerning the necessity for the reassessment at the courthouse of the county in which the property is located.



# Cyclical Reassessment and Land Orders

The department of local government finance shall give notice of the time and place of the hearing in the manner provided in section 10 of this chapter. After the hearing, or if the area involved is less than a township (for assessments before January 1, 2016) or is less than one (1) group of parcels under the county's reassessment plan (for assessments after December 31, 2015), after the adoption of the resolution of the department of local government finance, the department may order any reassessment it deems necessary. The order shall specify the time within which the reassessment must be completed and the date the reassessment will become effective.

[Pre-1975 Property Tax Recodification Citation: 6-1-26-6 part.]

Formerly: Acts 1975, P.L.47, SEC.1. As amended by P.L.90-2002, SEC.33; P.L.112-2012, SEC.7; P.L.111-2014, SEC.11.



# Land Order “Best Practices”:



# Land Order “Best Practices”

- The Land Order serves a couple of different purposes. First, it serves as a central repository of information so that anyone can see what the base land rates are in the jurisdiction, and how neighborhoods/areas are delineated.
- Although Indiana Code 6-1.1-4-13.6 (a) states that the assessor is to submit the values to the PTABOA, it does not specify what action the PTABOA is to take (presumably to review/approve, but the PTABOA could do nothing). Hence, the second purpose would be the review/oversight/equalization (if needed) by the PTABOA to ensure fair and equitable land values.



# Land Order “Best Practices”

- As part of the cyclical reassessment, the assessor is to complete the land order at least once during the four years. However, in the past couple of years, some assessors have decided to amend their reassessment plan to implement the land order for each year. Otherwise, they may adjust the base rates with the reassessment.
- Some counties will schedule their land order between years 2 and 3 so that if an issue arises preventing the land order from being implemented, they still have time to amend the cyclical plan and present a land order before the end of the four-year plan.



# Land Order “Best Practices”

- The PTABOA hearing to consider the Land Order does not have to be specifically advertised (as long as the PTABOA meeting is advertised); however, in order to be as transparent as possible, it probably should be made known that it will be presented. Having a copy available in your office and/or on your website would be the bare minimum.
- The Land Order should have an effective date (e.g., January 1, 202x).



# Land Order “Best Practices”

- If requested, you should be prepared to share the sales used for the Land Order; maps showing the neighborhood delineations; appraisals or letters of opinion (if any); information and notes related to the process for how the Land Order was finalized (i.e., date, time, location, methodology, etc.); and any other supporting documentation used in the Land Order process.
- If there are inadequate number of sales, the period from which sales are drawn may be expanded and adjusted for time, as necessary.



# Agricultural Land



# Agricultural Land

## **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.

(b) For purposes of this section, and in addition to any other land considered devoted to agricultural use, any:

(1) land enrolled in:

(A) a land conservation or reserve program administered by the United States Department of Agriculture;



# Agricultural Land

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



# Agricultural Land

(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. 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).



# Agricultural Land

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



# Agricultural Land

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.



# Agricultural Land

(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. (e) This section does not apply to land purchased for industrial or commercial uses. [Pre-1975 Property Tax Recodification Citations: 6-1-26-3; 6-1-26-4(a); 6-1-33-6 part.]

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.



# Developer's Discount



# Developer's Discount

## **IC 6-1.1-4-12 Circumstances under which undeveloped land may be reassessed**

Sec. 12. (a) As used in this section, "land developer" means a person that holds land for sale in the ordinary course of the person's trade or business. The term includes a financial institution (as defined in IC 28-1-1-3(1)) if the financial institution's land in inventory is purchased, acquired, or held for one (1) or more of the purposes established under IC 28-1-11-5(a)(2), IC 28-1-11-5(a)(3), and IC 28-1-11-5(a)(4). The determination of whether a person qualifies as a land developer shall be based upon whether such person satisfies the requirements contained in this subsection, and no consideration shall be given to either the person's industry classification, such as classification as a developer or builder, or any other activities undertaken by the person in addition to holding land for sale in the ordinary course of the person's trade or business.



# Developer's Discount

- (b) As used in this section, "land in inventory" means:
  - (1) a lot; or
  - (2) a tract that has not been subdivided into lots; to which a land developer holds title in the ordinary course of the land developer's trade or business.
- (c) As used in this section, "title" refers to legal or equitable title, including the interest of a contract purchaser.



# Developer's Discount

- (d) For purposes of this section, land purchased, acquired, or held by a financial institution for one (1) or more of the purposes established under IC 28-1-11-5(a)(2), IC 28-1-11-5(a)(3), and IC 28-1-11-5(a)(4) is considered held for sale in the ordinary course of the financial institution's trade or business.
- (e) Except as provided in subsections (i), (j), and (k), if:
  - (1) land assessed on an acreage basis is subdivided into lots; or
  - (2) land is rezoned for, or put to, a different use; the land shall be reassessed on the basis of its new classification.
- (f) If improvements are added to real property, the improvements shall be assessed.



# Developer's Discount

- (g) An assessment or reassessment made under this section is effective on the next assessment date.
- (h) No petition to the department of local government finance is necessary with respect to an assessment or reassessment made under this section. Except as provided in subsection (k) and subject to subsection (j), land in inventory may not be reassessed until the next assessment date following the earliest of:
  - (1) the date on which title to the land is transferred by:
    - the land developer; or
    - a successor land developer that acquires title to the land; to a person that is not a land developer;



# Developer's Discount

- (2) the date on which construction of a structure begins on the land; or
- (3) the date on which a building permit is issued for construction of a building or structure on the land.

(j) Subsection (i) applies regardless of whether the land in inventory is rezoned while a land developer holds title to the land.

(k) This subsection applies to land in inventory that a for-profit land developer acquires from a:

- (1) school corporation; or



# Developer's Discount

(2) local unit of government (as defined in IC 14-22-31.5-1), but only if the local unit of government:

- (A) acquired the land in a tax sale procedure under IC 6-1.1; or
- (B) has held the land for not less than three (3) years prior to the date on which the for-profit land developer acquires it from the local unit of government.

Land in inventory to which this subsection applies shall be assessed on the first assessment date immediately following the date on which the land developer acquires title to the land in inventory.



# Developer's Discount

Notwithstanding section 13(a) of this chapter, land in inventory to which this subsection applies is considered to be devoted to agricultural use and shall be assessed at the agricultural land base rate. After the initial assessment under this subsection, land in inventory to which this subsection applies shall be reassessed in accordance with subsection (i).

[Pre-1975 Property Tax Recodification Citation: 6-1-26-9 part.] Formerly: Acts 1975, P.L.47, SEC.1; Acts 1975, P.L.49, SEC.1. As amended by P.L.90-2002, SEC.35; P.L.154-2006, SEC.1; P.L.118-2013, SEC.2; P.L.85-2019, SEC.1; P.L.257-2019, SEC.13; P.L.154-2020, SEC.2.



# Other Land Characteristics



# Other Land Types/Characteristics

## IC 6-1.1-4-14 Adjacent property holders; assessment or exemption of various rights-of-way

Sec. 14. (a) Except as provided in subsection (b), land may not be assessed to an adjacent property holder if it:

- (1) is occupied by and is within the right-of-way of a railroad, interurban, or street railway;
- (2) is within the line of a levee constructed and maintained either by a levee association or under any law of this state;



# Other Land Types/Characteristics

(3) is used and occupied as part of a public drainage ditch, including land that:

- (A) is adjacent to the ditch; and
- (B) cannot be used for farmland or any other purpose because of a need for access to the ditch; or

(4) is within a right-of-way that is used and occupied as a public highway.

(b) If land described in subsection (a)(1), (a)(2), or (a)(3) has not been transferred by deed to a person who holds the land for railroad, interurban, street railway, levee, drainage, or public highway purposes, the land shall be assessed to the adjacent property owner.



# Other Land Types/Characteristics

However, the assessed value of the land shall be deducted from the assessed value of the land assessed to the adjacent property owner. (c) If an assessor and a landowner fail to agree on the amount of land described in subsection (a)(1), (a)(2), (a)(3), or (a)(4), the assessor shall have the county surveyor make a survey to determine the amount of land so described.

[Pre-1975 Property Tax Recodification Citation: 6-1-26-11.]

*Formerly: Acts 1975, P.L.47, SEC.1. As amended by Acts 1977, P.L.2, SEC.6; P.L.47-1990, SEC.1; P.L.171-2018, SEC.4*



# Other Land Types/Characteristics

## **IC 6-1.1-4-14.1 Division and transfer of small parcels owned by county or municipality to adjacent property owners; assessment**

Sec. 14.1. (a) This section does not apply to land to which section 14 of this chapter applies.

(b) Land may be divided and transferred in equal shares to an adjacent property owner or owners who consent to the transfer of the divided land for no money if:

- (1) a county, city, or town owns the land that is divided;
- (2) the divided land has an area that does not exceed three hundred (300) square feet; and



# Other Land Types/Characteristics

- (3) the shape and area of the land or divided land indicates that the legal description of the land is in error.
- (c) If land described in subsection (b) has not been transferred by deed to a person who holds the land adjacent to the land described in subsection (b), the land shall be assessed equally to the owner or owners of the adjacent parcel or parcels. However, the assessed value of the adjacent parcel or parcels shall be adjusted to reflect the assessed value attributable to the adjacent parcel or parcels.



# Other Land Types/Characteristics

(d) If an assessor and an adjacent property owner fail to agree on the area of land described in subsection (b) that the assessor assesses under subsection (c), the assessor shall have the county surveyor make a survey to determine the amount of land transferred under subsection (b) or assessed under subsection (c). The assessor shall use the results of the survey under this subsection to adjust the assessed value of the land assessed to the adjacent parcel owner or owners to reflect action taken under this subsection.

As added by P.L.171-2018, SEC.5



# Other Land Types/Characteristics

## **IC 6-1.1-4-44.5 Land classified as residential excess land; application of an influence factor to recognize reduced acreage value**

Sec. 44.5. (a) This section applies to a real property assessment:

- (1) for the 2015 assessment date and assessment dates thereafter; and
- (2) that includes land classified as residential excess land.

(b) A county assessor may apply throughout the county an influence factor to recognize the reduced acreage value of residential excess land. The influence factor may be applied on a per acre basis or based on acreage categories. The influence factor may not be used as an alternative to determining the value of farmland as provided in section 13 of this chapter.

As added by P.L.249-2015, SEC.10.



# Other Land Types/Characteristics

## **IC 6-1.1-4-45 Assessment of land on which an outdoor sign is located**

Sec. 45. (a) This section applies to assessment dates after December 31, 2014.

(b) As used in this section, "sign site" means the land beneath an outdoor sign that accommodates the outdoor sign display structure and foundation under a lease or a grant of an easement.

(c) An outdoor sign, and any associated lease, easement, and income, shall be disregarded for the purpose of determining an assessment of the land on which the outdoor sign is located, if:



# Other Land Types/Characteristics

- (1) the sign site does not exceed the greater of:
  - (A)one-fourth (1/4) of an acre; or
  - (B)if the sign site exceeds one-fourth (1/4) of an acre, the area that is reasonably necessary to facilitate display of the outdoor sign; and
- (2) the subject matter of the outdoor sign relates to products, services, or activities that are sold, produced, or conducted at a location other than the land for which the assessment is being determined.

As added by P.L.255-2017, SEC.8.



# Other Land Types/Characteristics

## IC 6-1.1-8-24.5 Solar land base rates; determination and release

Sec. 24.5. The department of local government finance shall annually determine and release a solar land base rate for the north region, the central region, and the south region of the state as follows:

- (1) For each region, the department shall determine the median true tax value per acre of all land in the region classified under the utility property class codes of the department of local government finance for the immediately preceding assessment date.
- (2) The department shall release the department's annual determination of the solar land base rates on or before December 1 of each year.

As added by P.L.191-2021, SEC.3.

See <https://www.in.gov/dlgf/files/memos/211201-Wood-Memo-Solar-Land-Base-Rates.pdf>



# Other Land Types/Characteristics

- IC 6-1.1-48 Urban Agricultural Zones
- IC 6-1.1-6 Assessment of Certain Forest Lands
- IC 6-1.1-6.7 Assessment of Filter Strips
- IC 6-1.1-6.8 Assessment of Cemetery Land
- IC 6-1.1-10-37.5 Common areas in a residential development



# Issues/Problems in Land Valuation



# Issues/Problems in Land Valuation

- Q: *For the Developer's Discount, there are parcels that are purchased for development, they never get developed, and they go back into a developer's name (someone we know to be a developer). Could the lot receive the developer's discount once again?*
- A: If a land developer sells the land to another developer, until the criteria in Indiana Code 6-1.1-4-12 (i) is met, it would remain in the Developer's Discount. We are not aware of any time limitations on developing the land.



# Issues/Problems in Land Valuation

- *Q: Does the state have a set rate for the Developer's Discount?*
- A: No. The determination of the rate for the Developer's Discount is left up to local control. Some counties will use the agricultural base rate, some counties will use a percentage of the residential (or commercial/industrial) base rate, while other counties will just use a set amount.



# Issues/Problems in Land Valuation

- Q: *Can you explain who exactly qualifies for the Developer's rate? Are there any guidelines on who is a Developer? Is there anything that they should provide to me to prove that they are a Developer and should receive the developer's rate?*
- A: Indiana Code 6-1.1-4-12 (a) provides a general definition of “land developer.” A key part of the definition entails the “ordinary course of the person’s trade or business.” A Developer would provide evidence (whatever that evidence may be) and that they are eligible for the discount. Although the statute does not specify that the land can or cannot be for personal use, the intent is that it is not for personal use.



# Issues/Problems in Land Valuation

- Q: Should the tax cap for solar land be 2% or 3% since the land type 84 is considered Ag?
- A: The solar land should be capped at 3%.



# Issues/Problems in Land Valuation

- *Q: I have a proposed solar farm. I will be using the state assessed solar land value. The land is currently AG land. Once the solar farm has been built, it will go on as an 800 class. I have landowner's stating to get around the state rate, they will put livestock on it or plant between the solar panels.*
- *A: Having livestock graze or planting crops between solar panels would not qualify that area as agricultural land. The primary (intended) use of the land is commercial, not agricultural.*



# Issues/Problems in Land Valuation

Q: *Will the solar farm assessed value for each district (north, central, south) be a flat value (similar to excess land) or if it will have the soil type factors weighed into it to come up with an adjusted rate?*

A: It is a flat rate and will not be adjusted. However, like the agricultural base rate, it will be calculated on an annual basis.



# Questions



# Contact Us

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