

# Department of Local Government Finance

## *Annual Adjustment of Assessed Values*

# FACT SHEET

November 2025



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.

### How Annual Adjustments Work for 2025 Assessments Payable in 2026

- 1) The assessor examines sales from calendar year 2024.
- 2) The assessor compares the 2024 sales information to the assessed valuation for 2025.
- 3) The assessor adjusts the 2025 Pay 2026 assessment by a factor created using the 2024 sales.

*For Example: Five (5) homes sold in a neighborhood:*

	2024 Sale	2025 Assessed Value	Ratio
2024 Home Sale #1	\$200,000	\$164,000	.82
2024 Home Sale #2	\$184,000	\$156,400	.85
2024 Home Sale #3	\$240,000	\$228,000	.95
2024 Home Sale #4	\$218,000	\$209,280	.96
2024 Home Sale #5	\$222,000	\$224,220	1.01
Factor = 1.05		Median Ratio = .95	

This adjustment can be positive, or negative or a change may not be warranted.

The factor is obtained by dividing 1.00 by the Median Ratio (1.00/.95), which calculates to 1.05.

The 2024 assessed value multiplied by the adjustment factor equals the new 2025 assessed value.

$$2024 \text{ Assessed Value} \times \text{Adjustment Factor} = 2025 \text{ Assessed Value}$$

## FACTS

### *Taxpayer Impact*

Taxpayers may see an increase or decrease in their assessments after the annual adjustment of their assessment. The resulting tax bill may fluctuate due to modifications in the assessment as well as changes to the expenditures incurred by local government.

Because property values rise and fall over time, the annual adjustment process is implemented to ensure that assessments accurately reflect the current market value-in-use of a property. With annually adjusted market-based assessments, taxpayers are assured their assessment reflects market conditions during the prior year.

### *Contact Information*

For more information on the annual adjustment process for property in Indiana, please contact your county assessor.

# Frequently Asked Questions

## **Q: What is “trending”?**

A: Trending, also known as annual adjustment, is a way of assessing the value of real estate to account for changes in the marketplace. 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 similar areas to determine an assessed value.

## **Q: What is cyclical reassessment?**

A: Cyclical reassessment is a process undertaken by local assessing officials to ensure that property records are accurate representations of parcels of land and/or their improvements. During a reassessment year, local assessing officials physically inspect each property identified for reassessment to ensure information on the property record card, such as the square footage of the building, acreage of the land, etc., is correct. The mission of a reassessment is to inventory, verify, and value all real estate parcels.

## **Q: How do I know if my new assessed value is correct?**

A: The assessed value should reflect the price that would induce the owner to sell the property and a price at which the buyer would agree to purchase the property, reflecting its current use at the time of assessment. When a property owner receives the notice of a new assessment (Form 11 or Form 11-A), the best way to determine if it is accurate is to ask if the property could have sold for approximately that amount. The accuracy of assessments refers to how close the assessments determined by local assessing officials are to the property’s market value-in-use.

## **Q: I own commercial property and saw a big increase in my bill. I didn’t make any changes to my property. What happened?**

A: A 2025 tax bill that was higher than the 2024 tax bill may be the result of an increase in the assessed value of the property, a tax rate increase in the taxing district where the property is located, or both. It is also possible that the assessor corrected an under-assessment of the property, or a property tax incentive was removed from the property.

## **Q: What is the difference between Market Value and Market Value-In-Use?**

A: “Market value-in-use” is the value of property for a specified use, meaning that the value of the property is based on the ability of the property to produce revenue or utility for a particular use. For example, a residential home is valued as a place to live and not as a commercial location no matter where the home is physically located. “Market value” is the value of a property at its highest and best use. It reflects the most probable price, estimated in terms of money, which a property would bring in a sale between a willing buyer and seller under arms-length conditions, in an open market with adequate market exposure and reasonable marketing time.

## **Q: Where can I find more information on the standards assessors are required to use for trending?**

A: The Department of Local Government Finance (“Department”) has rules in place to ensure that assessors are properly trending properties each year. These requirements can be found here: <https://www.in.gov/dlgf/local-officials/assessors/> under “Annual Adjustment and Equalization Standards 50 IAC 27”.

## **Q: What is the Department's role in trending?**

A: The Department is required to review and approve each county's trending file (known as a ratio study). Every county is required to submit a ratio study to the Department each year which provides data on the county's trending. The Department reviews the ratio study and ensures the standards set forth in the Indiana Administrative Code (IAC) are being met. If a county has a ratio study that does not adhere to the standards in the IAC, the Department requires the county to make revisions until the standards are met. If all the requirements are met, the Department approves the ratio study.