



Annually Adjusting Assessed Values

FACT SHEET

Annual Adjustment Overview

Annually adjusting property values are part of Indiana's move to a market-based assessment system that began in 2002. Similar market-based assessment systems are currently being used in 48 other states.

The annual adjustments are calculated by comparing the prior year assessment with current sales data from a neighborhood. The difference, positive or negative, will be used to create a factor that assessing officials will apply to the property's assessed value to bring it to current market value.

Under the old system, real estate was generally only reassessed every 10 years. That left taxpayers with a large change in their assessments every decade. Annual adjustments curb that large lump sum change in assessments by annually adjusting values based on sales.

Taxpayer Impact

Hoosier taxpayers could see an increase or a decrease in their tax bills after the annual adjustment of their assessment based on their location and the expenditures by local government. In essence, the assessment represents a property owner's share of the overall tax burden for a specific area. Because property values rise and fall over time, annual adjustments are necessary to ensure an assessment reflects the current market value of a property. With annually adjusted market-based assessments, the local tax liability in a community will be more uniformly distributed.

Appeal rights don't change with the implementation of annual adjustments. Taxpayers will still be able to review their assessment and appeal the value of the property to local assessors. It's important to remember that an increase in the assessment does not necessarily cause an increase in taxes. A person's tax bill is a direct result of local budgetary needs of their government and schools.

How It Works

Property values in Indiana are currently based on assessments made in 2002. Those 2002 assessments were made using January 1, 1999 value of property. Using annual adjustments, assessors will adjust or "trend" property values every year to reflect current market values of property. Officials will use sales data from state-required sales disclosure forms completed during every real estate transaction to calculate how much or how little to adjust the assessed value of a property. The amount of adjustment is determined by how much or how little property increased or decreased in the area. The amount of change is then applied to all assessed values of properties of that type (residential, commercial, etc.) in the area. After applying the annual adjustment factor, the property value is considered adjusted for local market conditions.

Frequently Asked Questions

Q: How is this different from the previous system of assessment?

A: Under the old system, real estate was generally only reassessed every 10 years – that left taxpayers with a large change in their assessments every decade. The old system valued property based on replacement cost less depreciation. Indiana’s annually adjusted market-based assessments curb the previous large lump sum change in assessments by annually adjusting values based on sales data for a particular property type in a neighborhood or area.

Q: Why are we doing this?

A: In 2002 the state moved to market-based assessments joining 48 other states across the country. Under the old system, real estate was generally only reassessed every 10 years – that left taxpayers with a large change in their assessments every decade. This curbs that large lump sum change in assessments by annually adjusting values based on sales.

Q: Will I see an increase in my tax bill because of this?

A: Hoosier taxpayers could see an increase or a decrease in their tax bills after the assessment based on their location and the expenditures by local government. In essence, the assessment only represents a property owner’s share of the overall tax burden for a specific area – not how much he or she will pay in taxes. This annual adjustment will help ensure a property is valued according to the local market conditions in an area. With improved values, Hoosiers should see a more equitable distribution of the tax liability on property owners.

Q: How do I appeal an assessment under this new system?

A: Appeal rights don’t change with the implementation of annual adjustments. Taxpayers will still be able to review their assessment and appeal errors to local assessors. It’s important to remember when reviewing a new assessed value, that an increase in the assessment does not necessarily mean an increase in taxes. A person’s tax bill is a direct result of local budgetary needs and spending.

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

A: The assessed value should reflect the amount a willing buyer would pay for the property at the time of assessment. When a property owner receives the notice of new assessment, the best way to determine if it is accurate is to ask if the property could have sold for roughly that amount.

Contact Information

For more information on annually adjusting assessed values of property in Indiana, contact your County Assessor. A complete listing of Assessor contact information is located online at http://www.in.gov/serv/dlqf_officials.