

## PROPERTY ASSESSMENT IN INDIANA

By

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This is the first in a series of articles to help explain the why and how real property (real estate) is assessed in Indiana and Hendricks County. The assessing of property for tax purposes is rooted in the practices used in England for centuries by Kings and Queens to secure funding for the government activities and services.

Hendricks County became a county in 1824. The first reference to assessing we have been able to find in county records is to James Parks in 1843 who had the title of "County Lister" or as is now known as the County Assessor. The term Lister is only used today in the state of Vermont.

In 1999, the Indiana Supreme Court ruled that Indiana's property tax system was unconstitutional. The General Assembly then took action to move the state to a market-based assessment program or system. The term market value-in use was determined by the legislature to be the true-tax value for tax assessment purposes. This action resulted in Indiana joining forty-eight (48) other states in using a market-based assessment system.

Prior to 2002 real estate in Indiana was assessed primarily based on cost, especially the initial cost of improvements such as buildings, houses and barns. Depreciation was applied periodically to the improvements which in turn reduced the overall value of the parcel or property, for tax purposes. Resale value or market value was not taken into consideration. Over several decades this caused great differences in the value of similar properties for tax purposes.

Each year since 2002 county assessors in Indiana have striven to determine an estimate of market value-in use for each parcel of real property in their respective counties. Our goal each year as determined by the Indiana State Department of Local Government Finance (DLGF) is to estimate the taxable market value-in use within five percent (5%), plus or minus; of the amount an owner could reasonably expect to receive if selling on the date of assessment.

All counties in Indiana use a method called "Mass Appraisal" to help determine estimates of value. Neighborhoods or market areas of similar type properties are identified. Properties are similar but not identical in their characteristics. Recent sales in neighborhoods and market areas are evaluated to help in identifying trends of value for each market area or neighborhood. Other methods used to help in estimating values and market trends would be the cost to build the improvements and by using property income data if appropriate.

The reason for using the mass appraisal method versus individual property appraisals in determining estimates of value is a matter of cost. Using Hendricks County as an example: As of January 1, 2017 we have 70,500 parcels in total real estate ranging from agriculture land to residential to commercial to industrial to vacant land. The cost for individual appraisals each year would range from \$300 to \$20,000 plus, per parcel. Using a possible average of \$1,000 per parcel per professional appraisal, the County

would have to budget seventy and one-half million dollars (\$70.5 million) per year in order to estimate current value-in use of all real estate in the county. Currently the annual budget for the assessing office is less than one million dollars (\$1.0 million) per year.

The assessment date for all real estate and business personal property is January 1 of each year. Recently forms were mailed to all property owners showing the estimated market value-in use for each parcel located in Hendricks County as of January 1, 2017.

At the Assessor's Office we try to determine values with the tools we have and to provide fair and equitable estimates based on market values and trends. This does not always happen. Because of 70,000+ parcels and hundreds of bits of information which can pertain to individual parcels, we have and do make errors.

Property owners have the right to appeal the January 1, 2017 assessed value through July 15, 2017. It is in the best interest of owners to review the new assessment and compare with the value they could reasonably expect to receive if they were to sell. If they find a significant difference, I encourage them to file an appeal which will start a review process to protect the property owner's rights under the law.

Property owners can go to our county website at [co.hendricks.in.us](http://co.hendricks.in.us) to view the Property Record Card (PRC). Click on the Quick Link: Property Tax. Enter the search text, one of three ways to find the parcel. Once you have the tax information scroll down the screen to the bottom where you will find in red the link to your 2017 Property Record Card and 2017 assessed value.

FORM 130 is to be used for filing an appeal, it can be found at the county website under the Assessor's Department and clicking on Forms.