

Department of Local Government Finance

Annual Adjustment of Assessed Values

FACT SHEET



April 2024

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 2024 Assessments Payable in 2025

- 1) The assessor examines sales from calendar year 2023.
- 2) The assessor compares the 2023 sales information to the assessed valuation for 2024.
- 3) The assessor adjusts the 2024 payable 2025 assessment by a factor created using the 2023 sales.

For Example: Five homes sold in a neighborhood:

	2023 Sale	2024 AV	Ratio
2023 Home Sale #1	\$200,000	\$164,000	.82
2023 Home Sale #2	\$184,000	\$156,400	.85
2023 Home Sale #3	\$240,000	\$228,000	.95
2023 Home Sale #4	\$218,000	\$209,280	.96
2023 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 2023 assessed value (AV) times the adjustment factor equals the new 2024 AV.

$$2023 \text{ Assessed Value} \times \text{Adjustment Factor} = 2024 \text{ Assessed Value}$$

Frequently Asked Questions

Q: What is trending?

A. Trending, also known as Annual Adjustments, 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.

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 change in part due to the assessment change and due to expenditures by local government.

Because property values rise and fall over time, annual adjustments ensure an assessment reflects 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 annually adjusting values of property in Indiana, contact your county assessor. A complete listing of assessor contact information is located at:

<https://www.in.gov/dlgef/contact-your-local-officials/>

Q: What is a 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 visit each property 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 appeal an assessment?

A: If you believe the value of your property differs from its assessed value, you may appeal the assessment. In order to successfully appeal your assessment, you should establish a valid case. This can be accomplished by providing information such as sales of the subject property, comparable properties, or an appraisal (although an appraisal is not required to appeal your assessment). Information about the appeals process is available at: <https://www.in.gov/dlgf/appeals-property-tax/>.

NOTE: If the assessed value increased by more than 5% over the prior year's assessment, the burden of proof is on the assessing official. However, you still must file an appeal. Additionally, assessors are required to have a preliminary informal meeting with an appealing taxpayer before a property tax board of appeals (PTABOA) hearing.

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

A: The assessed value should reflect the amount a buyer is willing to pay for the property at the time of assessment. When a property owner receives the notice of 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 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 2024 tax bill that was higher than the 2023 tax 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 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: The Property Tax Assessment Board of Appeals (PTABOA) is not functioning. What can I do?

A: The members of the PTABOA are appointed by local government officials: (a) two (2) by the county council; and (b) three (3) by the county commissioners. In counties that have elected to have a three-member PTABOA, the county council appoints one member, and the county commissioners appoint two members. In both cases, the county assessor serves as a non-voting member and secretary of the PTABOA. Regardless of size, the PTABOA must be comprised of individuals that are knowledgeable in the valuation of property. For more information on the composition of the board, please see Indiana Code 6-1.1-28. You may contact the assessor, county council, or the county commissioners with your concerns about the PTABOA.

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

A: The 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 "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.