
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All County and Township Assessors

FROM: Courtney L. Schaafsma, Commissioner

RE: Legislative Changes Affecting the Assessment of Agricultural Land and Excess Residential Land

DATE: May 13, 2015

This memorandum addresses legislative changes concerning the assessment of agricultural land and excess residential land. Please note that this memorandum is intended to be an informative bulletin; it is not a substitute for reading the law.

I. Definition of Agricultural Use

On May 6, 2015, Governor Pence signed into law Senate Enrolled Act 436-2015 (“SEA 436”), Section 6 of which amends IC 6-1.1-4-13 so that 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;
- (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 (“Department”) real property assessment guidelines; or

(4) land devoted to the harvesting of hardwood timber;

is considered to be devoted to agricultural use. Agricultural use 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 amendment 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).

The above applies even if the land is purchased for residential uses (IC 6-1.1-4-13, as amended by SEA 436, does not apply to land purchased for industrial or commercial uses). Thus, a person who originally purchased land for residential use could end up having it assessed as agricultural land if it is dedicated to agricultural use as defined by IC 6-1.1-4-13, as amended by SEA 436.

This amendment was effective retroactive to March 1, 2015.

II. Soil Productivity Factors

Section 6 of SEA 436 amends IC 6-1.1-4-13 so that the soil productivity factors used for the March 1, 2011 assessment date must be used for the March 1, 2012, 2013, 2014, and 2015 assessment dates. New soil productivity factors must be used for assessment dates occurring after March 1, 2015. The Department will communicate information regarding soil productivity factors for future assessment dates to assessors as necessary.

III. Agricultural Base Rate

Section 7 of SEA 436 introduces IC 6-1.1-4-13.2 concerning the agricultural base rate. For the property tax assessment of agricultural land for the 2015 assessment date, the statewide agricultural land base rate value per acre used to determine the value of agricultural land is \$2,050. For the 2016 assessment date and each assessment date thereafter, the statewide agricultural land base rate value per acre is equal to:

- (1) the base rate value for the immediately preceding assessment date; multiplied by
- (2) the assessed value growth quotient (“AVGQ”) determined under IC 6-1.1-18.5-2 in the year including the assessment date.

This amount must be substituted for any agricultural land base rate value included in the Real Property Assessment Guidelines or any other guidelines of the Department that apply for those assessment dates. **Please note that the above supersedes the Department’s December 31, 2014 Certification of Agricultural Land Base Rate Value for Assessment Year 2015.**

IV. Excess Residential Property Assessment

Section 10 of SEA 436 introduces IC 6-1.1-4-44.5 concerning the assessment of excess residential land. This amendment 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.

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 IC 6-1.1-4-13.

V. Burden of Proof

Section 14 of SEA 436 introduces IC 6-1.1-15-17.1 concerning the burden of proof in the reclassification of real property. This amendment is effective retroactive to March 1, 2015. In the case of a change occurring after February 28, 2015 in the classification of real property:

- (1) the county assessor or township assessor must, on the notice required by IC 6-1.1-4-22 (Form 11), specify any changes in land classification and the reasons for the change; and
- (2) the county assessor or township assessor making the change in the classification has the burden of proving that the change in the classification is correct in any review or appeal under IC 6-1.1-15 and in any appeals taken to the Indiana Board of Tax Review or to the Indiana Tax Court.

Contact Information

Questions may be directed to General Counsel Mike Duffy at (317) 233-9219 or mduffy@dlgf.in.gov.