



INDIANA  
ASSOCIATION  
of REALTORS®

# INDIANA PROPERTY ASSESSMENTS

## Homestead Property Assessments in Indiana: The Basics

### Highlights:

- Indiana's residential property tax assessments are market-based: To meet the legal 'objective and uniform' standard, homestead values should generally align with a home's potential sale price.
- Assessments are based on market value in January of the assessment year (reflecting real estate sales and price trends through the previous year).
- Taxes are then paid in arrears – based on the prior year's assessment: 2025 assessments determine pay-2026 tax bills.
- This provides homeowners the ability to appeal an assessment before tax bills are calculated and issued.
- Residential sales and price data is used to adjust assessed values to reflect the real estate market, beyond any physical changes to the property.
- By using MLS data in 'neighborhood scale' areas, REALTORS® can help clients and contacts examine these trending adjustments to determine whether they truly match market trends relevant to their homes, or if there is basis for an appeal.

### Background:

Indiana homeowners have received their pay-2025 property tax bills (based on 2024 property assessments); bills are paid in two installments, due by May 10<sup>th</sup> and November 12<sup>th</sup>, 2025.

Many residential taxpayers have also received a **Notice of Assessment (Form 11)** from their county assessors, establishing the 2025 assessed value that will determine next year's (pay-2026) tax bills. (In some counties, assessments and bills are sent in a combined form, with the assessment included in the tax comparison statement.)

Indiana property taxes are **market-based** and **paid in arrears**: Assessments are supposed to reflect market value in use in January of the assessment year.

Tax bills, in turn, are based on the previous year's assessment; pay-2025 bills are based on 2024 assessments. Bills are capped at 1% percent of the homestead's gross assessed value according to the Indiana Constitution, with the exception of additional taxes added through school referenda and other voter-approved projects. Next year's bills will begin to reflect the changes signed into law by Governor Braun in Senate Bill 1, including a new homestead tax credit and changes to the standard homestead deduction.

But this year's legislative actions have not changed the process used to determine taxable assessed values for residential properties.

## How are market value property assessments determined?

Assessed values must be tied to “objective measures of market value.” For homestead residences, this means property assessments should generally be in line with a home’s potential sale price. Homeowners who don’t follow the real estate market are often surprised by assessments that go up even though they’ve made no renovations or improvements.

In practice, homes should be physically inspected every four years to collect information on physical improvements, structural additions and the overall condition of the property. But real estate sales and pricing data is also used to adjust assessed values according to market trends.

This was formalized as an annual process called **trending** starting in 2007; local assessors use home sales from the previous year to determine an annual adjustment based on price change for properties in a particular neighborhood. These trending adjustments are supposed to help property assessments reflect the market and avoid the shock of large increases.

### Annual adjustments – trending assessments to match the market:

Here’s how trending works, using 2025 property assessments:

- The county (or township) assessor research home sales from 2024 in a particular “neighborhood” area (drawn by local officials based on state guidelines).
- Assessors are supposed to identify at least five comparable sales within a neighborhood area and compare their assessed value to the actual sale price to calculate the market trend.
- So the assessor compares the final 2024 sales price of those homes to their initial 2024 assessed value (which was set in January, actually reflecting trends in the 2023 market).
- Let’s say the assessor identifies five home sales in the area through 2024, and their sale prices average 5% higher than their 2023 assessed value (A/V):

	2024 Assessed Value	2024 Sale Price	Difference
Sale 1	\$256,000	\$271,500	6%
Sale 2	\$234,000	\$245,000	5%
Sale 3	\$300,000	\$325,000	8%
Sale 4	\$270,000	\$275,000	2%
Sale 5	\$262,000	\$272,500	4%
<b>Average difference between 2023 A/V and sale price</b>			<b>5%</b>

- **The annual adjustment factor for this neighborhood is therefore 5% for 2025 assessments;** the assessor can assume 5% market appreciation of homes in that area.

If a home in this neighborhood wasn’t inspected and didn’t change hands in 2024, the annual adjustment (5%) would be the primary factor impacting the 2025 A/V: A home with a 2024 A/V of \$240,000 would be assessed at \$252,000 for 2025.

But what if this doesn’t seem right to the homeowner?

## What's in a neighborhood?

Assessors can use broad guidelines in defining 'neighborhoods' with comparable properties; according to Indiana's [Real Property Assessment Guidelines](#), neighborhoods should be created using factors like:

1. Common development characteristics;
2. the average age of the majority of improvements;
3. the size of lots or tracts;
4. subdivision plats and zoning maps; (*continued on next page*)
5. school and other taxing district boundaries;
6. distinctive geographic boundaries;
7. any manmade improvements that significantly disrupt the cohesion of adjacent properties;
8. sales statistics; and
9. other characteristics deemed appropriate to assure equitable determinations.

It can obviously be challenging to draw cohesive districts that accommodate all or even most of these factors; home prices can change dramatically over a very short distances, and market trends don't neatly follow the boundaries of taxing districts or political jurisdictions.

In certain neighborhoods, for example, some homes could have lakefront access or be adjacent to popular amenities like parks or greenway trails, with very different market demand and appeal to homebuyers from properties just a block or two away. But these areas must be drawn to a scale sufficient to capture market activity.

## REALTORS® can guide current and potential clients as market experts:

REALTORS® are trusted experts who can explain the basics of the property tax system to their clients and help them understand if their assessment truly matches the market, as professionals whose business is knowing local real estate trends. And when it comes to property tax issues, REALTORS® have unique credibility as advocates:

Indiana REALTORS® were the champions of sweeping property tax reforms to protect homeowners after the shift to market-based assessments, including the constitutional caps that limit homestead tax bills to 1% of gross assessed value.

These caps have saved residential taxpayers billions of dollars since 2011 as the foundation of one of the nation's most affordable, pro-homeowner property tax systems. The homestead property tax burden is set to fall further in years to come as a result of Senate Bill 1.

One way for homeowners to evaluate their assessment is simply asking, "**Would you list your home for that price today?**" But REALTORS® can offer more insight:

**REALTORS® have access to the latest market data** (sale and listing price data down to the township and zip code levels, and trends at weekly, monthly, three- and twelve-month intervals) at the **Indiana Housing Hub** (<https://data.indianarealtors.com>).

As we did in 2024, IAR has created a new mapping tool showing sale price-per-square-foot change from 2023 to 2024 in half-mile hexagonal 'blocks' across the state – **a way to evaluate market value using all available MLS data to compare trending adjustments.**

[Click here](#) to start using the map:

- The map allows the user to enter an address and see details from the half-mile area the property is located within.
- The map shows the percentage increase (red) or decrease (teal) in the median sale price-per-square-foot of home sales in 2024.
- Clicking on any of the half-mile hexagons will show the percent change in price-per-square foot and overall median sale price from 2023 to 2024 (and the number of sales used to calculate these).
- In areas with a sufficient number of applicable transactions, the map also includes average real annual price appreciation and equity based on properties that have changed hands multiple times. ([Learn more about real price appreciation.](#))
- If assessments seem out of line with the rate of price appreciation reflected in the mapping tool, taxpayers could take advantage of their right to file an appeal – starting at the local level by filing a **Form 130** (Notice to Initiate an Appeal) with the county assessor.
- Indiana's Department of Local Government Finance has posted a guide to the process here: <https://www.in.gov/dlqf/appeals-property-tax/>
- REALTORS® can help homeowners through the options – appeal, accept (or explore a move).

## START USING MARKET VALUE MAP

### A step-by-step overview: Assessment notice and appeals timeline

- Many homeowners receive their tax bills from their county treasurers or are able to check their statements online in March into April (April 15<sup>th</sup> is the last day for treasurers to mail bills).
- If a county doesn't send a separate notice of assessment (Form 11), the 2025 assessed value will be found with tax bill (the TS-1 tax comparison statement).
- To file an appeal, homeowners must contact their local assessor by **June 15 of the assessment year** (so June 15, 2025) *if there is a Form 11 postmarked by May 1<sup>st</sup>.*
- If no Form 11 is mailed (or is mailed after May 1<sup>st</sup>), the appeal deadline is **June 15 of the following year** (so homeowners have until June 15, 2026 to appeal this year's assessment).
- Homeowners and their REALTORS® can compare the 2024 and 2025 assessed values and read through any notations under the "Reasons for Revision of Assessment" section of the Form 11 (sometimes "Annual Adjustment" will be specified here), or the TS-1 statement.

- **Consider your options:** If the change in assessed value seems unusually high (or is higher than the price per square foot change shown on the map) an appeal may be merited.
- Again, the appeals process starts by filing a **Form 130** (Notice to Initiate an Appeal) with the county assessor.
- Appeals are initially evaluated by the local assessor; if this first step is not successful, the appeal is forwarded to the county Property Tax Assessment Board of Appeals (PTABOA).
- If the PTABOA denies the appeal, instructions will be provided on appealing the decision to the [Indiana Board of Tax Review](#) and ultimately the Indiana Tax Court.
- Because of recent legislative actions, taxpayers should be assured that appeals may not result in an increase in assessed value unless there have been substantive unrecorded improvements to the property – homeowners won't be "punished" with a higher adjustment.
- A property appraisal is not necessary to make an appeal; however, the passage of HEA1499 (2023) provides that a qualified appraisal secured and presented by the homeowner to the PTABOA is presumed to be correct – the 'burden of proof' shifts to the assessing officials.

Get more information from the [Indiana Department of Local Government Finance](#) (DLGF), including [county-specific information from DLGF](#) at [DLGF.IN.gov](http://DLGF.IN.gov).

## START USING MARKET VALUE MAP

### For More Information:

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