

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: County Assessors

FROM: Barry Wood, Assessment Division Director

RE: Provisional Guidance on the Agricultural Land Base Rate for Assessment Year 2016

DATE: January 28, 2016

The Department of Local Government Finance (“Department”) is annually tasked with the responsibility of calculating the agricultural land base rate (“base rate”) for each assessment year. Senate Enrolled Act 436-2015 introduced IC 6-1.1-4-13.2 concerning the calculation of the base rate for assessment year 2015 and forward. For the 2016 assessment date and each assessment date thereafter, the statewide agricultural land base rate value per acre is the product of the preceding year’s base rate (\$2,050 for 2015) multiplied by the assessed value growth quotient (“AVGQ”) determined in the year including the assessment date. Under this existing statute, the Department would not be able to calculate the base rate for the 2016 assessment date until late June or early July, 2016, as the AVGQ determined in the year including the January 1 assessment date is typically not released by the State Budget Agency until late June.

The Department has proposed a correction to this calculation in House Bill 1273 (“HB 1273”). The correction would change the AVGQ to be used in the calculation of the base rate to the AVGQ determined in the year preceding the assessment date. This change would allow for the Department to provide the base rate in advance of the January 1 assessment date. HB 1273, and specifically this provision within HB 1273, has moved forward within the House. However, at this time, the final outcome of HB 1273 and this correction is unknown.

In light of this, the Department is issuing this provisional guidance to provide county and township assessors with an initial estimate of what the base rate would be if the correction in HB 1273 is approved by the General Assembly and signed into law by Governor Pence. The following is the provisional estimate of the base rate for the 2016 assessment year:

Statewide agricultural land base rate for March 1, 2015	\$2,050
Multiplied by the assessed value growth quotient	X <u>102.6%</u>
Provisional Statewide agricultural land base rate for January 1, 2016 (rounded to the nearest ten dollars)	\$2,100

If the proposed provision within HB 1273 is passed and signed into law by the Governor, the Department will issue the official certification of the base rate as soon as possible. If the

proposed provision is not adopted by the General Assembly and/or signed into law by Governor Pence, the Department will issue further guidance at that time.

Please contact Barry Wood, Assessment Division Director, at (317) 232-3762 or Bwood@dlgf.in.gov, or your assessment field representative if you have any questions.