Your property tax rate will fall next year. I know that’s hard to believe. Tax rates almost never go down, only up. But 2003 is a special year for property taxes, and almost everywhere tax rates will come down.

This is a reassessment year in Indiana. That means that assessors will re-value land and buildings for property tax purposes. We do it every few years, the last time for taxes was in 1996. This reassessment is different, though, because the state has decided to meet an Indiana Supreme Court mandate by assessing property based on market value, which is the predicted selling price of property. We’ve never based our assessments on market value before.

This means that assessed values of land and buildings will increase more than in a usual reassessment—we’ve got some catching up to do. Residential property assessments will about double, on average. Industrial and commercial assessments will increase less.

By April 2003, most assessors will mail property owners a form 11, which is a notice of assessment. When you get your form 11, there are two things you should do. First, check the assessed value. We’re a market-value state now, so that number should look a lot like the potential selling price of your property, within 10 percent or so. If your house could sell for, say, $90,000, the assessed value should be between $81,000 and $99,000. If it isn’t, you may have reason to appeal your assessment.

Second, and most important, don’t panic. Most likely, the assessed value listed on the form 11 will be higher than your old assessed value, maybe much higher. Your taxes will not rise by this amount, however. In fact, for most taxpayers, tax bills will fall in 2003, despite the rise in assessed value.

That’s because the property tax does not have a fixed rate, like the sales tax does. Property tax rates change every year. The state’s property tax controls tell local governments how much they can collect from the property tax. That’s called the levy. The property tax rate is set so that this levy will be collected from the jurisdiction’s assessed value. The levy is divided by assessed value to get the tax rate. So, if reassessment increases assessed value a lot, but the tax levy increases only a little, the tax rate must come down. It has in past reassessments, and it will this time, too.

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Yes, your assessed value will be higher, but the tax rate applied to it will be lower. This past June, the Indiana Legislature passed some new property tax cuts, which also will help reduce payments. Legislators reduced the levy by taking 60 percent of school general funds off the property tax. They increased the standard deduction for homeowners and increased the homestead credit, two devices that reduce taxes for homeowners.

Most homeowners should see tax cuts in 2003 as a result of these changes. Some, though, will see increases. Who are these unfortunates?

Some are people with older houses in good condition. Our old assessment rules gave these houses a terrific assessment break, just because they were old. Now, we’ll assess based on predicted selling price, so their assessments will increase a lot. Maybe enough to increase tax bills, despite the tax rate cut.

Others are people who live in jurisdictions with lots of commercial and industrial property. Assessments of this business property won’t go up as much as assessments of houses. Jurisdictions with lots of business property won’t see their assessed values increase as much, so the tax rate won’t fall as much. If the tax rate cut is smaller, the rise in a home’s assessed value is more likely to produce an increase in the tax bill.

What will happen to your property taxes? That depends on so many things that no one can know for sure until the tax bills arrive next May. However, you can be sure of one thing: The rise in your assessment is not a good measure of what will happen to your taxes. Even if your assessment doubles, you could still see a property tax cut in 2003.

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