

Property Tax Overview



Property tax rates vary based on taxing district. There are 312 taxing districts in the 10-county Indy Partnership Region. There is one gross rate for both real and personal business property. There are a number of property tax exemptions and abatement that can lower the gross amount.

Indy Region Median Property Tax Rate = \$2.1173
Indy Region Property Tax Rate Range = \$0.927 to \$3.00
The max rate cannot be > \$3.00 per \$100 assessed value.

Real Property Tax Calculation

Real property assessments, including land and buildings, are valued based on a market-value-in-use standard. In most cases market value in use for new construction should approximate construction cost. Real property tax for new construction can be estimated as:

$$\text{Cost} \times \text{Effective Tax Rate} = \text{Real Property Tax}$$

Personal Property Tax Calculation

Tangible Depreciable Personal Property

The assessed value for business depreciable personal property (i.e. machinery, equipment, and office furniture) is calculated by multiplying the federal tax cost by the appropriate true-tax-value percentage. There are four depreciation tables called "pools." The proper "pool" is determined based on the federal tax life of the asset. For example, the assessed value of two-year-old property with a seven-year life for federal tax would be calculated as cost times 56 percent. Indiana imposes a 30 percent floor for valuation of business tangible depreciable property. The assessed value of all business tangible depreciable property cannot be less than 30 percent of its cost.

Special Tools

Indiana regulation allows special valuation treatment for qualifying "special tools" which may include tools, dies, jigs, molds, patterns and gauges. Qualifying special tools are valued at 30 percent in year one and three percent thereafter. Special tools are not subject to the 30 percent valuation floor.

Tangible Personal Property Not Placed in Service (CIP)

Business tangible depreciable personal property not placed in service as of March 1 is valued at 10 percent of cost.

Inventory

There is no inventory tax collected in the State of Indiana as it was eliminated entirely for the March 1, 2006 (taxes payable in 2007) assessment date.