

# Property Tax Overview

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Property Tax rates are based on taxing district. There are 301 taxing districts in the 9-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 abatements that can lower the gross amount.

Indy Region Average Property Tax Rate = \$2.4309  
Indy Region Property Tax Rate Range - \$0.9464 to \$5.0348

**Property owners are entitled to a cap on the amount of property taxes over 1 percent of the gross assessed value for homestead properties, 2 percent for other residential and agricultural land and 3 percent for other real and personal property.**

## 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 total.

### 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 in the State of Indiana as it was eliminated entirely for the March 1, 2006 (taxes payable in 2007) assessment date.