

# HOUSE BILL No. 1238

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-4.

**Synopsis:** Assessment of homesteads. Provides that, beginning with the January 1, 2027, assessment date, the assessed value of real property that qualifies as a homestead shall only be adjusted upon the sale, devise, descent, or conveyance of the real property. Provides that the assessed value of such real property may not be adjusted before the sale, devise, descent, or conveyance of the real property unless requested by the owner of the real property.

**Effective:** July 1, 2026.

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January 5, 2026, read first time and referred to Committee on Ways and Means.

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Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

## HOUSE BILL No. 1238

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-4-4.2, AS AMENDED BY P.L.236-2023,  
2       SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JULY 1, 2026]: Sec. 4.2. (a) The county assessor of each county shall,  
4       before July 1, 2013, and before May 1 of every fourth year thereafter,  
5       prepare and submit to the department of local government finance a  
6       reassessment plan for the county. The following apply to a  
7       reassessment plan prepared and submitted under this section:

8               (1) The reassessment plan is subject to approval by the  
9               department of local government finance. The department of local  
10              government finance shall complete its review and approval of the  
11              reassessment plan before:

12                   (A) March 1, 2015; and

13                   (B) January 1 of each subsequent year that follows a year in  
14              which the reassessment plan is submitted by the county.

15              (2) The department of local government finance shall determine  
16              the classes of real property to be used for purposes of this section.

17              (3) Except as provided in subsection (b), the reassessment plan



1 must divide all parcels of real property in the county into four (4)  
 2 different groups of parcels. Each group of parcels must contain  
 3 approximately twenty-five percent (25%) of the parcels within  
 4 each class of real property in the county.

5 (4) Except as provided in subsection (b), all real property in each  
 6 group of parcels shall be reassessed under the county's  
 7 reassessment plan once during each four (4) year cycle.

8 (5) The reassessment of a group of parcels in a particular class of  
 9 real property shall begin on May 1 of a year.

10 (6) The reassessment of parcels:

11 (A) must include a physical inspection of each parcel of real  
 12 property in the group of parcels that is being reassessed; and

13 (B) shall be completed on or before January 1 of the year after  
 14 the year in which the reassessment of the group of parcels  
 15 begins.

16 (7) For real property included in a group of parcels that is  
 17 reassessed, the reassessment is the basis for taxes payable in the  
 18 year following the year in which the reassessment is to be  
 19 completed.

20 (8) The reassessment plan must specify the dates by which the  
 21 assessor must submit land values under section 13.6 of this  
 22 chapter to the county property tax assessment board of appeals.

23 (9) The department may not approve the reassessment plan until  
 24 the assessor provides verification that the land values  
 25 determination under section 13.6 of this chapter has been  
 26 completed.

27 (10) Subject to review and approval by the department of local  
 28 government finance, the county assessor may modify the  
 29 reassessment plan.

30 **(11) Beginning on the January 1, 2027, assessment date, the**  
 31 **assessed value of real property that qualifies as a homestead**  
 32 **under IC 6-1.1-12-37(a)(2) shall only be adjusted upon the**  
 33 **sale, devise, descent, or conveyance of the real property. The**  
 34 **assessed value of the real property may not be adjusted before**  
 35 **the sale, devise, descent, or conveyance of the real property**  
 36 **unless requested by the owner of the real property.**

37 (b) A county may submit a reassessment plan that provides for  
 38 reassessing more than twenty-five percent (25%) of all parcels of real  
 39 property in the county in a particular year. A plan may provide that all  
 40 parcels are to be reassessed in one (1) year. However, a plan must  
 41 cover a four (4) year period. All real property in each group of parcels  
 42 shall be reassessed under the county's reassessment plan once during



each reassessment cycle.

(c) The reassessment of the first group of parcels under a county's reassessment plan shall begin on July 1, 2014, and shall be completed on or before January 1, 2015.

(d) The department of local government finance may adopt rules to govern the reassessment of property under county reassessment plans.

SECTION 2. IC 6-1.1-4-4.5, AS AMENDED BY P.L.230-2025, SECTIONLS 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4.5. (a) The department of local government finance shall adopt rules establishing a system for annually adjusting the assessed value of real property, **other than real property that qualifies as a homestead under IC 6-1.1-12-37(a)(2) after December 31, 2026**, to account for changes in value in those years since a reassessment under section 4.2 of this chapter for the property last took effect.

(b) Subject to subsection (f), the system must be applied to adjust assessed values beginning with the 2006 assessment date and each year thereafter that is not a year in which a reassessment under section 4.2 of this chapter for the property becomes effective.

(c) The rules adopted under subsection (a) must include the following characteristics in the system:

(1) Promote uniform and equal assessment of real property within and across classifications.

(2) Require that assessing officials:

(A) reevaluate the factors that affect value;

(B) express the interactions of those factors mathematically;

(C) use mass appraisal techniques to estimate updated property values within statistical measures of accuracy; and

(D) provide notice to taxpayers of an assessment increase that results from the application of annual adjustments.

(3) Prescribe procedures that permit the application of the adjustment percentages in an efficient manner by assessing officials.

(d) The department of local government finance must review and certify each annual adjustment determined under this section.

(e) For an assessment beginning after December 31, 2022, agricultural improvements such as but not limited to barns, grain bins, or silos on land assessed as agricultural shall not be adjusted using factors, such as neighborhood delineation, that are appropriate for use in adjusting residential, commercial, and industrial real property. Those portions of agricultural parcels that include land and buildings not used for an agricultural purpose, such as homes, homesites, and excess



residential land and commercial or industrial land and buildings, shall be adjusted by the factor or factors developed for other similar property within the geographic stratification. The residential portion of agricultural properties shall be adjusted by the factors applied to similar residential purposes.

(f) In making the annual determination of the base rate to satisfy the requirement for an annual adjustment for each assessment date, the department of local government finance shall, not later than March 1 of each year, determine the base rate using the methodology reflected in Table 2-18 of Book 1, Chapter 2 of the department of local government finance's Real Property Assessment Guidelines (as in effect on January 1, 2005), except that the department shall adjust the methodology as follows:

(1) Use a six (6) year rolling average adjusted under subdivision (3) instead of a four (4) year rolling average.

(2) Use the data from the six (6) most recent years preceding the year in which the assessment date occurs for which data is available, before one (1) of those six (6) years is eliminated under subdivision (3) when determining the rolling average.

(3) Eliminate in the calculation of the rolling average the year among the six (6) years for which the highest market value in use of agricultural land is determined.

(4) After determining a preliminary base rate that would apply for the assessment date without applying the adjustment under this subdivision, the department of local government finance shall adjust the preliminary base rate as follows:

(A) If the preliminary base rate for the assessment date would be at least ten percent (10%) greater than the final base rate determined for the preceding assessment date, a capitalization rate of:

(i) for purposes of determining the preliminary base rate for the January 1, 2025, and the January 1, 2026, assessment dates, nine percent (9%); and

(ii) for purposes of determining the preliminary base rate for assessment dates before January 1, 2025, and for assessment dates after December 31, 2026, eight percent (8%);

shall be used to determine the final base rate.

(B) If the preliminary base rate for the assessment date would be at least ten percent (10%) less than the final base rate determined for the preceding assessment date, a capitalization rate of six percent (6%) shall be used to determine the final base rate.



(C) If neither clause (A) nor clause (B) applies, a capitalization rate of seven percent (7%) shall be used to determine the final base rate.

(D) In the case of a market value in use for a year that is used in the calculation of the six (6) year rolling average under subdivision (1) for purposes of determining the base rate for the assessment date:

(i) that market value in use shall be recalculated by using the capitalization rate determined under clauses (A) through (C) for the calculation of the base rate for the assessment date; and

(ii) the market value in use recalculated under item (i) shall be used in the calculation of the six (6) year rolling average under subdivision (1).

(g) For assessment dates after December 31, 2009, an adjustment in the assessed value of real property under this section shall be based on the estimated true tax value of the property on the assessment date that is the basis for taxes payable on that real property.

(h) The department shall release the department's annual determination of the base rate on or before March 1 of each year.

(i) For the January 1, 2025, assessment date only, the base rate determined using the capitalization rate under subsection (f)(4)(A)(i) shall not apply to land that is assessed under section 12 of this chapter.

**(j) Beginning on the January 1, 2027, assessment date, the assessed value of real property that qualifies as a homestead under IC 6-1.1-12-37(a)(2) shall only be adjusted upon the sale, devise, descent, or conveyance of the real property. The assessed value of the real property may not be adjusted before the sale, devise, descent, or conveyance of the real property unless requested by the owner of the real property.**

