

## Fiscal Health Indicators: Exempt Property

File: Exemptions.xlsx

File: Govt as Percent of Total Acres.xlsx

### Description:

On an annual basis, county officials will determine the gross assessed value and net assessed value for each real property parcel or personal property record in the county. The difference between the gross assessed value and the net assessed value is application of any allowable deductions or exemptions for which the parcel or record qualifies. Deductions reduce the gross assessed value by a certain amount or percentage. Exemptions typically will make the entire assessed value of the parcel or record exempt from taxation, essentially taking the parcel or record out of the property tax base for a local government. In certain instances, though, it is also possible to have partial exemptions, which exempt just a portion of the parcel or record from taxation.

There is a wide range of available deductions or exemptions, depending on the taxpayer or the parcel or record. More information on available deductions or exemptions can be found at <http://in.gov/dlgf/2344.htm> (Deductions) and <http://in.gov/dlgf/8818.htm> (Exemptions).

Properties that are traditionally exempt from taxation include, but are not limited to, non-profit organizations, educational institutions, and religious organizations. Government-owned property is also exempt from taxation; however, the assessed value of government-owned property is often zeroed out, rather than applying an exemption. As a result, the exemption assessed value data included with this fiscal health indicator may be artificially low as it may not include the assessed value of all government-owned properties within the local government's property tax base.

### Fiscal Health Indicator:

Exempt Assessed Value as Percent of Certified Net Assessed Value

- Exempt Assessed Value – The assessed value that has been identified as exempt from taxation within the jurisdiction of a local government.
- Certified Net Assessed Value – The assessed value on which property tax rates are calculated. This may differ from the actual assessed value billed due to the additional deductions, exemptions, or processing of appeals.

This indicator identifies the amount by which the Certified Net Assessed Value would have been increased if the exempt properties were not exempt from taxation. Local governments which have a high percentage of assessed value exempt from taxation may have higher property tax rates as the property tax base is lowered by the exempt properties though the local government will still provide services to these exempt properties.

Source: Tax Billing Data submitted by the county auditor to the Department and Budget Certification Data for Pay 2013 and 2014.

Fiscal Health Indicator:

Government Acreage as Percent of Total Acreage

- Government Acreage – Legally-deeded acreage to which the county assessor has assigned a property class code that indicates the parcel is owned by a governmental entity. Such government entities could include, but are not limited to, the United States of America, the State of Indiana, local governments, and State-operated educational institutions.
- Total Acreage – Legally-deeded acreage within the local government.

This indicator identifies the percent of the total land area of the local government that is owned by a government entity. Government-owned property is typically exempt from taxation but may still require the provision of certain services such as fire or police protection. As a result, local governments with a large percentage of government-owned land may experience financial challenges as the area to which services must be provided is larger than the tax base on which the local government can levy taxes.

Please note that acreage data has been gathered from data files submitted to the Department by county assessors. In reviewing the data, the Department notes that certain counties are showing a significant change in total acreage over time. It appears that this change is being driven by updates being made by county assessors to ensure that acreage data is correctly updated and included in the data files.

Sources: Assessment Data submitted by the county assessor to the Department and Budget Certification Data for Pay 2013 and 2014.

Other Resources:

- Information on Property Tax Deductions: <http://in.gov/dlgf/2344.htm>
- Information on Property Tax Exemptions: <http://in.gov/dlgf/8818.htm>
- Exemptions and Deductions Report: <http://in.gov/dlgf/8379.htm>
- Comprehensive Assessed Value Report: <http://in.gov/dlgf/8379.htm>