

Property:

Indiana: New Law Mandates Use of Cost Approach to Value Certain Commercial Retail Property

S.B. 145, signed by gov. 3/10/22. New law provides that the true tax value of certain commercial real property used for retail purposes must be determined using the cost approach beginning January 1, 2023. Such property tax valuation generally applies to commercial property with a structure, or a portion thereof, that is:

URL: <http://iga.in.gov/legislative/2022/bills/senate/145?msclkid=eab67d06a54811ecb68b4547d5323918#digest-heading>

- At least 100,000 square feet in area;
- Used for retail purposes; and
- Occupied by a single retailer.

However, such application of the cost approach is *not* required under the new law if the property was:

- Vacated by the original occupant for which the property was constructed;
- Constructed more than five years prior to the assessment date; or
- Substantially and adversely impacted by a change in a roadway or traffic pattern.

The legislation also provides that estimates of depreciation and obsolescence under this mandated cost approach valuation must *not* be based on data derived from the sales comparison or income capitalization approaches. Please contact us with any questions.

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