

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6603
BILL NUMBER: HB 1135

NOTE PREPARED: Dec 17, 2025
BILL AMENDED:

SUBJECT: Investor Ownership of Single Family Residences.

FIRST AUTHOR: Rep. Harris
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Housing down Payment Assistance Fund. It establishes a transfer tax equal to 50% of the fair market value of a single family residence for each single family residence acquired by an applicable taxpayer after the applicable date. It also establishes a maximum number of single family residences that may be owned by an applicable taxpayer after the applicable date for purposes of calculating an annual excise tax on any excess single family residences.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Housing Down Payment Assistance Fund:* The fund will be used to provide down payment assistance to buyers purchasing single family residences. It will consist of payments received from taxes imposed and any reporting penalties related to the tax on single family residences owned by applicable taxpayers as established by the bill. The fund will also consist of any federal funds received for the purpose of providing down payment assistance to buyers purchasing single family residences. Additionally, money in the fund at the end of the fiscal year will not revert to the state General Fund.

Indiana Housing and Community Development Authority (IHCDA): The bill will increase the administrative workload of the IHCDA since the agency will be required to administer the fund and adopt rules necessary to establish eligibility requirements and protocols for awarding assistance to single family residence home buyers. Administrative expenses will be paid from the fund.

Department of State Revenue (DOR): The DOR will experience an increase in administrative workload in order to implement the bill's provisions related to the tax on single family residences owned by applicable taxpayers. The DOR will need to establish reporting requirements for the applicable taxpayers regarding their ownership of any single family residences and create a form for taxpayers to calculate their taxes owed on these properties. The DOR will also collect any revenue associated with reporting penalties.

Explanation of State Revenues: *Taxes on Excess Single Family Residential Property Holdings by Certain Entities:* The bill establishes a tax on single family residences acquired by applicable taxpayers after December 31, 2026. These taxes will be collected beginning in FY 2027. The revenue generated by this

provision is not readily determinable since the property assessment and property tax data provided by the counties do not clearly denote hedge fund ownership. Any revenue generated from this tax will be contingent on the number of applicable taxpayers and the number of single family residences that they own. Revenue from this transfer tax will be deposited in the Housing Down Payment Assistance Fund.

Reporting Penalty: This bill establishes a penalty in the amount of \$20,000 to be assessed against applicable taxpayers who fail to meet the reporting requirements for ownership of single family residences. The penalty is to be paid to the DOR, and revenue collected is to be deposited in the Housing Down Payments Assistance Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Housing and Community Development Authority; Department of State Revenue.

Local Agencies Affected:

Information Sources:

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