

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

**LS 6516**

**BILL NUMBER:** HB 1168

**NOTE PREPARED:** Dec 9, 2025

**BILL AMENDED:**

**SUBJECT:** Property Tax Exemption for Qualified Veterans.

**FIRST AUTHOR:** Rep. Klinker

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**  **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides a property tax deduction for an individual, or the surviving spouse of an individual, who has been rated by the United States Department of Veterans Affairs as individually unemployable.

**Effective Date:** July 1, 2026.

**Explanation of State Expenditures:** *Department of Local Government Finance (DLGF):* This bill's provisions will require the DLGF to modify the veterans deduction application. This modification is within the agency's routine administrative functions and should be able to be implemented with no additional appropriations.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** This bill applies a deduction of up to \$14,000 for property taxes payable beginning in 2027. The VA estimates that there are currently 6,335 veterans classified as IU in Indiana. Applying the 70.1% Indiana home ownership rate provides that an estimated 4,439 of these veterans are homeowners.

Based on these estimates, the deduction would shift about \$1.3 M in property taxes from IU veterans to all other taxpayers. Local units could experience a slight reduction in revenue due to an increase in tax cap losses, although the impact is expected to be minimal. Individuals receiving the deduction will see an average savings of approximately \$300 on their property tax bill.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Local civil taxing units and school corporations.

**Information Sources:** Local Government Database, US Census Bureau: [https://data.census.gov/table/ACSDT1Y2024.B25007?q=housing+tenure+by+state+owner+age&g=040X\\_X00US18](https://data.census.gov/table/ACSDT1Y2024.B25007?q=housing+tenure+by+state+owner+age&g=040X_X00US18), US Department of VA Compensation by County, provided by Tabor Seidl, Indianapolis VA Regional Benefit Office.

**Fiscal Analyst:** Katherine Timperman, 317-232-9571.