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HOUSE BILL No. 1177

Proposed Changes to introduced printing by AM117705

DIGEST OF PROPOSED AMENDMENT

Tax deductions. Increases the property tax deduction for a veteran who is totally disabled to an amount equal to 100% of the assessed value of the individual's real property (instead of \$14,000). Expires property tax deductions for certain veterans, and, beginning with property taxes imposed for the 2026 assessment date and thereafter, instead provides a property tax liability credit against local property taxes for veterans who previously claimed a deduction. Includes a mechanism to establish an additional maximum property tax liability credit for a veteran who previously claimed a deduction. Allows a totally disabled veteran who rents a dwelling as a principal place of residence to claim an additional renter's deduction of up to \$20,000 from the disabled veteran's adjusted gross income. Allows a partially disabled veteran who rents a dwelling as a principal place of residence to claim an additional renter's deduction of up to \$10,000 from the disabled veteran's adjusted gross income.

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 6-3.1-39.5-1, AS ADDED BY P.L.201-2023,
2 SECTION 103, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 1. As used
4 in this chapter, "Indiana qualified child care facility" means a facility
5 that is:
6 (1) a qualified child care facility (as defined in Section 45F of
7 the Internal Revenue Code);
8 (2) located in Indiana; **and**
9 (3) licensed by the division of family resources under
10 IC 12-17.2.and
11 ~~(4) operated:~~
12 (A) by a taxpayer;

2026

IN 1177—LS 6690/DI 125



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(B) by a taxpayer jointly with one (1) or more other individuals or entities; or
(C) under a contract described in Section 45F(e)(1)(A)(iii) of the Internal Revenue Code with the taxpayer.

SECTION 2. IC 6-3.1-39.5-3, AS ADDED BY P.L.201-2023, SECTION 103, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 3. As used in this chapter, "qualified child care expenditure" means an expenditure:

(1) for the acquisition, construction, rehabilitation, or expansion of property used as part of an Indiana qualified child care facility of a taxpayer that is operated for the taxpayer's employees;

(2) incurred under a contract between a taxpayer and an Indiana qualified child care facility to provide for the **operating costs**, **I** acquisition, construction, rehabilitation, or expansion of property used as part of the Indiana qualified child care facility; or

(3) for purposes of complying with the qualified child care facility licensure requirements under IC 12-17.2, as part of the taxpayer acquiring or constructing an Indiana qualified child care facility;

(4) incurred for the operating costs of an Indiana qualified child care facility of a taxpayer that is operated for the taxpayer's employees, including costs related to training of employees, to scholarship programs, and to provide increased compensation to employees with higher levels of child care training;

(5) under a contract with an Indiana qualified child care facility to provide child care services to employees of the taxpayer, or under a contract with an intermediate entity that contracts with one (1) or more Indiana qualified child care facilities for child care services; or

(6) under a contract to provide child care resources and referral services to an employee of the taxpayer.

SECTION 3. IC 6-3.1-39.5-5 IS REPEALED [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]. Sec. 5. As used in this section, "recapture event" means:

(1) the cessation of the operation of the Indiana qualified child care facility as an Indiana qualified child care facility;

(2) subject to section 12(e) of this chapter, a change in ownership of an Indiana qualified child care facility for which a credit was allowed under this chapter unless the person

2026

IN 1177—LS 6690/DI 125



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1 acquiring an interest agrees to assume the recapture liability of
 2 the person disposing of an interest; or
 3 (3) the use of an Indiana qualified child care facility for the
 4 enrollment of a child from any individual who is not an
 5 employee of the taxpayer.

6 The term does not include a cessation of operation or change in
 7 ownership due to accident or casualty.

8 SECTION 4. IC 6-3.1-39.5-7, AS ADDED BY P.L.201-2023,
 9 SECTION 103, IS AMENDED TO READ AS FOLLOWS
 10 [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 7. As used
 11 in this chapter, "taxpayer" means any person, corporation, limited
 12 liability company, partnership, or other entity that has any state tax
 13 liability and employs **one hundred (100) five hundred (500)**
 14 individuals or less. The term includes a pass through entity. However,
 15 the term does not include a taxpayer who is in the business of operating
 16 a child care facility prior to making qualified expenditures.

17 SECTION 5. IC 6-3.1-39.5-12 IS REPEALED [EFFECTIVE
 18 JANUARY 1, 2026 (RETROACTIVE)]. Sec. 12. (a) If a recapture
 19 event occurs with respect to an Indiana qualified child care facility
 20 within five (5) years after the end of the taxable year in which a credit
 21 was allowed, the taxpayer is responsible for payment to the department
 22 of a recapture amount. The recapture amount is equal to the following:

- 23 (1) One hundred percent (100%) of the credit after the end of the
 24 first taxable year in which the credit was allowed.
- 25 (2) Eighty percent (80%) of the credit after the end of the second
 26 taxable year in which the credit was allowed.
- 27 (3) Sixty percent (60%) of the credit after the end of the third
 28 taxable year in which the credit was allowed.
- 29 (4) Forty percent (40%) of the credit after the end of the fourth
 30 taxable year in which the credit was allowed.
- 31 (5) Twenty percent (20%) of the credit after the end of the fifth
 32 taxable year in which the credit was allowed.

33 (b) Any recapture tax liability must be reported by the taxpayer on
 34 the taxpayer's annual state income tax return for the taxable year during
 35 which the use was converted.

36 (c) A recapture event is not considered to have occurred as a result
 37 of a change in ownership of an Indiana qualified child care facility for
 38 which a credit was allowed under this chapter if, before the change in
 39 ownership transaction is completed, the person acquiring an interest in
 40 the facility agrees in writing to assume the liability of the taxpayer for
 41 any recapture amount that becomes owed. In the event of such an
 42 assumption, the person acquiring the interest in the facility shall be

2026

IN 1177—LS 6690/DI 125



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1 treated as the taxpayer for purposes of assessing any recapture liability
 2 that becomes owed due to a subsequent recapture event, computed as
 3 if there had been no change in ownership, and is responsible for
 4 payment to the department of the recapture amount.

5 SECTION 6.[IC 6-1.1-12-13, AS AMENDED BY P.L.230-2025,
 6 SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 13. (a) Except as
 8 provided in section 40.5 of this chapter, an individual may have
 9 twenty-four thousand nine hundred sixty dollars (\$24,960) deducted
 10 from the assessed value of the taxable tangible property that the
 11 individual owns, or real property, a mobile home not assessed as real
 12 property, or a manufactured home not assessed as real property that the
 13 individual is buying under a contract that provides that the individual
 14 is to pay property taxes on the real property, mobile home, or
 15 manufactured home, if the contract or a memorandum of the contract
 16 is recorded in the county recorder's office and if:

17 (1) the individual served in the military or naval forces of the
 18 United States during any of its wars;
 19 (2) the individual received an honorable discharge;
 20 (3) the individual has a disability with a service connected
 21 disability of ten percent (10%) or more;
 22 (4) the individual's disability is evidenced by:
 23 (A) a pension certificate, an award of compensation, or a
 24 disability compensation check issued by the United States
 25 Department of Veterans Affairs; or
 26 (B) a certificate of eligibility issued to the individual by the
 27 Indiana department of veterans' affairs after the Indiana
 28 department of veterans' affairs has determined that the
 29 individual's disability qualifies the individual to receive a
 30 deduction under this section; and
 31 (5) the individual:
 32 (A) owns the real property, mobile home, or manufactured
 33 home; or
 34 (B) is buying the real property, mobile home, or
 35 manufactured home under contract;
 36 on the date the statement required by section 15 of this chapter
 37 is filed.
 38 (b) The surviving spouse of an individual may receive the
 39 deduction provided by this section if the individual satisfied the
 40 requirements of subsection (a)(1) through (a)(4) at the time of death
 41 and the surviving spouse satisfies the requirement of subsection (a)(5)
 42 at the time the deduction statement is filed. The surviving spouse is



1 entitled to the deduction regardless of whether the property for which
 2 the deduction is claimed was owned by the deceased veteran or the
 3 surviving spouse before the deceased veteran's death.

4 (c) One who receives the deduction provided by this section may
 5 not receive the deduction provided by section 16 of this chapter.
 6 However, the individual may receive any other property tax deduction
 7 which the individual is entitled to by law.

8 (d) An individual who has sold real property, a mobile home not
 9 assessed as real property, or a manufactured home not assessed as real
 10 property to another person under a contract that provides that the
 11 contract buyer is to pay the property taxes on the real property, mobile
 12 home, or manufactured home may not claim the deduction provided
 13 under this section against that real property, mobile home, or
 14 manufactured home.

15 **(e) This section applies only to property taxes imposed for an**
 16 **assessment date before January 1, 2026.**

17 **(f) This section expires January 1, 2028.**

18 SECTION 7. IC 6-1.1-12-14, AS AMENDED BY P.L.230-2025,
 19 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 14. (a) Except as
 21 provided in subsection (c) and except as provided in section 40.5 of
 22 this chapter, an individual may have the sum of fourteen thousand
 23 dollars (\$14,000) **one hundred percent (100%) of the assessed value**
 24 deducted from the assessed value of the real property, mobile home not
 25 assessed as real property, or manufactured home not assessed as real
 26 property that the individual owns (or the real property, mobile home
 27 not assessed as real property, or manufactured home not assessed as
 28 real property that the individual is buying under a contract that
 29 provides that the individual is to pay property taxes on the real
 30 property, mobile home, or manufactured home if the contract or a
 31 memorandum of the contract is recorded in the county recorder's office)
 32 if:

33 (1) the individual served in the military or naval forces of the
 34 United States for at least ninety (90) days;

35 (2) the individual received an honorable discharge;

36 (3) the individual either:

37 (A) has a total disability; or

38 (B) is at least sixty-two (62) years old; and has a disability
 39 of at least ten percent (10%).

40 (4) the individual's disability is evidenced by:

41 (A) a pension certificate or an award of compensation
 42 issued by the United States Department of Veterans Affairs;



or
(B) a certificate of eligibility issued to the individual by the Indiana department of veterans' affairs after the Indiana department of veterans' affairs has determined that the individual's disability qualifies the individual to receive a deduction under this section; and

(5) the individual:

(A) owns the real property, mobile home, or manufactured home; or

(B) is buying the real property, mobile home, or manufactured home under contract;

on the date the statement required by section 15 of this chapter is filed.

(b) Except as provided in subsections (c) and (d), the surviving spouse of an individual may receive the deduction provided by this section if:

(1) the individual satisfied the requirements of subsection (a)(1) through (a)(4) at the time of death; or

(2) the individual:

(A) was killed in action;

(B) died while serving on active duty in the military or naval forces of the United States; or

(C) died while performing inactive duty training

the surviving spouse satisfies the requirement of subsection (a)(5) at the time the deduction statement is filed. The surviving spouse is entitled to the deduction regardless of whether the property for which the deduction is claimed was owned by the deceased veteran or the surviving spouse before the deceased veteran's death

(c) Except as provided in subsection (f), no one is entitled to the deduction provided by this section if the assessed value of the individual's Indiana real property, Indiana mobile home not assessed as real property, and Indiana manufactured home not assessed as real property, as shown by the tax duplicate, exceeds the assessed value limit specified in subsection (d).

(d) Except as provided in subsection (f), for the:

(1) January 1, 2017, January 1, 2018, and January 1, 2019, assessment dates, the assessed value limit for purposes of subsection (c) is one hundred seventy-five thousand dollars (\$175 000);

(2) January 1, 2020, January 1, 2021, January 1, 2022, and January 1, 2023, assessment dates, the assessed value limit for



1 purposes of subsection (c) is two hundred thousand dollars
 2 (\$200,000); and

3 (3) January 1, 2024, assessment date and for each assessment
 4 date thereafter, the assessed value limit for purposes of
 5 subsection (c) is two hundred forty thousand dollars (\$240,000).

6 (e) An individual who has sold real property, a mobile home not
 7 assessed as real property, or a manufactured home not assessed as real
 8 property to another person under a contract that provides that the
 9 contract buyer is to pay the property taxes on the real property, mobile
 10 home, or manufactured home may not claim the deduction provided
 11 under this section against that real property, mobile home, or
 12 manufactured home.

13 (f) For purposes of determining the assessed value of the real
 14 property, mobile home, or manufactured home under subsection (d) for
 15 an individual who has received a deduction under this section in a
 16 previous year, increases in assessed value that occur after the later of:

17 (1) December 31, 2019; or

18 (2) the first year that the individual has received the deduction;
 19 are not considered unless the increase in assessed value is attributable
 20 to substantial renovation or new improvements. Where there is an
 21 increase in assessed value for purposes of the deduction under this
 22 section, the assessor shall provide a report to the county auditor
 23 describing the substantial renovation or new improvements, if any, that
 24 were made to the property prior to the increase in assessed value.

25 SECTION 8. IC 6-1.1-12-14.5, AS AMENDED BY P.L.230-2025,
 26 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 14.5. (a) As used in this
 28 section, "homestead" has the meaning set forth in section 37 of this
 29 chapter.

30 (b) An individual may claim a deduction from the assessed value
 31 of the individual's homestead if:

32 (1) the individual served in the military or naval forces of the
 33 United States for at least ninety (90) days;

34 (2) the individual received an honorable discharge;

35 (3) the individual has a disability of at least fifty percent (50%);

36 (4) the individual's disability is evidenced by:

37 (A) a pension certificate or an award of compensation
 38 issued by the United States Department of Veterans Affairs;
 39 or

40 (B) a certificate of eligibility issued to the individual by the
 41 Indiana department of veterans' affairs after the Indiana
 42 department of veterans' affairs has determined that the



individual's disability qualifies the individual to receive a deduction under this section; and

(5) the homestead was conveyed without charge to the individual who is the owner of the homestead by an organization that is exempt from income taxation under the federal Internal Revenue Code.

(c) If an individual is entitled to a deduction from assessed value under subsection (b) for the individual's homestead, the amount of the deduction is determined as follows:

(1) If the individual is totally disabled, the deduction is equal to one hundred percent (100%) of the assessed value of the homestead.

(2) If the individual has a disability of at least ninety percent (90%) but the individual is not totally disabled, the deduction is equal to ninety percent (90%) of the assessed value of the homestead.

(3) If the individual has a disability of at least eighty percent (80%) but less than ninety percent (90%), the deduction is equal to eighty percent (80%) of the assessed value of the homestead.

(4) If the individual has a disability of at least seventy percent (70%) but less than eighty percent (80%), the deduction is equal to seventy percent (70%) of the assessed value of the homestead.

(5) If the individual has a disability of at least sixty percent (60%) but less than seventy percent (70%), the deduction is equal to sixty percent (60%) of the assessed value of the homestead.

(6) If the individual has a disability of at least fifty percent (50%) but less than sixty percent (60%), the deduction is equal to fifty percent (50%) of the assessed value of the homestead.

(d) An individual who claims a deduction under this section for an assessment date may not also claim a deduction under section 13 (before its expiration) or 14 of this chapter for that same assessment date.

(e) An individual who desires to claim the deduction under this section must claim the deduction in the manner specified by the department of local government finance.

SECTION 9. IC 6-1.1-12-15, AS AMENDED BY P.L.230-2025, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 15. (a) Except as provided in section 17.8 of this chapter and subject to section 45 of this chapter, an individual who desires to claim the deduction provided by section 13 or 14 of this chapter must file a statement with the auditor

2026

IN 1177—LS 6690/DI 125



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1 of the county in which the individual resides. To obtain the deduction
 2 for a desired calendar year in which property taxes are first due and
 3 payable, the statement must be completed, dated, and filed with the
 4 county auditor on or before January 15 of the calendar year in which
 5 the property taxes are first due and payable. The statement may be filed
 6 in person or by mail. If mailed, the mailing must be postmarked on or
 7 before the last day for filing. The statement shall contain a sworn
 8 declaration that the individual is entitled to the deduction.

9 (b) In addition to the statement, the individual shall submit to the
 10 county auditor for the auditor's inspection:

11 (1) a pension certificate, an award of compensation, or a
 12 disability compensation check issued by the United States
 13 Department of Veterans Affairs if the individual claims the
 14 deduction provided by section 13 of this chapter;

15 (2) (1) a pension certificate or an award of compensation issued
 16 by the United States Department of Veterans Affairs if the
 17 individual claims the deduction provided by section 14 of this
 18 chapter; or

19 (3) (2) the appropriate certificate of eligibility issued to the
 20 individual by the Indiana department of veterans' affairs if the
 21 individual claims the deduction provided by section 13 or 14 of
 22 this chapter.

23 (c) If the individual claiming the deduction is under guardianship,
 24 the guardian shall file the statement required by this section. If a
 25 deceased veteran's surviving spouse is claiming the deduction, the
 26 surviving spouse shall provide the documentation necessary to
 27 establish that at the time of death the deceased veteran satisfied the
 28 requirements of section 13(a)(1) through 13(a)(4) of this chapter;
 29 section 14(a)(1) through 14(a)(4) of this chapter or section 14(b)(2) of
 30 this chapter, whichever applies.

31 (d) If the individual claiming a deduction under section 13 or 14
 32 of this chapter is buying real property, a mobile home not assessed as
 33 real property, or a manufactured home not assessed as real property
 34 under a contract that provides that the individual is to pay property
 35 taxes for the real estate, mobile home, or manufactured home, the
 36 statement required by this section must contain the record number and
 37 page where the contract or memorandum of the contract is recorded.

38 SECTION 10. IC 6-1.1-12-16, AS AMENDED BY P.L.68-2025,
 39 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 40 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 16. (a) Except as
 41 provided in section 40.5 of this chapter, a surviving spouse may have
 42 the sum of eighteen thousand seven hundred twenty dollars (\$18,720)

2026

IN 1177—LS 6690/DI 125



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1 deducted from the assessed value of the surviving spouse's tangible
 2 property, or real property, mobile home not assessed as real property,
 3 or manufactured home not assessed as real property that the surviving
 4 spouse is buying under a contract that provides that the surviving
 5 spouse is to pay property taxes on the real property, mobile home, or
 6 manufactured home, if the contract or a memorandum of the contract
 7 is recorded in the county recorder's office, and if:

8 (1) the deceased spouse served in the military or naval forces of
 9 the United States before November 12, 1918;
 10 (2) the deceased spouse received an honorable discharge; and
 11 (3) the surviving spouse:

12 (A) owns the real property, mobile home, or manufactured
 13 home; or
 14 (B) is buying the real property, mobile home, or
 15 manufactured home under contract;

16 on the date the statement required by section 17 of this chapter
 17 is filed.

18 (b) A surviving spouse who receives the deduction provided by
 19 this section may not receive the deduction provided by section 13
 20 (before its expiration) of this chapter. However, the surviving spouse
 21 may receive any other deduction which the surviving spouse is entitled
 22 to by law.

23 (c) An individual who has sold real property, a mobile home not
 24 assessed as real property, or a manufactured home not assessed as real
 25 property to another person under a contract that provides that the
 26 contract buyer is to pay the property taxes on the real property, mobile
 27 home, or manufactured home may not claim the deduction provided
 28 under this section against that real property, mobile home, or
 29 manufactured home.

30 (d) This section applies only to property taxes imposed for an
 31 assessment date before January 1, 2025.

32 (e) This section expires January 1, 2027.

33 SECTION 11. IC 6-1.1-12-17.8, AS AMENDED BY THE
 34 TECHNICAL CORRECTIONS BILL OF THE 2026 GENERAL
 35 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 17.8. (a) An individual
 37 who receives a deduction provided under section 9 (before its
 38 expiration), 11 (before its expiration), 13 (before its expiration), 14,
 39 16 (before its expiration), 17.4 (before its expiration), or 37 of this
 40 chapter in a particular year and who remains eligible for the deduction
 41 in the following year is not required to file a statement to apply for the
 42 deduction in the following year. However, for purposes of a deduction



1 under section 37 of this chapter, the county auditor may, in the county
 2 auditor's discretion, terminate the deduction for assessment dates after
 3 January 15, 2012, if the individual does not comply with the
 4 requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as
 5 determined by the county auditor, before January 1, 2013. Before the
 6 county auditor terminates the deduction because the taxpayer claiming
 7 the deduction did not comply with the requirement in
 8 IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013,
 9 the county auditor shall mail notice of the proposed termination of the
 10 deduction to:

11 (1) the last known address of each person liable for any property
 12 taxes or special assessment, as shown on the tax duplicate or
 13 special assessment records; or

14 (2) the last known address of the most recent owner shown in the
 15 transfer book.

16 (b) An individual who receives a deduction provided under section
 17 9 (before its expiration), 11 (before its expiration), 13 (before its
 18 expiration), 14, 16 (before its expiration), or 17.4 (before its
 19 expiration) of this chapter in a particular year and who becomes
 20 ineligible for the deduction in the following year shall notify the auditor
 21 of the county in which the real property, mobile home, or manufactured
 22 home for which the individual claims the deduction is located of the
 23 individual's ineligibility in the year in which the individual becomes
 24 ineligible. An individual who becomes ineligible for a deduction under
 25 section 37 of this chapter shall notify the county auditor of the county
 26 in which the property is located in conformity with section 37 of this
 27 chapter.

28 (c) The auditor of each county shall, in a particular year, apply a
 29 deduction provided under section 9 (before its expiration), 11 (before
 30 its expiration), 13 (before its expiration), 14, 16 (before its
 31 expiration), 17.4 (before its expiration), or 37 of this chapter to each
 32 individual who received the deduction in the preceding year unless the
 33 auditor determines that the individual is no longer eligible for the
 34 deduction.

35 (d) An individual who receives a deduction provided under section
 36 9 (before its expiration), 11 (before its expiration), 13 (before its
 37 expiration), 14, 16 (before its expiration), 17.4 (before its expiration),
 38 or 37 of this chapter for property that is jointly held with another owner
 39 in a particular year and remains eligible for the deduction in the
 40 following year is not required to file a statement to reapply for the
 41 deduction following the removal of the joint owner if:

42 (1) the individual is the sole owner of the property following the



1 death of the individual's spouse; or
 2 (2) the individual is the sole owner of the property following the
 3 death of a joint owner who was not the individual's spouse.

4 If a county auditor terminates a deduction under section 9 of this
 5 chapter (before its expiration), a deduction under section 37 of this
 6 chapter, or a credit under IC 6-1.1-20.6-8.5 after June 30, 2017, and
 7 before May 1, 2019, because the taxpayer claiming the deduction or
 8 credit did not comply with a requirement added to this subsection by
 9 P.L.255-2017 to reapply for the deduction or credit, the county auditor
 10 shall reinstate the deduction or credit if the taxpayer provides proof that
 11 the taxpayer is eligible for the deduction or credit and is not claiming
 12 the deduction or credit for any other property.

13 (e) A trust entitled to a deduction under section 9 (before its
 14 expiration), 11 (before its expiration), 13 (before its expiration), 14,
 15 16 (before its expiration), 17.4 (before its expiration), or 37 of this
 16 chapter for real property owned by the trust and occupied by an
 17 individual in accordance with section 17.9 of this chapter (before its
 18 expiration) is not required to file a statement to apply for the deduction,
 19 if:

20 (1) the individual who occupies the real property receives a
 21 deduction provided under section 9 (before its expiration), 11
 22 (before its expiration), 13 (before its expiration), 14, 16 (before
 23 its expiration), 17.4 (before its expiration), or 37 of this chapter
 24 in a particular year; and
 25 (2) the trust remains eligible for the deduction in the following
 26 year.

27 However, for purposes of a deduction under section 37 of this chapter,
 28 the individuals that qualify the trust for a deduction must comply with
 29 the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015)
 30 before January 1, 2013.

31 (f) A cooperative housing corporation (as defined in 26 U.S.C.
 32 216) that is entitled to a deduction under section 37 of this chapter in
 33 the immediately preceding calendar year for a homestead (as defined
 34 in section 37 of this chapter) is not required to file a statement to apply
 35 for the deduction for the current calendar year if the cooperative
 36 housing corporation remains eligible for the deduction for the current
 37 calendar year. However, the county auditor may, in the county auditor's
 38 discretion, terminate the deduction for assessment dates after January
 39 15, 2012, if the individual does not comply with the requirement in
 40 IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the
 41 county auditor, before January 1, 2013. Before the county auditor
 42 terminates a deduction because the taxpayer claiming the deduction did



1 not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired
 2 January 1, 2015) before January 1, 2013, the county auditor shall mail
 3 notice of the proposed termination of the deduction to:

4 (1) the last known address of each person liable for any property
 5 taxes or special assessment, as shown on the tax duplicate or
 6 special assessment records; or
 7 (2) the last known address of the most recent owner shown in the
 8 transfer book.

9 (g) An individual who:

10 (1) was eligible for a homestead credit under IC 6-1.1-20.9
 11 (repealed) for property taxes imposed for the March 1, 2007, or
 12 January 15, 2008, assessment date; or
 13 (2) would have been eligible for a homestead credit under
 14 IC 6-1.1-20.9 (repealed) for property taxes imposed for the
 15 March 1, 2008, or January 15, 2009, assessment date if
 16 IC 6-1.1-20.9 had not been repealed;

17 is not required to file a statement to apply for a deduction under section
 18 37 of this chapter if the individual remains eligible for the deduction in
 19 the current year. An individual who filed for a homestead credit under
 20 IC 6-1.1-20.9 (repealed) for an assessment date after March 1, 2007 (if
 21 the property is real property), or after January 1, 2008 (if the property
 22 is personal property), shall be treated as an individual who has filed for
 23 a deduction under section 37 of this chapter. However, the county
 24 auditor may, in the county auditor's discretion, terminate the deduction
 25 for assessment dates after January 15, 2012, if the individual does not
 26 comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January
 27 1, 2015), as determined by the county auditor, before January 1, 2013.
 28 Before the county auditor terminates the deduction because the
 29 taxpayer claiming the deduction did not comply with the requirement
 30 in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1,
 31 2013, the county auditor shall mail notice of the proposed termination
 32 of the deduction to the last known address of each person liable for any
 33 property taxes or special assessment, as shown on the tax duplicate or
 34 special assessment records, or to the last known address of the most
 35 recent owner shown in the transfer book.

36 (h) If a county auditor terminates a deduction because the taxpayer
 37 claiming the deduction did not comply with the requirement in
 38 IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013,
 39 the county auditor shall reinstate the deduction if the taxpayer provides
 40 proof that the taxpayer is eligible for the deduction and is not claiming
 41 the deduction for any other property.

42 (i) A taxpayer described in section 37(r) of this chapter is not



1 required to file a statement to apply for the deduction provided by
 2 section 37 of this chapter if the property owned by the taxpayer remains
 3 eligible for the deduction for that calendar year.

4 SECTION 12. IC 6-1.1-12-17.9, AS AMENDED BY
 5 P.L.230-2025, SECTION 36, IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]:
 7 Sec. 17.9. A trust is entitled to a deduction under section 9 (before its
 8 expiration), 11 (before its expiration), 13 (before its expiration), 14,
 9 16 (before its expiration), or 17.4 (before its expiration) of this chapter
 10 for real property owned by the trust and occupied by an individual if
 11 the county auditor determines that the individual:

12 (1) upon verification in the body of the deed or otherwise, has
 13 either:

14 (A) a beneficial interest in the trust; or
 15 (B) the right to occupy the real property rent free under the
 16 terms of a qualified personal residence trust created by the
 17 individual under United States Treasury Regulation
 18 25.2702-5(c)(2); and

19 (2) otherwise qualifies for the deduction.

20 SECTION 13. IC 6-1.1-12-43, AS AMENDED BY P.L.230-2025,
 21 SECTION 37, AND AS AMENDED BY P.L.186-2025, SECTION
 22 292, AND AS AMENDED BY THE TECHNICAL CORRECTIONS
 23 BILL OF THE 2026 GENERAL ASSEMBLY, IS CORRECTED AND
 24 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,
 25 2026 (RETROACTIVE)]: Sec. 43. (a) For purposes of this section:

26 (1) "benefit" refers to a deduction under section 9 (before its
 27 expiration), 11 (before its expiration), 13 (before its expiration),
 28 14, (before its expiration), 16 (before its expiration), 17.4
 29 (before its expiration), 26 (before its expiration), 29 (before its
 30 expiration), 33 (before its expiration), 34 (before its expiration),
 31 37, or 37.5 of this chapter;

32 (2) "closing agent" means a person that closes a transaction;
 33 (3) "customer" means an individual who obtains a loan in a
 34 transaction; and

35 (4) "transaction" means a single family residential:

36 (A) first lien purchase money mortgage transaction; or
 37 (B) refinancing transaction.

38 (b) Before closing a transaction after December 31, 2004, a
 39 closing agent must provide to the customer the form referred to in
 40 subsection (c).

41 (c) Before June 1, 2004, The department of local government
 42 finance shall prescribe the form to be provided by closing agents to



1 customers under subsection (b). The department shall make the form
 2 available to closing agents, county assessors, county auditors, and
 3 county treasurers in hard copy and electronic form. County assessors,
 4 county auditors, and county treasurers shall make the form available to
 5 the general public. The form must:

6 (1) on one (1) side:

7 (A) list each benefit; and

8 (B) list the eligibility criteria for each benefit;

9 (2) on the other side indicate:

10 (A) each action by and each type of documentation from the
 customer required to file for each benefit; and

11 (B) sufficient instructions and information to permit a party
 to terminate a standard deduction under section 37 of this
 chapter on any property on which the party or the spouse of
 the party will no longer be eligible for the standard
 deduction under section 37 of this chapter after the party or
 the party's spouse begins to reside at the property that is the
 subject of the closing, including an explanation of the tax
 consequences and applicable penalties, if a party unlawfully
 claims a standard deduction under section 37 of this
 chapter; and

12 (3) be printed in one (1) of two (2) or more colors prescribed by
 the department of local government finance that distinguish the
 form from other documents typically used in a closing referred
 to in subsection (b).

13 (d) A closing agent:

14 (1) may reproduce the form referred to in subsection (c);

15 (2) in reproducing the form, must use a print color prescribed by
 the department of local government finance; and

16 (3) is not responsible for the content of the form referred to in
 subsection (c) and shall be held harmless by the department of
 local government finance from any liability for the content of the
 form.

17 (e) *This subsection applies to a transaction that is closed after
 December 31, 2009. In addition to providing the customer the form
 described in subsection (c) before closing the transaction, a closing
 agent shall do the following as soon as possible after the closing, and
 within the time prescribed by the department of insurance under
 IC 27-7-3-15.5.*

18 (1) *To the extent determinable, input the information described
 in IC 27-7-3-15.5(c)(2) into the system maintained by the
 department of insurance under IC 27-7-3-15.5.*



(2) Submit the form described in IC 27-7-3-15.5(c) to the data base described in IC 27-7-3-15.5(c)(2)(D).

(f) A closing agent to which this section applies shall document the closing agent's compliance with this section with respect to each transaction in the form of verification of compliance signed by the customer.

(g) Subject to IC 27-7-3-15.5(d), a closing agent is subject to a civil penalty of twenty-five dollars (\$25) for each instance in which the closing agent fails to comply with this section with respect to a customer. The penalty:

(f) may be enforced by the state agency that has administrative jurisdiction over the closing agent in the same manner that the agency enforces the payment of fees or other penalties payable to the agency; and

(2) shall be paid into:

(A) the state general fund, if the closing agent fails to comply with subsection (b); or

(B) the home ownership education account established by IC 5-20-1-27, if the closing agent fails to comply with subsection (e) in a transaction that is closed after December 31, 2009;

(ii) A closing agent is not liable for any other damages claimed by a customer because of:

(f) the closing agent's mere failure to provide the appropriate document to the customer under subsection (b); or

(2) with respect to a transaction that is closed after December 31, 2009, the closing agent's failure to input the information or submit the form described in subsection (e).

(f) The state agency that has administrative jurisdiction over a closing agent shall:

(f) examine the closing agent to determine compliance with this section; and

(2) impose and collect penalties under subsection (g).

SECTION 14. IC 6-1.1-12-46, AS AMENDED BY P.L.230-2025, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 46. (a) This section applies to real property for an assessment date in 2011 or a later year if:

(1) the real property is not exempt from property taxation for the assessment date;

(2) title to the real property is transferred after the assessment date and on or before the December 31 that next succeeds the



1 assessment date;
2 (3) the transferee of the real property applies for an exemption
3 under IC 6-1.1-11 for the next succeeding assessment date; and
4 (4) the county property tax assessment board of appeals
5 determines that the real property is exempt from property
6 taxation for that next succeeding assessment date.

- (1) IC 6-1.1-12-1 (before its repeal).
- (2) IC 6-1.1-12-9 (before its expiration).
- (3) IC 6-1.1-12-11 (before its expiration).
- (4) IC 6-1.1-12-13 (before its expiration).
- (5) IC 6-1.1-12-14.
- (6) IC 6-1.1-12-16 (before its expiration).
- (7) IC 6-1.1-12-17.4 (before its expiration).
- (8) IC 6-1.1-12-18 (before its expiration).
- (9) IC 6-1.1-12-22 (before its expiration).
- (10) IC 6-1.1-12-37.
- (11) IC 6-1.1-12-37.5.

22 (c) For the payment date applicable to the assessment date referred
23 to in subsection (a)(1), real property is eligible for the credit for
24 excessive residential property taxes under IC 6-1.1-20.6 for which the
25 transferor under subsection (a)(2) would be eligible for that payment
26 date if the transfer had not occurred.

27 SECTION 15. IC 6-1.1-22-19, AS ADDED BY P.L.230-2025,
28 SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 19. (a) This section
30 applies to real property tax statements provided to taxpayers after
31 December 31, 2025.

(b) In a manner determined by the department of local government finance, the department of local government finance shall include on the coupon page of the property tax statement prescribed by the department of local government finance educational information regarding the eligibility and procedures for the following deductions and credit credits available to certain eligible taxpayers:

(1) The deduction for a veteran with a partial disability under IC 6-1.1-12-13 (before its expiration).

(2) The deduction for a totally disabled veteran or a veteran who is at least sixty-two (62) years of age who is partially disabled under IC 6-1.1-12-14.

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- (3) The deduction for a disabled veteran under IC 6-1.1-12-14.5.
- (4) The credit for a person sixty-five (65) years of age or older under IC 6-1.1-51.3-1.

(5) The credit for a disabled veteran or a veteran who is at least sixty-two (62) years of age under IC 6-1.1-51.3-5.

(6) The credit for a veteran with a partial disability under IC 6-1.1-51.3-6.

SECTION 16. IC 6-1.1-37-4, AS AMENDED BY P.L.230-2025, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 4. A person who makes false statement, with intent to obtain the property tax deduction provided in either IC 6-1.1-12-13 (before its expiration) or IC 6-1.1-12-14 when the person is not entitled to the deduction, commits a Class B misdemeanor.

SECTION 17. IC 6-1.1-51.3-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 5. (a) An individual is entitled to a credit against local property taxes imposed on the individual's real property, or mobile home or manufactured home within the county, if:

- (1) the individual served in the military or naval forces of the United States for at least ninety (90) days;**
- (2) the individual received an honorable discharge;**
- (3) the individual is at least sixty-two (62) years of age and has a disability of at least ten percent (10%);**
- (4) the individual's disability is evidenced by:**

(A) a pension certificate or an award of compensation issued by the United States Department of Veterans Affairs; or

(B) a certificate of eligibility issued to the individual by the Indiana department of veterans' affairs after the Indiana department of veterans' affairs has determined that the individual's disability qualifies the individual to receive a credit under this section; and

(5) the individual:

(A) owns the real property, mobile home, or manufactured home; or

(B) is buying the real property, mobile home, or manufactured home under contract;

on the date the credit is claimed, and in the case of clause (B), the contract or a memorandum of the contract is recorded in the county recorder's office.



1 **(b) The amount of the credit is equal to three hundred dollars**
 2 **(\$300).**

3 **(c) The surviving spouse of an individual may receive the**
 4 **credit provided by this section if:**

5 **(1) the individual satisfied the requirements of subsection**

6 **(a)(1) through (a)(4) at the time of death; or**

7 **(2) the individual:**

8 **(A) was killed in action;**

9 **(B) died while serving on active duty in the military or**
 10 **naval forces of the United States; or**

11 **(C) died while performing inactive duty training in the**
 12 **military or naval forces of the United States;**

13 **and the surviving spouse satisfies the requirement of subsection**
 14 **(a)(5) at the time the credit is claimed. The surviving spouse is**
 15 **entitled to the credit regardless of whether the property for which**
 16 **the credit is claimed was owned by the deceased veteran or the**
 17 **surviving spouse before the deceased veteran's death.**

18 **(d) An individual who receives the credit provided by this**
 19 **section may not receive the credit provided by section 1 of this**
 20 **chapter. However, the individual may receive any other property**
 21 **tax credit that the individual is entitled to by law.**

22 **(e) An individual who has sold real property or a mobile home**
 23 **or manufactured home to another person under a contract that**
 24 **provides that the contract buyer is to pay the property taxes on the**
 25 **real property, mobile home, or manufactured home may not claim**
 26 **the credit provided under this section against that real property,**
 27 **mobile home, or manufactured home.**

28 **(f) An individual wishing to claim a credit under this section**
 29 **must file a statement, on forms prescribed by the department of**
 30 **local government finance, with the county auditor and provide**
 31 **documentation necessary to substantiate the individual's eligibility**
 32 **for the credit. The statement must be completed and dated on or**
 33 **before January 15 of the calendar year in which the property taxes**
 34 **are first due and payable. The statement may be filed in person or**
 35 **by mail. If mailed, the mailing must be postmarked on or before**
 36 **the last day for filing. An individual who remains eligible for the**
 37 **credit in the following year is not required to file a statement to**
 38 **apply for the credit in the following year. However, an individual**
 39 **who receives a credit under this section in a particular year and**
 40 **who becomes ineligible for the credit in the following year shall**
 41 **notify the auditor of the county in which the homestead is located**
 42 **of the individual's ineligibility not later than sixty (60) days after**



1 the individual becomes ineligible.

2 SECTION 18. IC 6-1.1-51.3-6 IS ADDED TO THE INDIANA
 3 CODE AS A NEW SECTION TO READ AS FOLLOWS
 4 [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 6. (a) An
 5 individual is entitled to a credit against local property taxes
 6 imposed on the individual's real property, mobile home, or
 7 manufactured home within the county, if:

8 (1) the individual served in the military or naval forces of the
 9 United States during any of its wars;

10 (2) the individual received an honorable discharge;

11 (3) the individual has a disability with a service connected
 12 disability of ten percent (10%) or more;

13 (4) the individual's disability is evidenced by:

14 (A) a pension certificate, an award of compensation, or
 15 a disability compensation check issued by the United
 16 States Department of Veterans Affairs; or

17 (B) a certificate of eligibility issued to the individual by
 18 the Indiana department of veterans' affairs after the
 19 Indiana department of veterans' affairs has determined
 20 that the individual's disability qualifies the individual to
 21 receive a credit under this section; and

22 (5) the individual:

23 (A) owns the real property, mobile home, or
 24 manufactured home; or

25 (B) is buying the real property, mobile home, or
 26 manufactured home under contract;

27 on the date the credit is claimed, and in the case of clause (B),
 28 the contract or a memorandum of the contract is recorded in
 29 the county recorder's office.

30 (b) The amount of the credit is equal to four hundred dollars
 31 (\$400).

32 (c) The surviving spouse of an individual may receive the
 33 credit provided by this section if the individual satisfied the
 34 requirements of subsection (a)(1) through (a)(4) at the time of
 35 death and the surviving spouse satisfies the requirement of
 36 subsection (a)(5) at the time the credit is claimed. The surviving
 37 spouse is entitled to the credit regardless of whether the property
 38 for which the credit is claimed was owned by the deceased veteran
 39 or the surviving spouse before the deceased veteran's death.

40 (d) An individual who receives the credit provided by this
 41 section may not receive the credit provided by section 1 of this
 42 chapter. However, the individual may receive any other property



1 tax credit that the individual is entitled to by law.

2 (e) An individual who has sold real property or a mobile home
 3 or manufactured home to another person under a contract that
 4 provides that the contract buyer is to pay the property taxes on the
 5 real property, mobile home, or manufactured home may not claim
 6 the credit provided under this section against that real property,
 7 mobile home, or manufactured home.

8 (f) An individual wishing to claim a credit under this section
 9 must file a statement, on forms prescribed by the department of
 10 local government finance, with the county auditor and provide
 11 documentation necessary to substantiate the individual's eligibility
 12 for the credit. The statement must be completed and dated on or
 13 before January 15 of the calendar year in which the property taxes
 14 are first due and payable. The statement may be filed in person or
 15 by mail. If mailed, the mailing must be postmarked on or before
 16 the last day for filing. An individual who remains eligible for the
 17 credit in the following year is not required to file a statement to
 18 apply for the credit in the following year. However, an individual
 19 who receives a credit under this section in a particular year and
 20 who becomes ineligible for the credit in the following year shall
 21 notify the auditor of the county in which the homestead is located
 22 of the individual's ineligible not later than sixty (60) days after
 23 the individual becomes ineligible.

24 SECTION 19. IC 6-1.1-53 IS ADDED TO THE INDIANA CODE
 25 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 26 JANUARY 1, 2026 (RETROACTIVE)]:

27 **Chapter 53. Maximum Property Tax Liability Credit for**
 28 **Certain Veterans**

29 **Sec. 1. This chapter applies only to property taxes imposed for**
 30 **assessment dates after December 31, 2025, and before January 1,**
 31 **2033.**

32 **Sec. 2. As used in this chapter, "qualified individual" means an**
 33 **individual who:**

- 34 **(1) received a property tax deduction for the January 1,**
 35 **2025, assessment date under IC 6-1.1-12-13 (before its**
 36 **expiration); and**
- 37 **(2) is entitled to and is claiming a property tax credit for the**
 38 **current assessment date under:**

- 39 **(A) IC 6-1.1-51.3-5; or**
- 40 **(B) IC 6-1.1-51.3-6.**

41 **Sec. 3. For each assessment date, each county auditor shall**
 42 **determine the following with respect to each qualified individual**



1 on whose real property, or mobile home or manufactured home
 2 within the county, property taxes will be imposed in the county:

3 (1) The qualified individual's net property tax liability for
 4 the assessment date before application of any credit under
 5 this chapter.

6 (2) The qualified individual's net property tax liability for
 7 the assessment date before application of any credit under
 8 this chapter and calculated as if:

9 (A) the applicable property tax credit described in
 10 section 2(2) of this chapter, and the corresponding credit
 11 amount, were not in effect; and

12 (B) the property tax deduction described in section 2(1)
 13 of this chapter that the qualified individual received for
 14 the January 1, 2025, assessment date, and the
 15 corresponding deduction amount, remain in effect.

16 Sec. 4. A qualified individual is entitled to a credit against local
 17 property taxes imposed for an assessment date on the qualified
 18 individual's real property, or mobile home or manufactured home
 19 within the county, in an amount equal to the greater of:

20 (1) zero (0); or

21 (2) the result of:

22 (A) the amount determined under section 3(1) of this
 23 chapter; minus

24 (B) the amount determined under section 3(2) of this
 25 chapter.

26 Sec. 5. A credit under this chapter is in addition to a property
 27 tax credit applied under IC 6-1.1-51.3 and shall be applied to a
 28 qualified individual's property tax liability for the year in the
 29 manner set forth in IC 6-1.1-51.3-0.5.

30 Sec. 6. A qualified individual is not required to file an
 31 application for the credit under this chapter.

32 SECTION 20. IC 6-3-2-6, AS AMENDED BY P.L.146-2020,
 33 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 6. (a) Each taxable year,
 35 an individual who rents a dwelling for use as the individual's principal
 36 place of residence may deduct from the individual's adjusted gross
 37 income (as defined in IC 6-3-1-3.5(a)), the lesser of:

38 (1) the amount of rent paid by the individual with respect to the
 39 dwelling during the taxable year; or

40 (2) three thousand dollars (\$3,000).

41 (b) Notwithstanding subsection (a):

42 (1) a married couple filing a joint return for a particular taxable



1 year may not claim a deduction under this section subsection (a)
 2 of more than three thousand dollars (\$3,000); and

3 (2) a married individual filing a separate return for a particular
 4 taxable year may not claim a deduction under this section
 5 subsection (a) of more than one thousand five hundred dollars
 6 (\$1,500).

7 (c) Each taxable year, an individual who is a totally disabled
 8 veteran and claims a deduction under subsection (a) for the taxable
 9 year may deduct an additional amount from the individual's
 10 adjusted gross income equal to twenty thousand dollars (\$20,000).

11 (d) If:

12 (1) a married couple files a joint return for the taxable year;
 13 and

14 (2) each spouse has a different disability rating determined
 15 by the United States Department of Veterans Affairs;

16 the married couple shall use the disability rating of the spouse that
 17 is greater to determine eligibility for the additional deduction
 18 under subsection (c) or (f) and to calculate the amount of the
 19 additional deduction claimed by the married couple under
 20 subsection (c) or (f).

21 (e) Notwithstanding subsection (c), a married couple filing a
 22 joint return for a taxable year may not claim a deduction under
 23 subsection (c) of more than twenty thousand dollars (\$20,000) for
 24 the taxable year.

25 (f) Each taxable year, an individual who is a partially disabled
 26 veteran and claims a deduction under subsection (a) for the taxable
 27 year may deduct an additional amount from the individual's
 28 adjusted gross income equal to the lesser of:

29 (1) the product of:

30 (A) the amount of the deduction granted under
 31 subsection (a); multiplied by

32 (B) the individual's disability rating as determined by
 33 the United States Department of Veterans Affairs; or

34 (2) ten thousand dollars (\$10,000).

35 (g) If:

36 (1) a married couple files a joint return for the taxable year;
 37 and

38 (2) each spouse has a different disability rating determined
 39 by the United States Department of Veterans Affairs;

40 the married couple shall use the disability rating of the spouse that
 41 is greater to calculate the amount of the additional deduction
 42 claimed by the married couple under subsection (f).



1 **(h) Notwithstanding subsection (f), a married couple filing a**
 2 **joint return for a taxable year may not claim a deduction under**
 3 **subsection (f) of more than ten thousand dollars (\$10,000) for the**
 4 **taxable year.**

5 **(e) (i) The deduction provided by this section does not apply to an**
 6 **individual who rents a dwelling that is exempt from Indiana property**
 7 **tax.**

8 **(d) (j) For purposes of this section, a "dwelling" includes a single**
 9 **family dwelling and unit of a multi-family dwelling.**

10 **SECTION 21. IC 6-6-5-5, AS AMENDED BY P.L.230-2025,**
 11 **SECTION 87, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**
 12 **JANUARY 1, 2026 (RETROACTIVE)]: Sec. 5. A person that owns a**
 13 **vehicle and that is entitled to a property tax deduction under**
 14 **IC 6-1.1-12-13 (before its expiration), IC 6-1.1-12-14, or**
 15 **IC 6-1.1-12-16 (before its expiration) is entitled to a credit against the**
 16 **vehicle excise tax as follows: Any remaining deduction from assessed**
 17 **valuation to which the person is entitled, applicable to property taxes**
 18 **payable in the year in which the excise tax imposed by this chapter is**
 19 **due, after allowance of the deduction on real estate and personal**
 20 **property owned by the person, shall reduce the vehicle excise tax in the**
 21 **amount of two dollars (\$2) on each one hundred dollars (\$100) of**
 22 **taxable value or major portion thereof. The county auditor shall, upon**
 23 **request, furnish a certified statement to the person verifying the credit**
 24 **allowable under this section, and the statement shall be presented to**
 25 **and retained by the bureau to support the credit.**

26 **SECTION 22. IC 6-6-5-5.2, AS AMENDED BY P.L.230-2025,**
 27 **SECTION 88, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**
 28 **JANUARY 1, 2026 (RETROACTIVE)]: Sec. 5.2. (a) This section**
 29 **applies to a registration year beginning after December 31, 2013.**

30 **(b) Subject to subsection (d), an individual may claim a credit**
 31 **against the tax imposed by this chapter upon a vehicle owned by the**
 32 **individual if the individual is eligible for the credit under any of the**
 33 **following:**

34 **(1) The individual meets all the following requirements:**
 35 **(A) The individual served in the military or naval forces of**
 36 **the United States during any of its wars.**
 37 **(B) The individual received an honorable discharge.**
 38 **(C) The individual has a disability with a service connected**
 39 **disability of ten percent (10%) or more.**
 40 **(D) The individual's disability is evidenced by:**
 41 **(i) a pension certificate, an award of compensation, or**
 42 **a disability compensation check issued by the United**



States Department of Veterans Affairs; or
(ii) a certificate of eligibility issued to the individual by
the Indiana department of veterans' affairs after the
Indiana department of veterans' affairs has determined
that the individual's disability qualifies the individual
to receive a credit under this section.

(E) The individual does not own property to which a property tax deduction may be applied under IC 6-1.1-12-13 (before its expiration).

(2) The individual meets all the following requirements:

(A) The individual served in the military or naval forces of the United States for at least ninety (90) days.

(B) The individual received an honorable discharge.

(C) The individual either:

(i) has a total disability; or

(ii) is at least sixty-two (62) years of age and has a disability of at least ten percent (10%).

(D) The individual's disability is evidenced by:

(i) a pension certificate or an award of compensation issued by the United States Department of Veterans Affairs; or

(ii) a certificate of eligibility issued to the individual by the Indiana department of veterans' affairs after the Indiana department of veterans' affairs has determined that the individual's disability qualifies the individual to receive a credit under this section.

(E) The individual does not own property to which a property tax deduction may be applied under IC 6-1.1-12-14.

(3) The individual meets both of the following requirements:

(A) The individual is the surviving spouse of any of the following:

(i) An individual who would have been eligible for a credit under this section if the individual had been alive in 2013 and this section had been in effect in 2013

(ii) An individual who received a credit under this section in the previous calendar year.

(iii) A World War I veteran

(B) The individual does not own property to which a property tax deduction may be applied under IC 6-1.1-12-13 (before its expiration), IC 6-1.1-12-14, or IC 6-1.1-12-16



(before its expiration).

(c) The amount of the credit that may be claimed under this section is equal to the lesser of the following:

(1) The amount of the excise tax liability for the individual's vehicle as determined under section 3 or 3.5 of this chapter, as applicable.

(2) Seventy dollars (\$70).

(d) The maximum number of motor vehicles for which an individual may claim a credit under this section is two (2).

(e) An individual may not claim a credit under both:

(1) this section; and

(2) section 5 of this chapter.

(f) The credit allowed by this section must be claimed on a form prescribed by the bureau. An individual claiming the credit must attach to the form an affidavit from the county auditor stating that the claimant does not own property to which a property tax deduction may be applied under IC 6-1.1-12-13 (before its expiration), IC 6-1.1-12-14, or IC 6-1.1-12-16 (before its expiration).

SECTION 23. IC 6-6-6.5-13, AS AMENDED BY P.L.230-2025, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 13. (a) As the basis for measuring the tax imposed by this chapter, the department shall classify every taxable aircraft in its proper class according to the following classification plan:

<u>CLASS</u>	<u>DESCRIPTION</u>
<u>A</u>	<u>Piston-driven</u>
<u>B</u>	<u>Piston-driven,</u> <u>and Pressurized</u>
<u>C</u>	<u>Turbine driven</u> <u>or other Powered</u>
<u>D</u>	<u>Homebuilt, Gliders, or</u> <u>Hot Air Balloons</u>

(b) The tax imposed under this chapter is based on the age, class, and maximum landing weight of the taxable aircraft. The amount of tax imposed on the taxable aircraft is based on the following table:

36	<u>Age</u>	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Class D</u>
37	<u>0-4</u>	<u>\$.04/lb</u>	<u>\$.065/lb</u>	<u>\$.09/lb</u>	<u>\$.0175/lb</u>
38	<u>5-8</u>	<u>\$.035/lb</u>	<u>\$.055/lb</u>	<u>\$.08/lb</u>	<u>\$.015/lb</u>
39	<u>9-12</u>	<u>\$.03/lb</u>	<u>\$.05/lb</u>	<u>\$.07/lb</u>	<u>\$.0125/lb</u>
40	<u>13-16</u>	<u>\$.025/lb</u>	<u>\$.025/lb</u>	<u>\$.025/lb</u>	<u>\$.01/lb</u>
41	<u>17-25</u>	<u>\$.02/lb</u>	<u>\$.02/lb</u>	<u>\$.02/lb</u>	<u>\$.0075/lb</u>
42	<u>over 25</u>	<u>\$.01/lb</u>	<u>\$.01/lb</u>	<u>\$.01/lb</u>	<u>\$.005/lb</u>



1 (c) An aircraft owner, who sells an aircraft on which the owner has
 2 paid the tax imposed under this chapter, is entitled to a credit for the
 3 tax paid. The credit equals excise tax paid on the aircraft that was sold,
 4 times the lesser of:

5 (1) ninety percent (90%); or
 6 (2) ten percent (10%) times the number of months remaining in
 7 the registration year after the sale of the aircraft.

8 The credit may only be used to reduce the tax imposed under this
 9 chapter on another aircraft purchased by that owner during the
 10 registration year in which the credit accrues. A person may not receive
 11 a refund for a credit under this subsection.

12 (d) A person who is entitled to a property tax deduction under
 13 IC 6-1.1-12-13 (before its expiration) or IC 6-1.1-12-14 is entitled to
 14 a credit against the tax imposed on the person's aircraft under this
 15 chapter. The credit equals the amount of the property tax deduction to
 16 which the person is entitled under IC 6-1.1-12-13 (before its
 17 expiration) and IC 6-1.1-12-14 minus the amount of that deduction
 18 used to offset the person's property taxes or vehicle excise taxes, times
 19 seven hundredths (.07). The credit may not exceed the amount of the
 20 tax due under this chapter. The county auditor shall, upon the person's
 21 request, furnish a certified statement showing the credit allowable
 22 under this subsection. The department may not allow a credit under this
 23 subsection until the auditor's statement has been filed in the
 24 department's office.

25 SECTION 24.] IC 36-7-14-39, AS AMENDED BY P.L.181-2025,
 26 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2026]: Sec. 39. (a) As used in this section:

28 "Allocation area" means that part of a redevelopment project area
 29 to which an allocation provision of a declaratory resolution adopted
 30 under section 15 of this chapter refers for purposes of distribution and
 31 allocation of property taxes.

32 "Base assessed value" means, subject to subsection (j), the
 33 following:

34 (1) If an allocation provision is adopted after June 30, 1995, in a
 35 declaratory resolution or an amendment to a declaratory
 36 resolution establishing an economic development area:

37 (A) the net assessed value of all the property as finally
 38 determined for the assessment date immediately preceding the
 39 effective date of the allocation provision of the declaratory
 40 resolution, as adjusted under subsection (h); plus

41 (B) to the extent that it is not included in clause (A), the net
 42 assessed value of property that is assessed as residential



1 property under the rules of the department of local government
 2 finance, within the allocation area, as finally determined for
 3 the current assessment date.

4 (2) If an allocation provision is adopted after June 30, 1997, in a
 5 declaratory resolution or an amendment to a declaratory
 6 resolution establishing a redevelopment project area:

7 (A) the net assessed value of all the property as finally
 8 determined for the assessment date immediately preceding the
 9 effective date of the allocation provision of the declaratory
 10 resolution, as adjusted under subsection (h); plus

11 (B) to the extent that it is not included in clause (A), the net
 12 assessed value of property that is assessed as residential
 13 property under the rules of the department of local government
 14 finance, as finally determined for the current assessment date.

15 (3) If:

16 (A) an allocation provision adopted before June 30, 1995, in
 17 a declaratory resolution or an amendment to a declaratory
 18 resolution establishing a redevelopment project area expires
 19 after June 30, 1997; and

20 (B) after June 30, 1997, a new allocation provision is included
 21 in an amendment to the declaratory resolution;

22 the net assessed value of all the property as finally determined for
 23 the assessment date immediately preceding the effective date of
 24 the allocation provision adopted after June 30, 1997, as adjusted
 25 under subsection (h).

26 (4) Except as provided in subdivision (5), for all other allocation
 27 areas, the net assessed value of all the property as finally
 28 determined for the assessment date immediately preceding the
 29 effective date of the allocation provision of the declaratory
 30 resolution, as adjusted under subsection (h).

31 (5) If an allocation area established in an economic development
 32 area before July 1, 1995, is expanded after June 30, 1995, the
 33 definition in subdivision (1) applies to the expanded part of the
 34 area added after June 30, 1995.

35 (6) If an allocation area established in a redevelopment project
 36 area before July 1, 1997, is expanded after June 30, 1997, the
 37 definition in subdivision (2) applies to the expanded part of the
 38 area added after June 30, 1997.

39 Except as provided in section 39.3 of this chapter, "property taxes"
 40 means taxes imposed under IC 6-1.1 on real property. However, upon
 41 approval by a resolution of the redevelopment commission adopted
 42 before June 1, 1987, "property taxes" also includes taxes imposed



1 under IC 6-1.1 on depreciable personal property. If a redevelopment
2 commission adopted before June 1, 1987, a resolution to include within
3 the definition of property taxes, taxes imposed under IC 6-1.1 on
4 depreciable personal property that has a useful life in excess of eight
5 (8) years, the commission may by resolution determine the percentage
6 of taxes imposed under IC 6-1.1 on all depreciable personal property
7 that will be included within the definition of property taxes. However,
8 the percentage included must not exceed twenty-five percent (25%) of
9 the taxes imposed under IC 6-1.1 on all depreciable personal property.

10 (b) A declaratory resolution adopted under section 15 of this chapter
11 on or before the allocation deadline determined under subsection (i)
12 may include a provision with respect to the allocation and distribution
13 of property taxes for the purposes and in the manner provided in this
14 section. A declaratory resolution previously adopted may include an
15 allocation provision by the amendment of that declaratory resolution on
16 or before the allocation deadline determined under subsection (i) in
17 accordance with the procedures required for its original adoption. A
18 declaratory resolution or amendment that establishes an allocation
19 provision must include a specific finding of fact, supported by
20 evidence, that the adoption of the allocation provision will result in
21 new property taxes in the area that would not have been generated but
22 for the adoption of the allocation provision. For an allocation area
23 established before July 1, 1995, the expiration date of any allocation
24 provisions for the allocation area is June 30, 2025, or the last date of
25 any obligations that are outstanding on July 1, 2015, whichever is later.
26 A declaratory resolution or an amendment that establishes an allocation
27 provision after June 30, 1995, must specify an expiration date for the
28 allocation provision. For an allocation area established before July 1,
29 2008, the expiration date may not be more than thirty (30) years after
30 the date on which the allocation provision is established. For an
31 allocation area established after June 30, 2008, the expiration date may
32 not be more than twenty-five (25) years after the date on which the first
33 obligation was incurred to pay principal and interest on bonds or lease
34 rentals on leases payable from tax increment revenues. However, with
35 respect to bonds or other obligations that were issued before July 1,
36 2008, if any of the bonds or other obligations that were scheduled when
37 issued to mature before the specified expiration date and that are
38 payable only from allocated tax proceeds with respect to the allocation
39 area remain outstanding as of the expiration date, the allocation
40 provision does not expire until all of the bonds or other obligations are
41 no longer outstanding. Notwithstanding any other law, in the case of an
42 allocation area that is established after June 30, 2019, and that is



1 located in a redevelopment project area described in section
 2 25.1(c)(3)(C) of this chapter, an economic development area described
 3 in section 25.1(c)(3)(C) of this chapter, or an urban renewal project
 4 area described in section 25.1(c)(3)(C) of this chapter, the expiration
 5 date of the allocation provision may not be more than thirty-five (35)
 6 years after the date on which the allocation provision is established.
 7 The allocation provision may apply to all or part of the redevelopment
 8 project area. The allocation provision must require that any property
 9 taxes subsequently levied by or for the benefit of any public body
 10 entitled to a distribution of property taxes on taxable property in the
 11 allocation area be allocated and distributed as follows:

12 (1) Except as otherwise provided in this section, the proceeds of
 13 the taxes attributable to the lesser of:

14 (A) the assessed value of the property for the assessment date
 15 with respect to which the allocation and distribution is made;
 16 or

17 (B) the base assessed value;

18 shall be allocated to and, when collected, paid into the funds of
 19 the respective taxing units.

20 (2) This subdivision applies to a fire protection territory
 21 established after December 31, 2022. If a unit becomes a
 22 participating unit of a fire protection territory that is established
 23 after a declaratory resolution is adopted under section 15 of this
 24 chapter, the excess of the proceeds of the property taxes
 25 attributable to an increase in the property tax rate for the
 26 participating unit of a fire protection territory:

27 (A) except as otherwise provided by this subdivision, shall be
 28 determined as follows:

29 STEP ONE: Divide the unit's tax rate for fire protection for
 30 the year before the establishment of the fire protection
 31 territory by the participating unit's tax rate as part of the fire
 32 protection territory.

33 STEP TWO: Subtract the STEP ONE amount from one (1).

34 STEP THREE: Multiply the STEP TWO amount by the
 35 allocated property tax attributable to the participating unit of
 36 the fire protection territory; and

37 (B) to the extent not otherwise included in subdivisions (1)
 38 and (3), the amount determined under STEP THREE of clause
 39 (A) shall be allocated to and distributed in the form of an
 40 allocated property tax revenue pass back to the participating
 41 unit of the fire protection territory for the assessment date with
 42 respect to which the allocation is made.



1 However, if the redevelopment commission determines that it is
 2 unable to meet its debt service obligations with regards to the
 3 allocation area without all or part of the allocated property tax
 4 revenue pass back to the participating unit of a fire protection area
 5 under this subdivision, then the allocated property tax revenue
 6 pass back under this subdivision shall be reduced by the amount
 7 necessary for the redevelopment commission to meet its debt
 8 service obligations of the allocation area. The calculation under
 9 this subdivision must be made by the redevelopment commission
 10 in collaboration with the county auditor and the applicable fire
 11 protection territory. Any calculation determined according to
 12 clause (A) must be submitted to the department of local
 13 government finance in the manner prescribed by the department
 14 of local government finance. The department of local government
 15 finance shall verify the accuracy of each calculation.

16 (3) The excess of the proceeds of the property taxes imposed for
 17 the assessment date with respect to which the allocation and
 18 distribution is made that are attributable to taxes imposed after
 19 being approved by the voters in a referendum or local public
 20 question conducted after April 30, 2010, not otherwise included
 21 in subdivisions (1) and (2) shall be allocated to and, when
 22 collected, paid into the funds of the taxing unit for which the
 23 referendum or local public question was conducted.

24 (4) Except as otherwise provided in this section, property tax
 25 proceeds in excess of those described in subdivisions (1), (2), and
 26 (3) shall be allocated to the redevelopment district and, when
 27 collected, paid into an allocation fund for that allocation area that
 28 may be used by the redevelopment district only to do one (1) or
 29 more of the following:

30 (A) Pay the principal of and interest on any obligations
 31 payable solely from allocated tax proceeds which are incurred
 32 by the redevelopment district for the purpose of financing or
 33 refinancing the redevelopment of that allocation area.

34 (B) Establish, augment, or restore the debt service reserve for
 35 bonds payable solely or in part from allocated tax proceeds in
 36 that allocation area.

37 (C) Pay the principal of and interest on bonds payable from
 38 allocated tax proceeds in that allocation area and from the
 39 special tax levied under section 27 of this chapter.

40 (D) Pay the principal of and interest on bonds issued by the
 41 unit to pay for local public improvements that are physically
 42 located in or physically connected to that allocation area.



1 (E) Pay premiums on the redemption before maturity of bonds
2 payable solely or in part from allocated tax proceeds in that
3 allocation area.

4 (F) Make payments on leases payable from allocated tax
5 proceeds in that allocation area under section 25.2 of this
6 chapter.

7 (G) Reimburse the unit for expenditures made by it for local
8 public improvements (which include buildings, parking
9 facilities, and other items described in section 25.1(a) of this
10 chapter) that are physically located in or physically connected
11 to that allocation area.

12 (H) Reimburse the unit for rentals paid by it for a building or
13 parking facility that is physically located in or physically
14 connected to that allocation area under any lease entered into
15 under IC 36-1-10.

16 (I) For property taxes first due and payable before January 1,
17 2009, pay all or a part of a property tax replacement credit to
18 taxpayers in an allocation area as determined by the
19 redevelopment commission. This credit equals the amount
20 determined under the following STEPS for each taxpayer in a
21 taxing district (as defined in IC 6-1.1-1-20) that contains all or
22 part of the allocation area:

28 STEP TWO: Divide:

29 (i) that part of each county's eligible property tax
30 replacement amount (as defined in IC 6-1.1-21-2 (before its
31 repeal)) for that year as determined under IC 6-1.1-21-4
32 (before its repeal) that is attributable to the taxing district;
33 by

34 (ii) the STEP ONE sum.

35 STEP THREE: Multiply:

36 (i) the STEP TWO quotient; times
37 (ii) the total amount of the taxpayer's taxes (as defined in
38 IC 6-1.1-21-2 (before its repeal)) levied in the taxing district
39 that have been allocated during that year to an allocation
40 fund under this section.

41 If not all the taxpayers in an allocation area receive the credit
42 in full, each taxpayer in the allocation area is entitled to

2026

IN 1177—LS 6690/DI 125



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1 receive the same proportion of the credit. A taxpayer may not
 2 receive a credit under this section and a credit under section
 3 39.5 of this chapter (before its repeal) in the same year.

4 (J) Pay expenses incurred by the redevelopment commission
 5 for local public improvements that are in the allocation area or
 6 serving the allocation area. Public improvements include
 7 buildings, parking facilities, and other items described in
 8 section 25.1(a) of this chapter.

9 (K) Reimburse public and private entities for expenses
 10 incurred in training employees of industrial facilities that are
 11 located:

12 (i) in the allocation area; and

13 (ii) on a parcel of real property that has been classified as
 14 industrial property under the rules of the department of local
 15 government finance.

16 However, the total amount of money spent for this purpose in
 17 any year may not exceed the total amount of money in the
 18 allocation fund that is attributable to property taxes paid by the
 19 industrial facilities described in this clause. The
 20 reimbursements under this clause must be made within three
 21 (3) years after the date on which the investments that are the
 22 basis for the increment financing are made.

23 (L) Pay the costs of carrying out an eligible efficiency project
 24 (as defined in IC 36-9-41-1.5) within the unit that established
 25 the redevelopment commission. However, property tax
 26 proceeds may be used under this clause to pay the costs of
 27 carrying out an eligible efficiency project only if those
 28 property tax proceeds exceed the amount necessary to do the
 29 following:

30 (i) Make, when due, any payments required under clauses
 31 (A) through (K), including any payments of principal and
 32 interest on bonds and other obligations payable under this
 33 subdivision, any payments of premiums under this
 34 subdivision on the redemption before maturity of bonds, and
 35 any payments on leases payable under this subdivision.

36 (ii) Make any reimbursements required under this
 37 subdivision.

38 (iii) Pay any expenses required under this subdivision.

39 (iv) Establish, augment, or restore any debt service reserve
 40 under this subdivision.

41 (M) Expend money and provide financial assistance as
 42 authorized in section 12.2(a)(27) of this chapter.



(N) Expend revenues that are allocated for police and fire services on both capital expenditures and operating expenses as authorized in section 12.2(a)(28) of this chapter.

(O) Expend money or provide financial assistance (including grants and loans) to entities for the purpose of encouraging or incentivizing the construction, expansion, or ongoing operation of child care facilities that are in the allocation area or serving the allocation area.

The allocation fund may not be used for operating expenses of the commission.

(5) Except as provided in subsection (g), before June 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (4), plus the amount necessary for other purposes described in subdivision (4).

(B) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The county auditor, upon receiving the notice, shall forward this notice (in an electronic format) to the department of local government finance not later than June 15 of each year. The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the



holders of bonds described in subdivision (4) or lessors under section 25.3 of this chapter.

(C) If:

- (i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (4); plus
- (ii) the amount necessary for other purposes described in subdivision (4);

the commission shall submit to the legislative body of the unit its determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subdivision (1). The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subdivision (1).

(6) Notwithstanding subdivision (5), in the case of an allocation area that is established after June 30, 2019, and that is located in a redevelopment project area described in section 25.1(c)(3)(C) of this chapter, an economic development area described in section 25.1(c)(3)(C) of this chapter, or an urban renewal project area described in section 25.1(c)(3)(C) of this chapter, for each year the allocation provision is in effect, if the amount of excess assessed value determined by the commission under subdivision (5)(A) is expected to generate more than two hundred percent (200%) of:

- (A) the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (4) for the project; plus
- (B) the amount necessary for other purposes described in subdivision (4) for the project;

the amount of the excess assessed value that generates more than two hundred percent (200%) of the amounts described in clauses (A) and (B) shall be allocated to the respective taxing units in the manner prescribed by subdivision (1).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

2026

IN 1177—LS 6690/DI 125



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- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(4) may, subject to subsection (b)(5), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(4).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(4) shall establish an allocation fund for the purposes specified in subsection (b)(4) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1), (b)(2), and (b)(3) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(4) for the year. The amount sufficient for purposes specified in subsection (b)(4) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(4) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1), (b)(2), and (b)(3) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1), (b)(2), and (b)(3) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the



1 recommendations of the urban enterprise association) for programs in
 2 job training, job enrichment, and basic skill development that are
 3 designed to benefit residents and employers in the enterprise zone or
 4 other purposes specified in subsection (b)(4), except that where
 5 reference is made in subsection (b)(4) to allocation area it shall refer
 6 for purposes of payments from the special zone fund only to that part
 7 of the allocation area that is also located in the enterprise zone. Those
 8 programs shall reserve at least one-half (1/2) of their enrollment in any
 9 session for residents of the enterprise zone.

10 (h) The state board of accounts and department of local government
 11 finance shall make the rules and prescribe the forms and procedures
 12 that they consider expedient for the implementation of this chapter.
 13 After each reassessment in an area under a reassessment plan prepared
 14 under IC 6-1.1-4-4.2, the department of local government finance shall
 15 adjust the base assessed value one (1) time to neutralize any effect of
 16 the reassessment of the real property in the area on the property tax
 17 proceeds allocated to the redevelopment district under this section.
 18 After each annual adjustment under IC 6-1.1-4-4.5, the department of
 19 local government finance shall adjust the base assessed value one (1)
 20 time to neutralize any effect of the annual adjustment on the property
 21 tax proceeds allocated to the redevelopment district under this section.
 22 However, the adjustments under this subsection:

- 23 (1) may not include the effect of phasing in assessed value due to
 24 property tax abatements under IC 6-1.1-12.1;
- 25 (2) may not produce less property tax proceeds allocable to the
 26 redevelopment district under subsection (b)(4) than would
 27 otherwise have been received if the reassessment under the
 28 reassessment plan or the annual adjustment had not occurred; and
- 29 (3) may decrease base assessed value only to the extent that
 30 assessed values in the allocation area have been decreased due to
 31 annual adjustments or the reassessment under the reassessment
 32 plan.

33 Assessed value increases attributable to the application of an abatement
 34 schedule under IC 6-1.1-12.1 may not be included in the base assessed
 35 value of an allocation area. The department of local government
 36 finance may prescribe procedures for county and township officials to
 37 follow to assist the department in making the adjustments.

38 (i) The allocation deadline referred to in subsection (b) is
 39 determined in the following manner:

- 40 (1) The initial allocation deadline is December 31, 2011.
- 41 (2) Subject to subdivision (3), the initial allocation deadline and
 42 subsequent allocation deadlines are automatically extended in



1 increments of five (5) years, so that allocation deadlines
 2 subsequent to the initial allocation deadline fall on December 31,
 3 2016, and December 31 of each fifth year thereafter.

4 (3) At least one (1) year before the date of an allocation deadline
 5 determined under subdivision (2), the general assembly may enact
 6 a law that:

7 (A) terminates the automatic extension of allocation deadlines
 8 under subdivision (2); and

9 (B) specifically designates a particular date as the final
 10 allocation deadline.

11 (j) If a redevelopment commission adopts a declaratory resolution
 12 or an amendment to a declaratory resolution that contains an allocation
 13 provision and the redevelopment commission makes either of the
 14 filings required under section 17(e) of this chapter after the first
 15 anniversary of the effective date of the allocation provision, the auditor
 16 of the county in which the unit is located shall compute the base
 17 assessed value for the allocation area using the assessment date
 18 immediately preceding the later of:

19 (1) the date on which the documents are filed with the county
 20 auditor; or

21 (2) the date on which the documents are filed with the department
 22 of local government finance.

23 (k) For an allocation area established after June 30, 2025,
 24 "residential property" refers to the assessed value of property that is
 25 allocated to the one percent (1%) homestead land and improvement
 26 categories in the county tax and billing software system.

27 SECTION ~~25~~²⁶ [25]. IC 36-7-15.1-26, AS AMENDED BY
 28 P.L.174-2022, SECTION 72, IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 26. (a) As used in this
 30 section:

31 "Allocation area" means that part of a redevelopment project area
 32 to which an allocation provision of a resolution adopted under section
 33 8 of this chapter refers for purposes of distribution and allocation of
 34 property taxes.

35 "Base assessed value" means, subject to subsection (j), the
 36 following:

37 (1) If an allocation provision is adopted after June 30, 1995, in a
 38 declaratory resolution or an amendment to a declaratory
 39 resolution establishing an economic development area:

40 (A) the net assessed value of all the property as finally
 41 determined for the assessment date immediately preceding the
 42 effective date of the allocation provision of the declaratory

2026

IN 1177—LS 6690/DI 125



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1 resolution, as adjusted under subsection (h); plus
 2 (B) to the extent that it is not included in clause (A), the net
 3 assessed value of property that is assessed as residential
 4 property under the rules of the department of local government
 5 finance, within the allocation area, as finally determined for
 6 the current assessment date.

7 (2) If an allocation provision is adopted after June 30, 1997, in a
 8 declaratory resolution or an amendment to a declaratory
 9 resolution establishing a redevelopment project area:
 10 (A) the net assessed value of all the property as finally
 11 determined for the assessment date immediately preceding the
 12 effective date of the allocation provision of the declaratory
 13 resolution, as adjusted under subsection (h); plus
 14 (B) to the extent that it is not included in clause (A), the net
 15 assessed value of property that is assessed as residential
 16 property under the rules of the department of local government
 17 finance, within the allocation area, as finally determined for
 18 the current assessment date.

19 (3) If:
 20 (A) an allocation provision adopted before June 30, 1995, in
 21 a declaratory resolution or an amendment to a declaratory
 22 resolution establishing a redevelopment project area expires
 23 after June 30, 1997; and
 24 (B) after June 30, 1997, a new allocation provision is included
 25 in an amendment to the declaratory resolution;
 26 the net assessed value of all the property as finally determined for
 27 the assessment date immediately preceding the effective date of
 28 the allocation provision adopted after June 30, 1997, as adjusted
 29 under subsection (h).
 30 (4) Except as provided in subdivision (5), for all other allocation
 31 areas, the net assessed value of all the property as finally
 32 determined for the assessment date immediately preceding the
 33 effective date of the allocation provision of the declaratory
 34 resolution, as adjusted under subsection (h).
 35 (5) If an allocation area established in an economic development
 36 area before July 1, 1995, is expanded after June 30, 1995, the
 37 definition in subdivision (1) applies to the expanded part of the
 38 area added after June 30, 1995.
 39 (6) If an allocation area established in a redevelopment project
 40 area before July 1, 1997, is expanded after June 30, 1997, the
 41 definition in subdivision (2) applies to the expanded part of the
 42 area added after June 30, 1997.



1 Except as provided in section 26.2 of this chapter, "property taxes"
2 means taxes imposed under IC 6-1.1 on real property. However, upon
3 approval by a resolution of the redevelopment commission adopted
4 before June 1, 1987, "property taxes" also includes taxes imposed
5 under IC 6-1.1 on depreciable personal property. If a redevelopment
6 commission adopted before June 1, 1987, a resolution to include within
7 the definition of property taxes, taxes imposed under IC 6-1.1 on
8 depreciable personal property that has a useful life in excess of eight
9 (8) years, the commission may by resolution determine the percentage
10 of taxes imposed under IC 6-1.1 on all depreciable personal property
11 that will be included within the definition of property taxes. However,
12 the percentage included must not exceed twenty-five percent (25%) of
13 the taxes imposed under IC 6-1.1 on all depreciable personal property.

14 (b) A resolution adopted under section 8 of this chapter on or before
15 the allocation deadline determined under subsection (i) may include a
16 provision with respect to the allocation and distribution of property
17 taxes for the purposes and in the manner provided in this section. A
18 resolution previously adopted may include an allocation provision by
19 the amendment of that resolution on or before the allocation deadline
20 determined under subsection (i) in accordance with the procedures
21 required for its original adoption. A declaratory resolution or
22 amendment that establishes an allocation provision must include a
23 specific finding of fact, supported by evidence, that the adoption of the
24 allocation provision will result in new property taxes in the area that
25 would not have been generated but for the adoption of the allocation
26 provision. For an allocation area established before July 1, 1995, the
27 expiration date of any allocation provisions for the allocation area is
28 June 30, 2025, or the last date of any obligations that are outstanding
29 on July 1, 2015, whichever is later. However, for an allocation area
30 identified as the Consolidated Allocation Area in the report submitted
31 in 2013 to the fiscal body under section 36.3 of this chapter, the
32 expiration date of any allocation provisions for the allocation area is
33 January 1, 2051. A declaratory resolution or an amendment that
34 establishes an allocation provision after June 30, 1995, must specify an
35 expiration date for the allocation provision. For an allocation area
36 established before July 1, 2008, the expiration date may not be more
37 than thirty (30) years after the date on which the allocation provision
38 is established. For an allocation area established after June 30, 2008,
39 the expiration date may not be more than twenty-five (25) years after
40 the date on which the first obligation was incurred to pay principal and
41 interest on bonds or lease rentals on leases payable from tax increment
42 revenues. However, with respect to bonds or other obligations that were



1 issued before July 1, 2008, if any of the bonds or other obligations that
 2 were scheduled when issued to mature before the specified expiration
 3 date and that are payable only from allocated tax proceeds with respect
 4 to the allocation area remain outstanding as of the expiration date, the
 5 allocation provision does not expire until all of the bonds or other
 6 obligations are no longer outstanding. The allocation provision may
 7 apply to all or part of the redevelopment project area. The allocation
 8 provision must require that any property taxes subsequently levied by
 9 or for the benefit of any public body entitled to a distribution of
 10 property taxes on taxable property in the allocation area be allocated
 11 and distributed as follows:

12 (1) Except as otherwise provided in this section, the proceeds of
 13 the taxes attributable to the lesser of:

14 (A) the assessed value of the property for the assessment date
 15 with respect to which the allocation and distribution is made;
 16 or

17 (B) the base assessed value;

18 shall be allocated to and, when collected, paid into the funds of
 19 the respective taxing units.

20 (2) The excess of the proceeds of the property taxes imposed for
 21 the assessment date with respect to which the allocation and
 22 distribution is made that are attributable to taxes imposed after
 23 being approved by the voters in a referendum or local public
 24 question conducted after April 30, 2010, not otherwise included
 25 in subdivision (1) shall be allocated to and, when collected, paid
 26 into the funds of the taxing unit for which the referendum or local
 27 public question was conducted.

28 (3) Except as otherwise provided in this section, property tax
 29 proceeds in excess of those described in subdivisions (1) and (2)
 30 shall be allocated to the redevelopment district and, when
 31 collected, paid into a special fund for that allocation area that may
 32 be used by the redevelopment district only to do one (1) or more
 33 of the following:

34 (A) Pay the principal of and interest on any obligations
 35 payable solely from allocated tax proceeds that are incurred by
 36 the redevelopment district for the purpose of financing or
 37 refinancing the redevelopment of that allocation area.

38 (B) Establish, augment, or restore the debt service reserve for
 39 bonds payable solely or in part from allocated tax proceeds in
 40 that allocation area.

41 (C) Pay the principal of and interest on bonds payable from
 42 allocated tax proceeds in that allocation area and from the



1 special tax levied under section 19 of this chapter.

2 (D) Pay the principal of and interest on bonds issued by the

3 consolidated city to pay for local public improvements that are

4 physically located in or physically connected to that allocation

5 area.

6 (E) Pay premiums on the redemption before maturity of bonds

7 payable solely or in part from allocated tax proceeds in that

8 allocation area.

9 (F) Make payments on leases payable from allocated tax

10 proceeds in that allocation area under section 17.1 of this

11 chapter.

12 (G) Reimburse the consolidated city for expenditures for local

13 public improvements (which include buildings, parking

14 facilities, and other items set forth in section 17 of this

15 chapter) that are physically located in or physically connected

16 to that allocation area.

17 (H) Reimburse the unit for rentals paid by it for a building or

18 parking facility that is physically located in or physically

19 connected to that allocation area under any lease entered into

20 under IC 36-1-10.

21 (I) Reimburse public and private entities for expenses incurred

22 in training employees of industrial facilities that are located:

23 (i) in the allocation area; and

24 (ii) on a parcel of real property that has been classified as

25 industrial property under the rules of the department of local

26 government finance.

27 However, the total amount of money spent for this purpose in

28 any year may not exceed the total amount of money in the

29 allocation fund that is attributable to property taxes paid by the

30 industrial facilities described in this clause. The

31 reimbursements under this clause must be made within three

32 (3) years after the date on which the investments that are the

33 basis for the increment financing are made.

34 (J) Pay the costs of carrying out an eligible efficiency project

35 (as defined in IC 36-9-41-1.5) within the unit that established

36 the redevelopment commission. However, property tax

37 proceeds may be used under this clause to pay the costs of

38 carrying out an eligible efficiency project only if those

39 property tax proceeds exceed the amount necessary to do the

40 following:

41 (i) Make, when due, any payments required under clauses

42 (A) through (I), including any payments of principal and



1 interest on bonds and other obligations payable under this
 2 subdivision, any payments of premiums under this
 3 subdivision on the redemption before maturity of bonds, and
 4 any payments on leases payable under this subdivision.

5 (ii) Make any reimbursements required under this
 6 subdivision.
 7 (iii) Pay any expenses required under this subdivision.
 8 (iv) Establish, augment, or restore any debt service reserve
 9 under this subdivision.

10 (K) Expend money and provide financial assistance as
 11 authorized in section 7(a)(21) of this chapter.

12 **(L) Expend money or provide financial assistance**
 13 **(including grants and loans) to entities for the purpose of**
 14 **encouraging or incentivizing the construction, expansion,**
 15 **or ongoing operation of child care facilities that are in the**
 16 **allocation area or serving the allocation area.**

17 The special fund may not be used for operating expenses of the
 18 commission.

19 (4) Before June 15 of each year, the commission shall do the
 20 following:

21 (A) Determine the amount, if any, by which the assessed value
 22 of the taxable property in the allocation area for the most
 23 recent assessment date minus the base assessed value, when
 24 multiplied by the estimated tax rate of the allocation area will
 25 exceed the amount of assessed value needed to provide the
 26 property taxes necessary to make, when due, principal and
 27 interest payments on bonds described in subdivision (3) plus
 28 the amount necessary for other purposes described in
 29 subdivision (3) and subsection (g).

30 (B) Provide a written notice to the county auditor, the
 31 legislative body of the consolidated city, the officers who are
 32 authorized to fix budgets, tax rates, and tax levies under
 33 IC 6-1.1-17-5 for each of the other taxing units that is wholly
 34 or partly located within the allocation area, and (in an
 35 electronic format) the department of local government finance.

36 The notice must:

37 (i) state the amount, if any, of excess assessed value that the
 38 commission has determined may be allocated to the
 39 respective taxing units in the manner prescribed in
 40 subdivision (1); or

41 (ii) state that the commission has determined that there is no
 42 excess assessed value that may be allocated to the respective



taxing units in the manner prescribed in subdivision (1). The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3).

(C) If:

- (i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (3); plus
- (ii) the amount necessary for other purposes described in subdivision (3) and subsection (g);

the commission shall submit to the legislative body of the unit the commission's determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subdivision (1). The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subdivision (1).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(3) may, subject to subsection (b)(4), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(3).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the



1 lesser of:

2 (1) the assessed value of the property as valued without regard to
 3 this section; or
 4 (2) the base assessed value.

5 (g) If any part of the allocation area is located in an enterprise zone
 6 created under IC 5-28-15, the unit that designated the allocation area
 7 shall create funds as specified in this subsection. A unit that has
 8 obligations, bonds, or leases payable from allocated tax proceeds under
 9 subsection (b)(3) shall establish an allocation fund for the purposes
 10 specified in subsection (b)(3) and a special zone fund. Such a unit
 11 shall, until the end of the enterprise zone phase out period, deposit each
 12 year in the special zone fund the amount in the allocation fund derived
 13 from property tax proceeds in excess of those described in subsection
 14 (b)(1) and (b)(2) from property located in the enterprise zone that
 15 exceeds the amount sufficient for the purposes specified in subsection
 16 (b)(3) for the year. A unit that has no obligations, bonds, or leases
 17 payable from allocated tax proceeds under subsection (b)(3) shall
 18 establish a special zone fund and deposit all the property tax proceeds
 19 in excess of those described in subsection (b)(1) and (b)(2) in the fund
 20 derived from property tax proceeds in excess of those described in
 21 subsection (b)(1) and (b)(2) from property located in the enterprise
 22 zone. The unit that creates the special zone fund shall use the fund,
 23 based on the recommendations of the urban enterprise association, for
 24 one (1) or more of the following purposes:

25 (1) To pay for programs in job training, job enrichment, and basic
 26 skill development designed to benefit residents and employers in
 27 the enterprise zone. The programs must reserve at least one-half
 28 (1/2) of the enrollment in any session for residents of the
 29 enterprise zone.
 30 (2) To make loans and grants for the purpose of stimulating
 31 business activity in the enterprise zone or providing employment
 32 for enterprise zone residents in the enterprise zone. These loans
 33 and grants may be made to the following:
 34 (A) Businesses operating in the enterprise zone.
 35 (B) Businesses that will move their operations to the enterprise
 36 zone if such a loan or grant is made.
 37 (3) To provide funds to carry out other purposes specified in
 38 subsection (b)(3). However, where reference is made in
 39 subsection (b)(3) to the allocation area, the reference refers for
 40 purposes of payments from the special zone fund only to that part
 41 of the allocation area that is also located in the enterprise zone.
 42 (h) The state board of accounts and department of local government



1 finance shall make the rules and prescribe the forms and procedures
 2 that they consider expedient for the implementation of this chapter.
 3 After each reassessment under a reassessment plan prepared under
 4 IC 6-1.1-4-4.2, the department of local government finance shall adjust
 5 the base assessed value one (1) time to neutralize any effect of the
 6 reassessment of the real property in the area on the property tax
 7 proceeds allocated to the redevelopment district under this section.
 8 After each annual adjustment under IC 6-1.1-4-4.5, the department of
 9 local government finance shall adjust the base assessed value to
 10 neutralize any effect of the annual adjustment on the property tax
 11 proceeds allocated to the redevelopment district under this section.
 12 However, the adjustments under this subsection may not include the
 13 effect of property tax abatements under IC 6-1.1-12.1, and these
 14 adjustments may not produce less property tax proceeds allocable to
 15 the redevelopment district under subsection (b)(3) than would
 16 otherwise have been received if the reassessment under the
 17 reassessment plan or annual adjustment had not occurred. The
 18 department of local government finance may prescribe procedures for
 19 county and township officials to follow to assist the department in
 20 making the adjustments.

21 (i) The allocation deadline referred to in subsection (b) is
 22 determined in the following manner:

23 (1) The initial allocation deadline is December 31, 2011.
 24 (2) Subject to subdivision (3), the initial allocation deadline and
 25 subsequent allocation deadlines are automatically extended in
 26 increments of five (5) years, so that allocation deadlines
 27 subsequent to the initial allocation deadline fall on December 31,
 28 2016, and December 31 of each fifth year thereafter.

29 (3) At least one (1) year before the date of an allocation deadline
 30 determined under subdivision (2), the general assembly may enact
 31 a law that:

32 (A) terminates the automatic extension of allocation deadlines
 33 under subdivision (2); and
 34 (B) specifically designates a particular date as the final
 35 allocation deadline.

36 (j) If the commission adopts a declaratory resolution or an
 37 amendment to a declaratory resolution that contains an allocation
 38 provision and the commission makes either of the filings required
 39 under section 10(e) of this chapter after the first anniversary of the
 40 effective date of the allocation provision, the auditor of the county in
 41 which the unit is located shall compute the base assessed value for the
 42 allocation area using the assessment date immediately preceding the



1 later of:

2 (1) the date on which the documents are filed with the county
 3 auditor; or
 4 (2) the date on which the documents are filed with the department
 5 of local government finance.

6 (k) For an allocation area established after June 30, 2024,
 7 "residential property" refers to the assessed value of property that is
 8 allocated to the one percent (1%) homestead land and improvement
 9 categories in the county tax and billing software system, along with the
 10 residential assessed value as defined for purposes of calculating the
 11 rate for the local income tax property tax relief credit designated for
 12 residential property under IC 6-3.6-5-6(d)(3).

13 SECTION ~~26~~²⁶. IC 36-7-15.1-26, AS AMENDED BY
 14 P.L.68-2025, SECTION 235, IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JULY 1, 2027]: Sec. 26. (a) As used in this
 16 section:

17 "Allocation area" means that part of a redevelopment project area
 18 to which an allocation provision of a resolution adopted under section
 19 8 of this chapter refers for purposes of distribution and allocation of
 20 property taxes.

21 "Base assessed value" means, subject to subsection (j), the
 22 following:

23 (1) If an allocation provision is adopted after June 30, 1995, in a
 24 declaratory resolution or an amendment to a declaratory
 25 resolution establishing an economic development area:

26 (A) the net assessed value of all the property as finally
 27 determined for the assessment date immediately preceding the
 28 effective date of the allocation provision of the declaratory
 29 resolution, as adjusted under subsection (h); plus
 30 (B) to the extent that it is not included in clause (A), the net
 31 assessed value of property that is assessed as residential
 32 property under the rules of the department of local government
 33 finance, within the allocation area, as finally determined for
 34 the current assessment date.

35 (2) If an allocation provision is adopted after June 30, 1997, in a
 36 declaratory resolution or an amendment to a declaratory
 37 resolution establishing a redevelopment project area:

38 (A) the net assessed value of all the property as finally
 39 determined for the assessment date immediately preceding the
 40 effective date of the allocation provision of the declaratory
 41 resolution, as adjusted under subsection (h); plus
 42 (B) to the extent that it is not included in clause (A), the net



assessed value of property that is assessed as residential property under the rules of the department of local government finance, within the allocation area, as finally determined for the current assessment date.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded part of the area added after June 30, 1995.

(6) If an allocation area established in a redevelopment project area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded part of the area added after June 30, 1997.

Except as provided in section 26.2 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes, taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A resolution adopted under section 8 of this chapter on or before

2026

IN 1177—LS 6690/DI 125



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1 the allocation deadline determined under subsection (i) may include a
 2 provision with respect to the allocation and distribution of property
 3 taxes for the purposes and in the manner provided in this section. A
 4 resolution previously adopted may include an allocation provision by
 5 the amendment of that resolution on or before the allocation deadline
 6 determined under subsection (i) in accordance with the procedures
 7 required for its original adoption. A declaratory resolution or
 8 amendment that establishes an allocation provision must include a
 9 specific finding of fact, supported by evidence, that the adoption of the
 10 allocation provision will result in new property taxes in the area that
 11 would not have been generated but for the adoption of the allocation
 12 provision. For an allocation area established before July 1, 1995, the
 13 expiration date of any allocation provisions for the allocation area is
 14 June 30, 2025, or the last date of any obligations that are outstanding
 15 on July 1, 2015, whichever is later. However, for an allocation area
 16 identified as the Consolidated Allocation Area in the report submitted
 17 in 2013 to the fiscal body under section 36.3 of this chapter, the
 18 expiration date of any allocation provisions for the allocation area is
 19 January 1, 2051. A declaratory resolution or an amendment that
 20 establishes an allocation provision after June 30, 1995, must specify an
 21 expiration date for the allocation provision. For an allocation area
 22 established before July 1, 2008, the expiration date may not be more
 23 than thirty (30) years after the date on which the allocation provision
 24 is established. For an allocation area established after June 30, 2008,
 25 the expiration date may not be more than twenty-five (25) years after
 26 the date on which the first obligation was incurred to pay principal and
 27 interest on bonds or lease rentals on leases payable from tax increment
 28 revenues. However, with respect to bonds or other obligations that were
 29 issued before July 1, 2008, if any of the bonds or other obligations that
 30 were scheduled when issued to mature before the specified expiration
 31 date and that are payable only from allocated tax proceeds with respect
 32 to the allocation area remain outstanding as of the expiration date, the
 33 allocation provision does not expire until all of the bonds or other
 34 obligations are no longer outstanding. The allocation provision may
 35 apply to all or part of the redevelopment project area. The allocation
 36 provision must require that any property taxes subsequently levied by
 37 or for the benefit of any public body entitled to a distribution of
 38 property taxes on taxable property in the allocation area be allocated
 39 and distributed as follows:

40 (1) Except as otherwise provided in this section, the proceeds of
 41 the taxes attributable to the lesser of:
 42 (A) the assessed value of the property for the assessment date

2026

IN 1177—LS 6690/DI 125



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1 with respect to which the allocation and distribution is made;
2 or
3 (B) the base assessed value;
4 shall be allocated to and, when collected, paid into the funds of
5 the respective taxing units.
6 (2) The excess of the proceeds of the property taxes imposed for
7 the assessment date with respect to which the allocation and
8 distribution is made that are attributable to taxes imposed after
9 being approved by the voters in a referendum or local public
10 question conducted after April 30, 2010, not otherwise included
11 in subdivision (1) shall be allocated to and, when collected, paid
12 into the funds of the taxing unit for which the referendum or local
13 public question was conducted.
14 (3) Except as otherwise provided in this section, property tax
15 proceeds in excess of those described in subdivisions (1) and (2)
16 shall be allocated to the redevelopment district and, when
17 collected, paid into a special fund for that allocation area that may
18 be used by the redevelopment district only to do one (1) or more
19 of the following:
20 (A) Pay the principal of and interest on any obligations
21 payable solely from allocated tax proceeds that are incurred by
22 the redevelopment district for the purpose of financing or
23 refinancing the redevelopment of that allocation area.
24 (B) Establish, augment, or restore the debt service reserve for
25 bonds payable solely or in part from allocated tax proceeds in
26 that allocation area.
27 (C) Pay the principal of and interest on bonds payable from
28 allocated tax proceeds in that allocation area and from the
29 special tax levied under section 19 of this chapter.
30 (D) Pay the principal of and interest on bonds issued by the
31 consolidated city to pay for local public improvements that are
32 physically located in or physically connected to that allocation
33 area.
34 (E) Pay premiums on the redemption before maturity of bonds
35 payable solely or in part from allocated tax proceeds in that
36 allocation area.
37 (F) Make payments on leases payable from allocated tax
38 proceeds in that allocation area under section 17.1 of this
39 chapter.
40 (G) Reimburse the consolidated city for expenditures for local
41 public improvements (which include buildings, parking
42 facilities, and other items set forth in section 17 of this

2026

IN 1177—LS 6690/DI 125



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1 chapter) that are physically located in or physically connected
 2 to that allocation area.

3 (H) Reimburse the unit for rentals paid by it for a building or
 4 parking facility that is physically located in or physically
 5 connected to that allocation area under any lease entered into
 6 under IC 36-1-10.

7 (I) Reimburse public and private entities for expenses incurred
 8 in training employees of industrial facilities that are located:

9 (i) in the allocation area; and

10 (ii) on a parcel of real property that has been classified as
 11 industrial property under the rules of the department of local
 12 government finance.

13 However, the total amount of money spent for this purpose in
 14 any year may not exceed the total amount of money in the
 15 allocation fund that is attributable to property taxes paid by the
 16 industrial facilities described in this clause. The
 17 reimbursements under this clause must be made within three
 18 (3) years after the date on which the investments that are the
 19 basis for the increment financing are made.

20 (J) Pay the costs of carrying out an eligible efficiency project
 21 (as defined in IC 36-9-41-1.5) within the unit that established
 22 the redevelopment commission. However, property tax
 23 proceeds may be used under this clause to pay the costs of
 24 carrying out an eligible efficiency project only if those
 25 property tax proceeds exceed the amount necessary to do the
 26 following:

27 (i) Make, when due, any payments required under clauses
 28 (A) through (I), including any payments of principal and
 29 interest on bonds and other obligations payable under this
 30 subdivision, any payments of premiums under this
 31 subdivision on the redemption before maturity of bonds, and
 32 any payments on leases payable under this subdivision.

33 (ii) Make any reimbursements required under this
 34 subdivision.

35 (iii) Pay any expenses required under this subdivision.

36 (iv) Establish, augment, or restore any debt service reserve
 37 under this subdivision.

38 (K) Expend money and provide financial assistance as
 39 authorized in section 7(a)(21) of this chapter.

40 (L) **Expend money or provide financial assistance
 41 (including grants and loans) to entities for the purpose of
 42 encouraging or incentivizing the construction, expansion,**



or ongoing operation of child care facilities that are in the allocation area or serving the allocation area.

The special fund may not be used for operating expenses of the commission.

(4) Before June 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (3) plus the amount necessary for other purposes described in subdivision (3) and subsection (g).

(B) Provide a written notice to the county auditor, the legislative body of the consolidated city, the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area, and (in an electronic format) the department of local government finance.

The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3).

(C) If:

(i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (3); plus

(ii) the amount necessary for other purposes described in



1 subdivision (3) and subsection (g);
 2 the commission shall submit to the legislative body of the unit
 3 the commission's determination of the excess assessed value
 4 that the commission proposes to allocate to the respective
 5 taxing units in the manner prescribed in subdivision (1). The
 6 legislative body of the unit may approve the commission's
 7 determination or modify the amount of the excess assessed
 8 value that will be allocated to the respective taxing units in the
 9 manner prescribed in subdivision (1).

10 (c) For the purpose of allocating taxes levied by or for any taxing
 11 unit or units, the assessed value of taxable property in a territory in the
 12 allocation area that is annexed by any taxing unit after the effective
 13 date of the allocation provision of the resolution is the lesser of:
 14 (1) the assessed value of the property for the assessment date with
 15 respect to which the allocation and distribution is made; or
 16 (2) the base assessed value.

17 (d) Property tax proceeds allocable to the redevelopment district
 18 under subsection (b)(3) may, subject to subsection (b)(4), be
 19 irrevocably pledged by the redevelopment district for payment as set
 20 forth in subsection (b)(3).

21 (e) Notwithstanding any other law, each assessor shall, upon
 22 petition of the commission, reassess the taxable property situated upon
 23 or in, or added to, the allocation area, effective on the next assessment
 24 date after the petition.

25 (f) Notwithstanding any other law, the assessed value of all taxable
 26 property in the allocation area, for purposes of tax limitation, property
 27 tax replacement, and formulation of the budget, tax rate, and tax levy
 28 for each political subdivision in which the property is located is the
 29 lesser of:
 30 (1) the assessed value of the property as valued without regard to
 31 this section; or
 32 (2) the base assessed value.

33 (g) If any part of the allocation area is located in an enterprise zone
 34 created under IC 5-28-15, the unit that designated the allocation area
 35 shall create funds as specified in this subsection. A unit that has
 36 obligations, bonds, or leases payable from allocated tax proceeds under
 37 subsection (b)(3) shall establish an allocation fund for the purposes
 38 specified in subsection (b)(3) and a special zone fund. Such a unit
 39 shall, until the end of the enterprise zone phase out period, deposit each
 40 year in the special zone fund the amount in the allocation fund derived
 41 from property tax proceeds in excess of those described in subsection
 42 (b)(1) and (b)(2) from property located in the enterprise zone that



1 exceeds the amount sufficient for the purposes specified in subsection
 2 (b)(3) for the year. A unit that has no obligations, bonds, or leases
 3 payable from allocated tax proceeds under subsection (b)(3) shall
 4 establish a special zone fund and deposit all the property tax proceeds
 5 in excess of those described in subsection (b)(1) and (b)(2) in the fund
 6 derived from property tax proceeds in excess of those described in
 7 subsection (b)(1) and (b)(2) from property located in the enterprise
 8 zone. The unit that creates the special zone fund shall use the fund,
 9 based on the recommendations of the urban enterprise association, for
 10 one (1) or more of the following purposes:

11 (1) To pay for programs in job training, job enrichment, and basic
 12 skill development designed to benefit residents and employers in
 13 the enterprise zone. The programs must reserve at least one-half
 14 (1/2) of the enrollment in any session for residents of the
 15 enterprise zone.

16 (2) To make loans and grants for the purpose of stimulating
 17 business activity in the enterprise zone or providing employment
 18 for enterprise zone residents in the enterprise zone. These loans
 19 and grants may be made to the following:

20 (A) Businesses operating in the enterprise zone.

21 (B) Businesses that will move their operations to the enterprise
 22 zone if such a loan or grant is made.

23 (3) To provide funds to carry out other purposes specified in
 24 subsection (b)(3). However, where reference is made in
 25 subsection (b)(3) to the allocation area, the reference refers for
 26 purposes of payments from the special zone fund only to that part
 27 of the allocation area that is also located in the enterprise zone.

28 (h) The state board of accounts and department of local government
 29 finance shall make the rules and prescribe the forms and procedures
 30 that they consider expedient for the implementation of this chapter.
 31 After each reassessment under a reassessment plan prepared under
 32 IC 6-1.1-4-4.2, the department of local government finance shall adjust
 33 the base assessed value one (1) time to neutralize any effect of the
 34 reassessment of the real property in the area on the property tax
 35 proceeds allocated to the redevelopment district under this section.
 36 After each annual adjustment under IC 6-1.1-4-4.5, the department of
 37 local government finance shall adjust the base assessed value to
 38 neutralize any effect of the annual adjustment on the property tax
 39 proceeds allocated to the redevelopment district under this section.
 40 However, the adjustments under this subsection may not include the
 41 effect of property tax abatements under IC 6-1.1-12.1, and these
 42 adjustments may not produce less property tax proceeds allocable to



1 the redevelopment district under subsection (b)(3) than would
 2 otherwise have been received if the reassessment under the
 3 reassessment plan or annual adjustment had not occurred. The
 4 department of local government finance may prescribe procedures for
 5 county and township officials to follow to assist the department in
 6 making the adjustments.

7 (i) The allocation deadline referred to in subsection (b) is
 8 determined in the following manner:

9 (1) The initial allocation deadline is December 31, 2011.
 10 (2) Subject to subdivision (3), the initial allocation deadline and
 11 subsequent allocation deadlines are automatically extended in
 12 increments of five (5) years, so that allocation deadlines
 13 subsequent to the initial allocation deadline fall on December 31,
 14 2016, and December 31 of each fifth year thereafter.

15 (3) At least one (1) year before the date of an allocation deadline
 16 determined under subdivision (2), the general assembly may enact
 17 a law that:

18 (A) terminates the automatic extension of allocation deadlines
 19 under subdivision (2); and
 20 (B) specifically designates a particular date as the final
 21 allocation deadline.

22 (j) If the commission adopts a declaratory resolution or an
 23 amendment to a declaratory resolution that contains an allocation
 24 provision and the commission makes either of the filings required
 25 under section 10(e) of this chapter after the first anniversary of the
 26 effective date of the allocation provision, the auditor of the county in
 27 which the unit is located shall compute the base assessed value for the
 28 allocation area using the assessment date immediately preceding the
 29 later of:

30 (1) the date on which the documents are filed with the county
 31 auditor; or
 32 (2) the date on which the documents are filed with the department
 33 of local government finance.

34 (k) For an allocation area established after June 30, 2024,
 35 "residential property" refers to the assessed value of property that is
 36 allocated to the one percent (1%) homestead land and improvement
 37 categories in the county tax and billing software system, along with the
 38 residential assessed value as defined for purposes of calculating the
 39 rate for the local income tax property tax relief credit designated for
 40 residential property under IC 6-3.6-5-6(d)(3) (before its expiration).

41 SECTION ~~27~~²⁷ [EFFECTIVE JANUARY 1, 2026
 42 (RETROACTIVE)] (a) **IC 6-3.1-39.5-1, IC 6-3.1-39.5-3, and**

2026

IN 1177—LS 6690/DI 125



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1 IC 6-3.1-39.5-7, all as amended by this act, apply to taxable years
2 beginning after December 31, 2025.

3 (b) This SECTION expires June 30, 2028.

4 [SECTION 28. [EFFECTIVE JANUARY 1, 2026
5 (RETROACTIVE)] (a) IC 6-1.1-51.3-5 and IC 6-1.1-51.3-6, both as
6 added by this act, apply to property taxes imposed for assessment
7 dates after December 31, 2025.

8 (b) This SECTION expires January 1, 2028.

9 "SECTION 29. [EFFECTIVE JANUARY 1, 2026
10 (RETROACTIVE)] (a) IC 6-1.1-12-14 and IC 6-3-2-6, both as
11 amended by this act, applies to property taxes for assessment dates
12 after December 31, 2025.

13 (b) This SECTION expires January 1, 2028.

14] SECTION ~~29~~¹⁰[29]. An emergency is declared for this act.]
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IN 1177—LS 6690/DI 125



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