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

**LS 6805**
**BILL NUMBER:** HB 1210

**NOTE PREPARED:** Dec 30, 2025
**BILL AMENDED:**

**SUBJECT:** Department of Local Government Finance.

**FIRST AUTHOR:** Rep. Snow
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

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

**IMPACT:** State & Local

| SUMMARY of Estimated Local Net Property Tax Revenue ($ Millions) | | | |
|---|---|---|---|
| | CY 2026 | CY 2027 | CY 2028 |
| Current Law | 11,093.0 | 11,486.5 | 11,661.7 |
| Proposed | N/A | 11,486.2 | 11,649.0 |
| Revenue Change From Current Law | N/A | -0.3 | -12.7 |
| % Change From Current Law | N/A | 0.0% | -0.1% |

**Summary of Legislation:** *Contracts for Municipal Advisers*: The bill requires a municipal entity that hires or retains a municipal adviser to complete a competitive process at least once every two years to select the municipal adviser. It requires the municipal entity to publish a contract in a prominent location on the municipal entity's website.

*Indiana Gateway Portal*: The bill eliminates the requirement that the Department of Local Government Finance (DLGF) work with the Indiana Office of Technology (IOT) or another organization that is part of a state educational institution for purposes of posting information on the Indiana transparency website and submitting forms regarding data for local units.

*Assessor Data Submissions*: The bill makes changes to procedures regarding the reporting by county assessors of assessment values (AVs) of real and personal property and parcel level data. It changes the deadline by which a county must submit to the DLGF data regarding real property, personal property, and geographic information system information from September 1 to July 1 of each year.

*Assessment of Agricultural Land*: The bill extends a temporary increase in the capitalization rate percentage under the statewide agricultural land base rate determination.

*Mobile Home Title Work*: The bill requires the purchaser of a mobile home to process the paperwork with the Bureau of Motor Vehicles to transfer the title into the purchaser's name within 90 days of the sale.

*State Assessed Personal Property*: The bill provides that state distributable property of utilities and railroads remains subject to the minimum valuation floor regardless of when the property is placed in service.

*Nonprofit Senior Living Community Exemption*: The bill provides a real and personal property tax exemption for Indiana nonprofit senior living communities beginning with property taxes that are first due and payable in 2027.

*Model Home & Residence Inventory Deductions*: The bill increases the amount of the property tax deduction for a model residence and a residence in inventory from 50% to 75% of the assessed value of the property for each deduction. It increases, from three to seven, the number of model residences and residences in inventory in Indiana owned by the same owner or an affiliated group of owners that may qualify for each deduction for an assessment date.

*Excess Levy Appeals*: The bill eliminates provisions allowing certain entities to petition for increases to the maximum ad valorem property tax levy for their firefighting and emergency services fund, fire protection districts, and fire protection territories.

*Levies for New Taxing Units*: The bill makes procedural changes for civil taxing units not subject to levy limits.

*Property Tax Credit Distributions*: The bill adds the county option circuit breaker tax credit and local property tax credits to the list of credits that result in a reduction of property tax collections in a political subdivision in which such a credit is applied.

*Tax Sale Notices*: The bill requires the county auditor to provide notice to the executive of a county, city, or town (as applicable) if a common area within a residential development is eligible for tax sale before the date of application for judgment and  property tax exemption for certain eligible property for taxes first due.

*Tax Sale Procedures*: The bill prohibits an individual or business entity from bidding or purchasing a tract or item of real property offered at tax sale if: (1) the individual; or (2) an individual with a significant ownership interest or financial interest in the business entity also held a significant ownership interest or financial interest in another business entity that; previously purchased a tract or item of real property offered at tax sale and the tract was subsequently included on the delinquency list.

*Excess Increment AV Notification*: The bill provides that if a redevelopment commission (commission) fails to provide proper notice, the county auditor shall allocate 5% of the relevant assessed value in the allocation area to the respective taxing units. It also provides that if the commission notifies the county auditor and the DLGF that it is unable to meet its debt service obligations with regard to the allocation area without all or part of the allocated tax proceeds attributed to the assessed value that has been allocated to the respective taxing units, then the county auditor may not allocate 5% of the assessed value in the allocation area that is used to calculate the allocation and distribution of allocated tax proceeds to the respective taxing units.

*TIF Forms*: It specifies the procedures for the submission of certain forms and related allocation amounts with regard to various allocation areas.

*LIT Ordinances*: The bill removes language regarding the submission and approval, by the DLGF, of a proposed notice, ordinance, or resolution of an adopting body or another governmental entity. It also makes provisions for local income tax expenditures related to county staff expenses, courtroom costs of the state judicial system within a county, and funding for property tax homestead credits.

*Jackson County Innkeeper's Tax*: The bill provides that the Jackson County innkeeper's tax rate may not exceed 8% (as opposed to 5% under current law).

*Public Work Projects*: The bill provides that the DLGF shall annually publish on the Indiana Register the adjusted cost estimate threshold for a public work project that a board may perform using its own workforce, without awarding a contract. It specifies the method for determining the adjusted cost estimate threshold each year.

*Guaranteed Energy Savings Contracts*: The bill changes reporting requirements by governing bodies to the DLGF regarding guaranteed savings contracts and energy efficient programs used by school corporations.

*Fire Protection Territory Equipment Levies*: The bill provides that the property tax rate for the levy imposed to be used for the replacement of fire protection territory equipment is considered part of the maximum permissible ad valorem property tax levy and may not exceed $0.0333 per $100 of assessed value.

**Effective Date:** January 1, 2024 (retroactive); January 1, 2025 (retroactive); July 1, 2025; January 1, 2026. (retroactive); July 1, 2026; July 1, 2027.

**Explanation of State Expenditures:** *Indiana Gateway Portal*: This provision will result in a decrease in costs for the DLGF since it would eliminate the requirement to collaborate with a state educational institution for the maintenance of the public display of local government data submitted via the Indiana Gateway for Local Government Units portal.

[The most current Indiana Gateway portal contract that the DLGF has with Indiana University runs through June 30, 2026, for an amount of $130,500.]

*Excess Levy Appeals, LIT Ordinances, Guaranteed Energy Savings Contracts*: These provisions may result in a decreased workload for the DLGF.

*Assessor Data Submissions, Public Work Projects*: These provisions may result in an increased workload for the DLGF.

*Levies for New Taxing Units, Excess Increment AV Notification, TIF Forms*: These provisions should not have any impact on the workload or costs for the DLGF.

**Explanation of State Revenues:** *State Assessed Personal Property*: The restoration of the 30% assessment floor for newly acquired railcar property will create an initial revenue reduction compared to current law before it creates a revenue increase for the Northern Indiana Commuter Transportation District (NICTD). NICTD receives all of the revenue from the railcar property tax and also from the railroad company property tax imposed on the South Shore Freight Railroad. These taxes are outside of the regular property tax system and are paid into the Commuter Rail Service Fund and the Electric Rail Service Fund. The railcar tax is assessed and paid in the same year. These changes will first affect CY 2027 assessments and CY 2027/FY 2028 payments.

Compared to current law, revenue is estimated to decline by about $340,000 in FY 2026, $877,000 in FY 2027, and $1.1 M in FY 2028. The assessment floor elimination for new property will likely result in reduced collections for at least the first six years. Afterward, revenues are expected to increase. [Property taxes on railcars and the South Shore Freight Railroad totaled $17.1 M in FY 2025.]

**Explanation of Local Expenditures:** *Contracts for Municipal Advisers*: This bill's provisions may increase the administrative workload for municipal entities that choose to hire or retain a municipal adviser. Workload increases will depend on the number of proposals the entity receives from potential municipal advisers.

*Assessor Data Submissions*: This provision may increase the workload for county assessors should they fail to meet the July 1 annual deadline for providing the real and personal property AVs to their respective county auditors. Under this circumstance, the county assessor would be required to provide electronic notice to the county auditor, county fiscal body, DLGF, and political subdivisions in the county a detailed explanation for why the deadline was not met.

*Tax Sale Notices*: The bill may result in increased costs for county auditors to send notices to county, city, or town executives via certified mail. Any actual increase will vary by county and municipality and will depend on the number of eligible properties that have a common area.

*Tax Sale Procedures*: This bill's provisions may result in a minor increase of workload for county treasurers since it expands the reasons a property sold at tax sale may be subject to forfeiture.

*Excess Increment AV Notification*: These provisions will increase the workload for county auditors. County auditors would be required to administer the new requirement of releasing 5% of TIF increment AV back to the base AV for delinquent redevelopment commissions and authorities and reuse authorities.

*Public Work Projects*: The overall impact of this bill's provisions on local expenditures is indeterminable. The actual fiscal impact will vary by locality and be contingent on how many projects reach the new threshold to go through the public bidding process. [From September 2024 to September 2025, the unadjusted Consumer Price Index for all Urban Consumers has increased by roughly 3%.]

*Guaranteed Energy Savings Contracts*: These provisions will result in a decreased workload for the governing bodies of political subdivisions. The bill eliminates the annual reporting requirement of savings resulting from the guaranteed savings contracts or utility efficiency programs.

**Explanation of Local Revenues:** *Assessment of Agricultural Land*, *State Assessed Personal Property*: Under current law, personal property acquired after January 1, 2025, is not subject to the 30% valuation floor. This bill will restore the assessment floor for utility and railroad personal property. In the short term, utility and railroad assessments may be reduced before increasing over the long term. Additionally, this bill will reduce farmland assessments by an estimated $43.5 M for CY 2028. The reduction in assessed valuation will cause tax rates to increase, shifting taxes from farmland to all other property types, including personal property. The increased tax rates also will cause an increase in tax cap losses for taxing units in areas where tax caps have been met.

Taxing unit revenues will be lower under this bill as compared to current law. The reductions are estimated at $0.3 M in CY 2027 and $12.7 M in CY 2028. Following are net tax change and revenue summaries by property type and unit type.

| Estimated Net Tax Change ($ Millions)<br>and Percent Change from Current Law |
|---|

| Property Type | CY 2027 | | CY 2028 | |
|---|---|---|---|---|
| Homesteads | 0.2 | 0.0% | 13.7 | 0.3% |
| Farmland | 0.1 | 0.0% | -43.5 | -9.7% |
| Other Residential | 0.0 | 0.0% | 3.8 | 0.3% |
| Apartments | 0.0 | 0.0% | 0.2 | 0.0% |
| Ag Business | 0.0 | 0.0% | 3.1 | 1.5% |
| Other Real | 0.1 | 0.0% | 5.3 | 0.2% |
| Personal Property | -0.7 | -0.1% | 4.7 | 0.3% |
| **Total** | **-0.3** | **0.0%** | **-12.7** | **-0.1%** |
| *Note: Totals may not sum due to rounding.* | | | | |

| Estimated Net Revenue Change ($ Millions) and Percent Change from Current Law | | | | |
|---|---|---|---|---|
| **Unit Type** | **CY 2027** | | **CY 2028** | |
| Counties | 0.0 | 0.0% | -4.9 | -0.2% |
| Townships | 0.0 | 0.0% | -0.7 | -0.2% |
| Cities and Towns | -0.1 | 0.0% | -3.1 | -0.1% |
| School Corporations | -0.1 | 0.0% | -5.4 | -0.1% |
| Libraries | 0.0 | 0.0% | -0.5 | -0.1% |
| Special Units | -0.1 | 0.0% | -0.4 | -0.1% |
| TIF | 0.1 | 0.0% | 2.3 | 0.2% |
| **Total** | **-0.3** | **0.0%** | **-12.7** | **-0.1%** |
| **Total Without TIF** | **-0.4** | **0.0%** | **-15.0** | **-0.1%** |
| *Note: Totals may not sum due to rounding.* | | | | |

(These estimates are based on the property tax model used during the 2025 session of the General Assembly. They may be updated once the model update for the 2026 session is complete. Additionally, the net local revenue estimates provided in the summary table at the beginning of this fiscal note were updated at the beginning of December 2025 to better account for the impact of the TIF neutralization requirement enacted in 2025.)

*Nonprofit Senior Living Community Exemption*: This bill extends the property tax exemption for Indiana nonprofit senior living communities:
(1) registered as a continuing care retirement community,
(2) defined as a small house health facility, or
(3) licensed as a health care or residential care facility.

It also removes the $500,000 entry fee cap for continuing care retirement communities.

More exemptions will result in a shift of property taxes from those properties eligible to receive the exemption to all other properties. Local units of government could potentially lose revenue due to increased tax cap credits.

[Current law states that these exemptions apply to taxes payable in CY 2025 and CY 2026 and will expire January 1, 2027.]

*Model Home & Residence Inventory Deductions*: The increase of these property tax deductions will apply to taxes payable beginning in 2027 and will have minimal impact on tax revenue. For taxes due in CY 2025, a total of 96 of these deductions were spread across 19 counties in the state. The deductions totaled $19.2

M in assessed value and were worth $402,542 in net taxes. Increasing these tax deductions from 50% to 75% of the assessed value in CY 2025 would have increased the worth of the deduction by $198,904 in net taxes for all properties that currently qualify for the deduction.

This bill also increases the number of model residences and residences in inventory that may qualify for the deduction from three to seven. The impact of this increase is unknown because the number of the affected properties is unknown.

*Excess Levy Appeals*: Beginning with CY 2027 property tax levies, these provisions eliminate the excessive levy appeals for township firefighting and emergency services funds, fire protection districts, and fire protection territories. When granted, these appeals currently result in higher maximum levy limits, permitting taxing units to impose higher property tax levies. The bill will eliminate these levy increases.

*Property Tax Credit Distributions*: These provisions specify that the impact of the county option circuit breaker credit and the supplemental homestead credit shall be applied to those unprotected funds (e.g., non-referendum and non-debt funds) of a local unit when distributing property tax revenue. It also specifies that political subdivisions may not increase their debt service to make up for the loss of revenue due to the supplemental homestead credit, the over 65 credit, and the blind and disabled credit.

*Excess Increment AV Notification*: These provisions may result in more increment AV being released back to the base AV for the underlying local units located in a TIF district. A higher base AV would result in a lower tax rate for the tax district - assuming that property tax levies are static - and lower tax cap losses. This means that local units would receive a greater percentage of their certified levies.

The actual fiscal impact will vary by county and municipality. The fiscal impact will depend on the timeliness of redevelopment commissions and authorities and reuse authorities with their notification requirements.

*Jackson County Innkeeper's Tax*: This bill allows the county to increase the rate of the tax from 5% to 8% beginning July 1, 2026. The table below shows the estimated revenue increase for CY 2026 through CY 2028 with the tax rate change. Actual revenues may be lower than the estimated amounts listed to the extent that consumer demand for lodging is reduced due to the price increase from the tax.

| **Jackson County Innkeeper's Tax Estimated Revenue Increase, 8%** | | |
|---|---|---|
| **CY 2026** | **CY 2027** | **CY 2028** |
| $164,000 | $334,000 | $333,000 |

Jackson County collected about $530,000 in innkeeper's tax revenue in CY 2024. Under current law, Jackson County's innkeeper's tax revenue funds the county's Convention, Visitor, and Tourism Promotion Fund.

*Fire Protection Territory Equipment Levies*: Starting with the CY 2027 property tax levies, this provision makes a fire protection territory's equipment replacement fund subject to the maximum permissible levy for each participating unit in the territory.

*Vanderburgh County Nonprofit Exemption*: The cancellation of property taxes will reduce property tax distributions to a TIF district, local civil taxing units, and a school corporation. Before September 1, 2026, the bill permits an affected property owner to file an exemption application for taxes payable in CY 2025 and CY 2026.

The property tax exemption will be granted to any taxpayer if they meet all of the listed qualifications. One property owner in Vanderburgh County has been identified as being affected by this provision, although there could be additional, unidentified, affected taxpayers. CY 2025 taxes currently due on the identified property total $61,600. Additionally, there will be a CY 2026 tax bill issued for this parcel in April 2026.

Records show that 99.5% of the identified property's AV is allocated to a TIF district. So, the TIF district will absorb most of the revenue reduction identified.

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

**Local Agencies Affected:** Civil taxing units and school corporations; Redevelopment commissions and authorities and reuse authorities; County auditors; Local assessors; Fire protection territories; Northern Indiana Commuter Transportation District; County, city, and town executives; County treasurers; Jackson County.

**Information Sources:** Indiana Transparency Portal - Contracts:https://www.in.gov/itp/contracts/ ; Vanderburgh County Treasurer's website; Legislative Services Agency, *Indiana Handbook of Taxes, Revenues, and Appropriations, FY 2025*; Department of State Revenue; Consumer Price Index Summary (2025), https://www.bls.gov/news.release/cpi.nr0.htm ; LSA Property Tax Database; Purdue University.

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