

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

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

**NOTE PREPARED:** Jan 27, 2026  
**BILL AMENDED:** Jan 27, 2026

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

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

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

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

**IMPACT:** State & Local

<b>SUMMARY of Estimated Property Tax Net Revenue (\$ Millions)</b>				
	<b>CY 2026</b>	<b>CY 2027</b>	<b>CY 2028</b>	<b>CY 2029</b>
<b>Current Law</b>	<b>11,380.4</b>	<b>11,893.1</b>	<b>12,201.9</b>	<b>12,732.7</b>
<b>Proposed</b>	<b>N/A</b>	<b>11,897.1</b>	<b>12,460.7</b>	<b>12,734.3</b>
<b>Revenue Change From Current Law</b>	<b>N/A</b>	<b>4.0</b>	<b>258.8</b>	<b>1.6</b>
<b>% Change From Current Law</b>	<b>N/A</b>	<b>0.0%</b>	<b>2.1%</b>	<b>0.0%</b>

**Summary of Legislation:** (Amended) *State GIS Officer*: The bill requires state agencies and political subdivisions to cooperate with the state GIS officer in preparing a statewide base map.

**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.

**City of Gary & Lake County Convention Center Authority:** The bill makes changes to the amount of supplemental wagering tax that the Treasurer of State is required to pay to the riverboat operating in Gary. It makes changes to the distribution of wagering tax revenue to the city of Gary. The bill legalizes and validates certain bonds, notes, evidences of indebtedness, leases, or other written obligations issued or executed by or in the name of the: (1) Indiana Finance Authority; (2) Development Authority; and (3) Lake County Convention Center Authority (authority). It also provides that the authority is established when the construction of the convention and event center is substantially completed so that the convention and event center can be used for its intended purpose.

**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.

*Vanderburgh County Nonprofit Exemption:* The bill provides a property tax exemption for certain eligible property taxes first due and payable in 2025 and 2026.

*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.

*Mobile Home Definition:* The bill replaces the definitions of "manufactured home" and "mobile home" throughout the Indiana Code with a singular definition.

*Totally Disabled Veteran Deduction:* The bill 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).

*Surviving Spouse of WWI Veteran Deduction:* The bill restores the property tax deduction available to a surviving spouse of a World War I veteran that was limited to property taxes imposed for an assessment date before January 1, 2025, by SEA 1-2025 (P.L. 68-2025).

*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.

*Amended CNAVs:* The bill provides that for purposes of fixing and reviewing budgets, tax rates, and tax levies, before a county auditor makes an amendment, the county auditor must provide written notice to the county fiscal body, the DLGF, and the fiscal officers of the affected taxing units.

*Local Unit Contract Upload:* The bill provides that the DLGF may not approve the budget for a political subdivision until an attestation statement concerning the uploading of contracts is submitted.

*Excess Levy Appeals:* The bill specifies eligibility for certain townships to petition for an increase to the maximum property tax levy for the firefighting and emergency services fund.

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

*Miami Township Max Levy Increase:* The bill allows the executive of Miami Township in Cass County to submit a petition to the DLGF requesting an increase in the township's maximum permissible ad valorem property tax levy for property taxes first due and payable in 2027.

*Over 65 Property Tax Credit:* The bill requires an individual to reside on the real property, mobile home, or manufactured home to be eligible for the over 65 property tax credit.

*Veterans Property Tax Credit:* The bill expires property tax deductions for certain veterans, and instead provides a property tax liability credit.

*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 Procedures:* The bill prohibits certain individuals or business entities from bidding or purchasing a tract or item of real property offered at tax sale.

*ICHRA Credit Clean-Up:* The bill specifies eligibility and procedures for a health reimbursement arrangement income tax credit.

*Effective Date for New LIT:* The bill moves the effective date for the local income tax (LIT) changes enacted in SEA 1 in the 2025 session from 2028 to 2029.

*LIT Councils:* The bill makes corresponding changes to move the expiration date regarding a county with a single voting bloc enacted in HEA 1142 in the 2025 session.

*LIT Procedures:* The bill specifies procedures for the imposition of local income taxes and distribution of local income tax revenue.

*LIT-Funded Debt Service:* The bill provides that, for counties or municipalities that fail to adopt an ordinance to renew an existing expenditure tax rate, the expenditure tax rate for the county or municipality shall be the minimum tax rate necessary for existing debt service.

*Fire/EMSLIT:* The bill provides that the county may determine an allocation method for revenue raised from a tax rate for fire protection or emergency medical services. It provides that the county and certain township fire departments must receive an allocation of revenue raised from a tax rate for fire protection or emergency medical services.

*Small Municipality LIT:* The bill provides a formula for the distribution of revenue from the local income tax rate imposed by a county for certain small cities and towns. It specifies procedures for determining population for purposes of a municipal local income tax rate.

*Hancock County Special Purpose LIT:* The bill requires the Hancock County fiscal body to adopt a resolution to allow a one time transfer of money from the library property tax replacement fund.

*Marshall County Special Purpose LIT:* The bill allows the Marshall County jail fund to be used for costs otherwise incurred for the operation of the county jail.

*Food and Beverage Taxes:* The bill allows the Rush County fiscal body to adopt an ordinance to impose a food and beverage tax on or before December 31, 2026. It also authorizes the City of Greendale to impose a food and beverage tax.

*Innkeeper's Taxes:* The bill provides that the Jackson County, DeKalb County, and Noble County innkeeper's tax rates may not exceed 8%.

*Excess Increment AV Notification:* The bill provides that if a redevelopment 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.

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

*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.

*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.

*Tourism Improvement Districts:* The bill provides that, after a hearing on a petition to establish a tourism improvement district, a county's, city's, or town's legislative body may adopt the ordinance establishing the tourism improvement district.

*Fire Protection Board Residency Requirements:* The bill requires a person appointed to a fire protection district board of trustees to reside in the fire protection district.

*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.

*Barrett Law Payments:* The bill revises a provision of the municipal Barrett Law concerning deferred installments.

*Residential Zoning Restrictions:* The bill prohibits a unit from adopting or enforcing an ordinance, resolution, regulation, policy, or rule that prohibits or restricts an owner of a privately owned residential property from using the property as a rental property.

**Effective Date:** (Amended) Upon passage; January 1, 2024 (retroactive); January 1, 2025 (retroactive); May 10, 2025 (retroactive); July 1, 2025 (retroactive); January 1, 2026 (retroactive); February 28, 2026 (retroactive); July 1, 2026; July 1, 2027; January 1, 2028; June 30, 2028; July 1, 2028; January 1, 2029.

**Explanation of State Expenditures:** (Revised) *State GIS Officer:* The bill's provisions pertaining to data submissions to the state GIS officer are within the office's routine administrative duties and should be able to be accomplished without additional appropriations.

*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.]

*(Revised) Assessor Data Submissions, Amended CNAVs, Miami Township Max Levy Increase, LIT Procedures, LIT-Funded Debt Service, Public Work Projects:* These provisions may result in an increased workload for the DLGF.

*(Revised) Excess Levy Appeals, 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.

*(Revised) Guaranteed Energy Savings Contracts:* This provision may result in a decreased workload for the DLGF.

*(Revised) ICHRA Credit Clean-Up:* The Department of State Revenue (DOR) should be able to make changes to the health reimbursement arrangement credit within current resource levels.

*(Revised) Effective Date for New LIT:* These provisions should not have any significant impact for the DLGF, the DOR, or the SBA since they are simply extending current functions already in place.

*(Revised) Food and Beverage Taxes:* The bill allows Rush County and the city of Greendale to establish a food and beverage tax. This tax would be collected and remitted to the DOR in the same manner as the state sales tax. The DOR should be able to implement the bill's requirements within existing levels of staff and resources.

**Explanation of State Revenues:** *(Revised) City of Gary & Lake County Convention Center Authority:* The bill makes changes to distributions of riverboat wagering tax generated at the Gary casino. Since the provision is effective upon passage, the bill does not specify any state and local distributions in the remainder of FY 2026 for Gary casino revenue. Starting FY 2027, it will result in \$5 M annually distributed to the Lake County Economic Development and Convention Fund before revenues are distributed to the City of Gary and the state General Fund. The amount distributed to the Convention Fund will be used to satisfy Gary's funding obligation to the Northwest Indiana Regional Development Authority (RDA). As the bill provides that distributions to the RDA be considered as an amount constructively received by the city of Gary, it will reduce distributions to the city of Gary but not impact the state General Fund.

Additionally, current law provides for an annual total of \$11 M in FY 2026 and FY 2027 and \$8 M in years thereafter in matching deposits to the Convention Fund, the Blighted Property Demolition Fund, and the Gary Metro Center Station Revitalization Fund before the wagering tax revenue is deposited in the State Gaming Fund. The bill moves the matching distribution within the State Gaming Fund, after the local distributions and before distributions to the state General Fund. It also creates an order of distributions for the three matching deposits. It allows for a one-year extension of the state matching deposits to the Convention Fund if the initial match from the city of Gary does not occur in FY 2026. This could reduce the state General Fund by up to \$5 M in FY 2046, when the matching deposit would not occur in absence of the bill.

*(Revised) ICHRA Credit Clean-Up:* Limiting income tax credits for health reimbursement arrangements to arrangements established on or after January 1, 2024, could result in a minor increase in state revenues. For tax year 2026 and beyond, allowing partners, shareholders, or members of a pass through entity to claim a portion of the credit may increase credit claims, which would reduce state General Fund revenues. The total amount of tax credits that may be awarded annually remains at \$10 M.

**Explanation of Local Expenditures:** (Revised) *State GIS Officer:* The bill's provisions will increase the workload for municipalities that impose their own municipal rate in terms of providing GIS data to the state GIS officer on an annual basis.

*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.

(Revised) *City of Gary & Lake County Convention Center Authority - Validation of Bonds:* Bonds, leases, and other obligations issued by the following entities before February 28, 2026, would continue to be paid: Indiana Finance Authority, Northwest Indiana Regional Development Authority, City of Gary, Lake County board of commissioners, and Lake County Convention Center Authority.

The bill would delay the establishment of the Lake County Convention Center Authority until construction on the convention center is completed. This provision would delay any expenditure made by the authority. The Lake County commissioners will administer the Lake County Convention and Event Center Reserve Fund until the authority is established.

*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.

(Revised) *Amended CNAVs:* These provisions may increase the workload for county auditors. County auditors would be required to provide written notice of an amended CNAV to the county fiscal body, county assessor, the DLGF, and the fiscal officers of the affected taxing units within the county.

(Revised) *Local Unit Contract Upload:* This provision should not have any significant impact on the workload of fiscal officers.

(Revised) *Miami Township Max Levy Increase:* These provisions may result in a temporary, minor increase in the workload for the Miami Township (Cass County) fiscal body.

*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.

(Revised) *LIT Councils:* The bill delays the elimination of single-member voting bloc LIT councils from 2027 to 2028. This provision may result in a minor, temporary increase of workload for non-county members of the LIT councils since they would continue be tasked with determining LIT rate changes.

(Revised) *LIT Procedures:* These provisions will increase the workload for county auditors. They will be required to certify to the DLGF and the state GIS officer annually which taxing units impose a LIT rate in each taxing district in their counties. County auditors will also be required to annually provide population data for fire and EMS service areas and nonmunicipal units to the DLGF. Likewise, fire and EMS service providers will experience a slight increase in workload from having to provide their service area boundary data to the DLGF on annual basis.

(Revised) *LIT-Funded Debt Service*: These provisions will increase the workload for fiscal officers of counties and municipalities due to the LIT-funded debt service annual reporting requirement to the DLGF.

(Revised) *Fire/EMS LIT*: This provision may increase the workload for county fiscal officers and fiscal bodies should they choose to derive an allocation method for distributing the fire/EMS LIT revenue to the eligible service providers.

(Revised) *Hancock County Special Purpose LIT*: This provision will result in a temporary, minor increase of workload for the Hancock County council and the library boards for the Hancock County Public Library and Fortville Public Library.

(Revised) *Marshall County Special Purpose LIT*: This provision broadens the use of the special purpose LIT revenue beyond jail facility maintenance to now include costs otherwise incurred for the operation of the county jail in Marshall County. [For CY 2026, Marshall County has a certified special purpose LIT distribution of \$4.041M.]

*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.

(Revised) *Tourism Improvement Districts*: This provision may increase expenses and administrative workload for auditors and clerk treasurers and for our county and municipal councils should these entities decide to establish a tourism improvement district within their respective jurisdictions.

(Revised) *Barrett Law Payments*: This provision may result in a temporary, minor increase of workload for municipal works boards due to updating their individual Barrett Law policies to allow for pre-payment of assessments.

(Revised) *Residential Zoning Restrictions*: This provision may result in a decrease in both workload and costs related to enforcement for political subdivisions to the extent these entities have previously or intend to adopt regulations pertaining to the restriction of privately owned residential property used as rental property.

**Explanation of Local Revenues:** (Revised) *City of Gary & Lake County Convention Center Authority - Distribution of Riverboat Wagering Tax from Gary Casino*: The changes to riverboat wagering taxes will result in \$5 M annually distributed to the Lake County Economic Development and Convention Fund. It will reduce distributions to the city of Gary by \$5 M. The distribution of this amount to the RDA will also satisfy Gary's funding obligation to the RDA. The impact will begin in FY 2027.

(Revised) *City of Gary & Lake County Convention Center Authority - Supplemental Wagering Tax from Gary Casino Paid to RDA*: The bill doubles the amount intercepted from the supplemental wagering tax generated from the Gary casino and distributed to the city of Gary and Lake County. This adjustment, effective upon passage, accounts for the closure of two Gary riverboats and opening of Gary inland casino operating under a single license. Although it will change the amount of supplemental wagering tax revenues received by the RDA, it will not change the total amount required to be paid by the city of Gary and Lake County to the RDA. It is estimated that this provision will not have any net fiscal impact on the city of Gary, Lake County, or the RDA.

(Revised) *Assessment of Agricultural Land, Elimination of the Partially Disabled Veteran Deduction, Effective Date for New LIT*: The bill includes a provision that increases the highest capitalization rate in the formula for the determination of the farmland base assessment rate from 8% to 9% for taxes payable in CY 2028. Under current law, the base assessment rate for farmland is estimated at \$2,280 for taxes payable in CY 2028. Under this provision, the base rate will be reduced to an estimated \$2,020 for taxes payable for CY 2028. The estimated reduction is \$260 AV per acre in CY 2028.

Additionally, beginning with taxes payable in CY 2027, this bill eliminates the partially disabled veteran deduction and instead replaces it with a property tax credit in the amount of \$350 for eligible taxpayers.

Also, under current law, property tax relief credits (PTRC) and property tax levy freeze that are funded via LIT are eliminated starting in CY 2028. This bill delays the elimination of the LIT PTRC and property tax levy freeze to CY 2029.

The estimated net effect from these specific provisions (combined) on property tax revenue by property type and local unit type for CY 2027 through CY 2029 are summarized in the following tables. As it pertains to the partially disabled veteran deduction, these estimates only take into account the elimination of those deductions currently being claimed and do not account for the implementation of the new credit.

Property Type	Estimated Net Tax Change (\$ Millions) and Percent Change from Current Law					
	CY 2027		CY 2028		CY 2029	
Homesteads	17.0	0.4%	-176.3	-3.6%	17.4	0.3%
Farmland	-1.3	-0.3%	-53.4	-13.5%	-1.3	-0.4%
Other Residential	-1.4	-0.1%	-36.2	-2.3%	-2.5	-0.2%
Apartments	-0.7	-0.1%	-10.7	-1.5%	-1.3	-0.2%
Ag Business	-0.6	-0.3%	-5.9	-2.8%	-0.6	-0.3%
Other Real	-5.7	-0.2%	-73.4	-2.4%	-6.5	-0.2%
Personal Property	-3.3	-0.2%	-29.7	-2.0%	-3.6	-0.2%
<b>Total</b>	<b>4.0</b>	<b>0.0%</b>	<b>-385.6</b>	<b>-3.1%</b>	<b>1.6</b>	<b>0.0%</b>

*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	CY 2029		
Counties	1.6	0.1%	46.9	2.3%	0.6
Townships	0.2	0.1%	2.8	0.7%	0.0
Cities and Towns	2.2	0.1%	119.9	4.9%	1.8
School Corporations	2.2	0.0%	82.6	1.7%	2.3
Libraries	0.1	0.0%	10.9	2.5%	0.1
Special Units	0.4	0.0%	-15.1	-1.9%	-0.8
TIF	-2.6	-0.2%	10.9	0.9%	-2.3
<b>Total</b>	<b>4.0</b>	<b>0.0%</b>	<b>258.8</b>	<b>2.1%</b>	<b>1.6</b>
<b>Total Without TIF</b>	<b>6.6</b>	<b>0.1%</b>	<b>247.9</b>	<b>2.3%</b>	<b>4.0</b>

*Note: Totals may not sum due to rounding.*

(The difference between the overall total net tax change by property type and the overall total revenue change by unit type for CY 2028 is attributable to the LIT PTRC, which this bill extends for one more year. The LIT PTRC is a fully funded property tax credit, and the amount of LIT revenue that a county decides to allocate to PTRC is distributed to local units via the property tax billing process. When LIT PTRC is removed, property tax bills will increase overall because the LIT PTRC is no longer buying down a taxpayer's tax liability, and the amount of revenue distributed to local units will decrease.)

Estimates of the total change in net revenue by county appear in Appendix A.

*(Revised) Assessment of Solar Land:* This provision may result in a lower median solar land base rate for the various regions in the state. A lower base rate will result in a lower assessment for those properties to which these rates are applied. Generally speaking, a reduction in the assessed value base leads to higher tax rates - assuming that levies are static - and greater property tax cap losses to local units.

By including those utility properties that are assessed using the agricultural land base rate, the median solar land base rate would decrease from \$18,356 to \$13,000 for the North region; from \$26,141 to \$14,607 for the Central region; and from \$20,000 to \$7,800 for the South region. [These estimates are based on an analysis of the Pay 2025 real property data.]

*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.

*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.]

*(Revised) Totally Disabled Veteran Deduction, Surviving Spouse of WWI Veteran Deduction, Veterans Property Tax Credit Summary:* Overall, beginning with taxes payable in CY 2027, disabled veterans will receive additional deductions or credits worth an estimated \$46.2 M in net tax under this bill. The tax reduction will come in the form of both (1) property tax deductions, which will shift some taxes to other taxpayers and also partly reduce local revenues; and (2) property tax credits, which will reduce revenue for the taxing units that serve these taxpayers.

For the Surviving Spouse of WWI Veteran Deduction, the restoration of this property tax deduction will have a minimal impact on tax revenues. For taxes due in CY 2025, a total of 18 of these deductions were spread across 7 counties in the state, with a total of \$300,000 in assessed value and worth \$7,700 in net taxes.

For the Totally Disabled Veteran Deduction, beginning with property taxes due in CY 2027, this provision provides a 100% deduction to totally disabled veterans. In addition, this provision also removes the maximum \$240,000 AV qualification. The 100% deduction for totally disabled veterans is estimated to be worth about \$3.8 M in net tax for the veterans who currently receive the \$14,000 deduction. The elimination of the AV cap will result in an estimated additional 5,200 deductions worth approximately \$23.2 M in net tax.

Additionally, the bill eliminates the 100% disabled veteran deduction for surviving spouses if either (1) the veteran was killed in action or died during inactive duty training, or (2) the surviving spouse remarries.

The bill also eliminates the current \$14,000 deduction for veterans who are age 62 with a 10% to 90% disability in favor of a new property tax credit.

For the Veterans Property Tax Credit, beginning with property taxes due in CY 2027, this provision replaces the current deduction for partially disabled wartime veterans and the deduction for totally disabled veterans with two new credits.

The new credits will equal the following:

- \$250 for veterans who are age 62 with a 10% to 90% disability, and
- \$350 for veterans with wartime service and at least a 10% service-connected disability.

While the current totally disabled veteran deduction has a maximum property assessed value (AV) to qualify, the credit does not have a maximum AV. An estimated additional 52,500 disabled veterans may qualify for the \$250 credit at an estimated annual cost of \$13.1 M. Also, the value of the \$250 credit is estimated to be \$1.1 M higher than the tax value of the \$14,000 deduction for current recipients.

Additionally, about 38,200 veterans who currently receive the existing wartime disabled veteran deduction will receive an estimated \$5.0 M in credits above the current tax value of their deductions.

*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.

*(Revised) Excess Levy Appeals:* Beginning with CY 2027 property tax levies, these provisions may result in higher maximum levy limits, permitting township units to impose higher property tax levies for their firefighting and emergency services fund(s). The actual fiscal impact will vary by county and township and will depend on the number of excess levy appeal requests approved for a particular budget year.

*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.

*(Revised) Miami Township Max Levy Increase:* The bill permits Miami Township in Cass County to petition the DLGF for a permanent increase in their CY 2027 maximum levy limit. Before the township requests the increase, it must first hold a public hearing and make available a fiscal plan and estimated effects including the impact on taxpayers. If requested, the increase will be up to \$12,167. Miami Township's 2026 civil maximum levy is \$2,074.

Increased property tax levies provide a revenue increase for the adopting units but may reduce revenue for intersecting taxing units due to tax cap losses.

*(Revised) LIT Procedures:* These provisions may result in decreased LIT revenue for counties and municipalities if their respective fiscal bodies adopt rates that when combined exceed the maximum allowable LIT rates under current law. The LIT rate(s) would be reduced to the maximum allowed under statute.

*(Revised) LIT-Funded Debt Service:* Starting with the CY 2028 LIT distributions, these provisions may result in higher county services and municipal LIT rates should a county or municipality fail to adopt a LIT rate sufficient enough to generate revenue that is 1.25 times the amount of LIT-funded debt service and lease payments. The LIT rate would be increased accordingly to meet this standard.

*(Revised) Fire/EMS LIT:* This provision allows revenue generated from a county-adopted fire/EMS LIT rate to be distributed to the eligible service providers in a county based on the allocation method as determined by the county. When determining the allocation method, the county must factor in the boundaries and the population living within each service area based on the most recent federal decennial census. Additionally,

for allocations made to township fire departments, the county must consider the number of fire runs and the salaries of the full-time firefighters employed by the department.

(Revised) *Small Municipality LIT*: Starting with the CY 2029 LIT distributions, this change may result in larger LIT revenue distributions to those municipalities that have a municipal LIT rate adopted by the county fiscal body. It requires - rather than being optional as in current law - a county to distribute the revenue to those applicable municipalities that adopt a resolution requesting a distribution of revenue generated from the county-adopted municipal LIT rate. Additionally, this change removes the default of the county keeping 75% of the revenue generated by a county-adopted municipal LIT rate.

The actual fiscal impact will depend on the number of eligible municipalities that decide to adopt a resolution requesting a distribution of revenue generated from this rate. The bill allows the county to retain all revenue generated from this rate if no eligible municipality adopts a resolution requesting a distribution.

(Revised) *Hancock County Special Purpose LIT*: This provision may result in additional revenue for both the Hancock County Public Library and the Fortville Public Library in CY 2029. The amount of revenue each library receives will depend on the balance of the county's library property tax replacement fund as of December 31, 2028, as well as the population covered by each library. [Based on the Hancock County annual financial report data, there was a balance of approximately \$834,137 in the library property tax replacement fund at the end of CY 2024.]

(Revised) *Food and Beverage Taxes*: The bill authorizes Rush County and the city of Greendale to impose a food and beverage tax at a rate not to exceed 1%. The following table shows the estimated potential revenue for CY 2027 and CY 2028. The Rush County food and beverage tax expires July 1, 2049. The Greendale food and beverage tax expires January 1, 2048.

<b><u>Estimated Potential Food and Beverage Tax Revenue, 1% Tax Rate</u></b>		
<b>Unit</b>	<b>CY 2027</b>	<b>CY 2028</b>
Rush County	\$193,000	\$189,000
City of Greendale	\$185,000	\$184,000

[These estimates are based on data for the food services industry in Rush and Dearborn Counties and actual revenue of counties that currently collect food and beverage taxes.]

(Revised) *Innkeeper's Taxes*: This bill allows DeKalb, Jackson, and Noble counties to increase the tax rate from 5% to 8% beginning July 1, 2026. The table below shows the estimated revenue increase for CY 2027 through CY 2028 with the tax rate change. Actual revenues may be lower than the estimated amounts listed if consumer demand for lodging decreases due to the price increase from the tax.

<b><u>Estimated Innkeeper's Tax Revenue Increase, 8% Tax Rate</u></b>		
<b>County</b>	<b>CY 2027</b>	<b>CY 2028</b>
Jackson County	\$334,000	\$333,000
Noble County	\$79,000	\$77,000
DeKalb County	\$333,000	\$330,000

*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.

(Revised) *Tourism Improvement Districts:* The bill allows a tourism improvement district to levy a special assessment on businesses in the district to be deposited into the Tourism Improvement Fund. The assessment must be based on the estimated benefit to the business. The basis and/or rate may be different for different types of businesses. A special assessment may include any of the following:

- Percentage rate per transaction
- Fixed rate per transaction per day
- Percentage of gross sales

Special assessments from the Tourism Improvement Fund and any money earned from investment of money in the fund may be used to fund the district's activities and finance bonds issued for improvements in the district.

*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.

**State Agencies Affected:** Department of Local Government Finance; Department of State Revenue; State Board of Accounts; State Budget Agency; State GIS Officer; State Comptroller; Treasurer of State; Indiana Gaming Commission.

**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; County fiscal bodies; Municipal fiscal bodies and officers; DeKalb County; Jackson County; Lake County; Marshall County; Noble County; Rush County, City of Greendale (Dearborn County); City of Gary, Northwest Indiana Regional Development Authority; Hancock County Public Library; Fortville Public Library; Municipal works boards.

**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; CY 2026 LIT Distributions Certified November 25, 2025: <https://www.in.gov/sba/files/2026-Certification-Calculations-November-Release.pdf>; OFMA Quarterly Census of Employment and Wages Data; ACS 1-Year Estimates Public Use Microdata Sample (2024); CY2024 Annual Financial Report data for Hancock County; Pay 2025 county real property assessment data.

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**Appendix A.**

<b>Estimated Change in Total Revenue for All Units (\$ Millions)</b> <b>and Percent Change from Current Law</b>				
<b>County</b>	<b>CY 2027</b>	<b>CY 2028</b>	<b>CY 2029</b>	
Adams	0.03	0.1%	1.63	3.5%
Allen	0.16	0.0%	26.79	4.0%
Bartholomew	0.00	0.0%	-0.12	-0.1%
Benton	0.01	0.0%	-0.06	-0.3%
Blackford	0.02	0.1%	-0.08	-0.4%
Boone	-0.03	0.0%	-0.03	0.0%
Brown	0.01	0.0%	-1.28	-5.7%
Carroll	0.00	0.0%	-4.24	-14.3%
Cass	0.07	0.1%	5.39	10.8%
Clark	-0.02	0.0%	12.91	5.3%
Clay	-0.01	0.0%	0.88	3.7%
Clinton	0.01	0.0%	1.57	2.6%
Crawford	0.04	0.3%	-0.05	-0.4%
Daviess	0.04	0.1%	1.26	3.1%
Dearborn	0.04	0.1%	-0.02	0.0%
Decatur	-0.03	-0.1%	0.06	0.1%
DeKalb	0.00	0.0%	1.71	2.4%
Delaware	0.13	0.1%	5.62	3.8%
Dubois	0.01	0.0%	-0.08	-0.1%
Elkhart	-0.02	0.0%	8.50	2.1%
Fayette	0.04	0.1%	4.19	14.9%
Floyd	0.06	0.1%	1.05	1.0%
Fountain	0.00	0.0%	0.01	0.0%
Franklin	0.00	0.0%	-0.03	-0.1%
Fulton	0.00	0.0%	0.22	0.8%
Gibson	0.03	0.0%	-0.08	-0.1%
Grant	0.21	0.2%	10.84	13.1%
Greene	0.03	0.1%	-0.04	-0.1%
Hamilton	0.19	0.0%	0.06	0.0%
Hancock	0.02	0.0%	2.21	1.3%
Harrison	0.01	0.0%	-0.04	-0.1%
Hendricks	0.04	0.0%	5.64	1.3%
Henry	0.08	0.2%	1.99	3.5%
Howard	0.23	0.2%	10.09	6.8%
Huntington	0.05	0.1%	0.01	0.0%
Jackson	0.00	0.0%	2.71	4.2%
Jasper	0.00	0.0%	-1.32	-2.7%
Jay	0.04	0.1%	1.00	3.3%
Jefferson	0.07	0.2%	-0.09	-0.2%
Jennings	-0.03	-0.1%	0.56	1.8%
Johnson	-0.05	0.0%	-0.08	0.0%
Knox	0.05	0.1%	-0.05	-0.1%
Kosciusko	-0.02	0.0%	-0.05	0.0%
LaGrange	0.01	0.0%	0.15	0.3%
Lake	0.54	0.0%	120.01	12.0%
LaPorte	0.12	0.1%	-0.18	-0.1%

**Appendix A.**

**Estimated Change in Total Revenue for All Units (\$ Millions)  
and Percent Change from Current Law**

County	CY 2027	CY 2028	CY 2029	
Lawrence	0.00	0.0%	3.48	6.2%
Madison	0.33	0.2%	14.03	8.0%
Marion	0.61	0.0%	-34.67	-1.7%
Marshall	0.02	0.0%	-0.15	-0.2%
Martin	0.00	0.0%	0.12	1.1%
Miami	0.10	0.2%	1.88	4.9%
Monroe	-0.02	0.0%	0.19	0.1%
Montgomery	-0.01	0.0%	3.45	5.2%
Morgan	-0.05	0.0%	-0.62	-0.6%
Newton	0.01	0.0%	-0.08	-0.3%
Noble	-0.02	0.0%	0.59	0.9%
Ohio	0.00	0.0%	0.00	-0.1%
Orange	-0.02	-0.1%	-0.03	-0.1%
Owen	0.00	0.0%	-0.02	-0.1%
Parke	-0.01	0.0%	-1.31	-7.0%
Perry	0.02	0.1%	-0.01	-0.1%
Pike	0.02	0.1%	-0.22	-1.0%
Porter	0.04	0.0%	5.35	1.6%
Posey	0.00	0.0%	0.16	0.3%
Pulaski	0.00	0.0%	-2.23	-10.8%
Putnam	0.00	0.0%	0.61	1.3%
Randolph	0.02	0.1%	1.41	4.0%
Ripley	0.00	0.0%	0.09	0.3%
Rush	0.01	0.0%	0.07	0.3%
St. Joseph	0.22	0.0%	45.89	9.8%
Scott	0.01	0.0%	0.39	1.5%
Shelby	-0.04	-0.1%	-0.06	-0.1%
Spencer	0.00	0.0%	0.04	0.1%
Starke	0.01	0.0%	0.07	0.2%
Steuben	0.00	0.0%	0.10	0.2%
Sullivan	0.00	0.0%	-0.12	-0.4%
Switzerland	0.00	0.0%	-0.01	-0.1%
Tippecanoe	-0.09	0.0%	0.67	0.2%
Tipton	0.02	0.1%	0.38	1.5%
Union	0.01	0.1%	-0.06	-0.7%
Vanderburgh	0.30	0.1%	4.25	1.5%
Vermillion	0.01	0.0%	-0.09	-0.3%
Vigo	0.18	0.1%	-0.10	-0.1%
Wabash	0.00	0.0%	-0.27	-0.6%
Warren	0.00	0.0%	-0.46	-2.8%
Warrick	0.00	0.0%	-0.03	0.0%
Washington	0.03	0.1%	-0.11	-0.4%
Wayne	0.14	0.2%	-0.24	-0.3%
Wells	-0.01	0.0%	-2.66	-6.3%
White	0.00	0.0%	-0.04	-0.1%
Whitley	0.01	0.0%	0.03	0.1%
<b>Total</b>	<b>4.00</b>	<b>0.0%</b>	<b>258.80</b>	<b>2.1%</b>
<i>Note: Totals may not sum due to rounding.</i>				

