

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

LS 6938

BILL NUMBER: HB 1244

NOTE PREPARED: Dec 31, 2025

BILL AMENDED:

SUBJECT: Tax Increment Financing.

FIRST AUTHOR: Rep. Novak

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED:

**GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill provides that 10% of the excess property tax proceeds collected in an allocation area must be allocated among school corporations, libraries, and taxing units that provide police services, fire protection, emergency medical service (EMS), or public safety services in the allocation area.

Effective Date: July 1, 2026.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill will result in higher revenues for school corporations, libraries, and civil taxing units that provide police, fire, EMS, or public safety services in tax increment financing (TIF) areas. The unit may use the distribution for operating or capital expenditures required for providing services in the TIF area. Revenues retained by the redevelopment commissions from TIF areas will be reduced.

For TIF areas established after June 30, 2026, at least 10% of total TIF proceeds will be distributed as follows:

- One-third to the school corporation;
- One-third to the library; and
- One-third among taxing units that provide police, fire, EMS, and or public safety services in the TIF area.

In TIF areas established before July 1, 2026, at least 10% of TIF proceeds that are not needed to pay debt will be distributed to the units.

Additionally, this provision could reduce the excess assessed value (AV) amount, if any, that a TIF passes through to local units. If less AV is passed through to the taxing units under this provision, tax rates would

be increased, which would result in lower taxing unit revenues due to higher tax cap losses.

State Agencies Affected:

Local Agencies Affected: Redevelopment Commissions; Civil taxing units and school corporations.

Information Sources:

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