

## HOUSE BILL No. 1284

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.6.

**Synopsis:** Local income taxes. Provides that within a county's total expenditure rate, the county may adopt: (1) up to a 0.7% rate (instead of a 1.2% rate) for county general purpose revenue; (2) up to a 0.2% rate (instead of a 0.4% rate) for fire protection and emergency medical services; (3) up to a 0.2% rate for nonmunicipal civil taxing unit general purpose revenue; and (4) up to a 1.9% rate (instead of a 1.2% rate) for certain cities and towns that are not eligible to adopt a municipal LIT rate. Eliminates provisions that expire local income tax rates each year. Authorizes a city or town to impose a municipal LIT rate up to 1.9% (instead of 1.2%). Modifies the population threshold required for a city or town to impose a municipal LIT rate. Modifies the formula used to determine distribution amounts of revenue from a tax rate imposed for fire protection and emergency medical services.

**Effective:** July 1, 2027.

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### Zimmerman

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January 6, 2026, read first time and referred to Committee on Ways and Means.

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Introduced

Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

## HOUSE BILL No. 1284

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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 6-3.6-3-4, AS AMENDED BY P.L.68-2025,  
2        SECTION 105, IS REPEALED [EFFECTIVE JULY 1, 2027]. See: 4.  
3        (a) Except for a tax rate that has an expiration date, and except as  
4        provided in section 3(f) of this chapter (before its expiration), a tax rate  
5        remains in effect until the effective date of an ordinance that increases,  
6        decreases, or rescinds that tax rate.  
7        (b) A tax rate may not be changed more than once each year under  
8        this article.  
9        (c) A local income tax expenditure tax rate that is imposed in a  
10      county under IC 6-3.6-6 continues in effect after December 31, 2027,  
11      only if the adopting body adopts an ordinance to renew the expenditure  
12      tax rate beginning January 1, 2028. An ordinance under this subsection  
13      must be adopted by the adopting body on or before October 1, 2027, as  
14      set forth in section 3(b)(1) of this chapter. However, this subsection  
15      shall not be construed to prohibit an adopting body that fails to adopt  
16      an ordinance to continue an expenditure tax rate after December 31,  
17      2027, from adopting an ordinance under this article to impose, renew,



1       or modify an expenditure tax rate under IC 6-3.6-6 beginning January  
 2       +, 2029, or any year thereafter.

3       SECTION 2. IC 6-3.6-6-2, AS AMENDED BY P.L.68-2025,  
 4       SECTION 118, IS AMENDED TO READ AS FOLLOWS  
 5       [EFFECTIVE JULY 1, 2027]: Sec. 2. (a) This section applies to all  
 6       counties.

7       (b) The adopting body may by ordinance and subject to subsections  
 8       (c) through (e) (d) impose one (1) or more of the following component  
 9       rates not to exceed a total expenditure tax rate under this chapter of two  
 10       and nine-tenths percent (2.9%) on the adjusted gross income of  
 11       taxpayers who reside in the county:

12       (1) A tax rate not to exceed ~~one and two-tenths percent (1.2%)~~  
 13       **seven-tenths of one percent (0.7%)** for general purpose revenue  
 14       for county services (as provided in section 4 of this chapter),  
 15       subject to subsection (c).

16       (2) A tax rate not to exceed ~~four-tenths of one percent (0.4%)~~  
 17       **two-tenths of one percent (0.2%)** for providers of fire protection  
 18       and emergency medical services located within the county (as  
 19       provided in section 4.3 of this chapter), subject to subsection (c).

20       (3) A tax rate not to exceed two-tenths of one percent (0.2%) for  
 21       general purpose revenue for distribution to nonmunicipal civil  
 22       taxing units (excluding fire protection districts) located within the  
 23       county (as provided in section 4.5 of this chapter), subject to  
 24       subsection (c).

25       (4) A tax rate not to exceed ~~one and two-tenths percent (1.2%)~~  
 26       **one and nine-tenths percent (1.9%)** for general purpose revenue  
 27       for municipal services for distribution to municipalities located  
 28       within the county that are not eligible to adopt a municipal tax  
 29       rate under section 22 of this chapter or that have made an election  
 30       under section 23(b)(3) of this chapter to be treated as such.

31       (c) The combined component rates imposed by an adopting body  
 32       under subsection (b)(1) through (b)(3) shall not exceed ~~one and~~  
 33       **seven-tenths percent (1.7%): one percent (1%)**.

34       (d) A tax rate adopted under subsection (b)(4) may only be imposed  
 35       on taxpayers who do not reside in a municipality that is eligible to  
 36       adopt a municipal tax rate under section 22 of this chapter.

37       (e) Beginning after December 31, 2030; a tax rate imposed under  
 38       subsection (b) shall expire on December 31 of each calendar year. An  
 39       adopting body wishing to continue, increase, or decrease a tax rate in  
 40       the succeeding year must pass an ordinance to readopt a tax rate in  
 41       accordance with IC 6-3.6-3-3. This subsection applies regardless of  
 42       whether there is a modification in the tax rate or the component rates



1       or the rates are unchanged from the previous year.

2       SECTION 3. IC 6-3.6-6-4.3, AS ADDED BY P.L.68-2025,  
 3       SECTION 127, IS AMENDED TO READ AS FOLLOWS  
 4       [EFFECTIVE JULY 1, 2027]: Sec. 4.3. (a) Revenue raised from a tax  
 5       rate for fire protection and emergency medical services under section  
 6       2(b)(2) of this chapter shall be distributed by the county to each fire  
 7       protection district **and** fire protection territory **and** **municipal fire**  
 8       **department** located within the county. At the discretion of the county  
 9       council, the county may distribute revenue raised from a tax rate for  
 10      fire protection and emergency medical services under section 2(b)(2)  
 11      of this chapter to **municipal fire departments**, township fire  
 12      departments, and volunteer fire departments.

13      (b) Revenue raised from a tax rate for fire protection and emergency  
 14      medical services under section 2(b)(2) of this chapter shall be allocated  
 15      to each fire protection district **and** fire protection territory, **municipal**  
 16      **fire department**, and, if applicable, **municipal fire departments**,  
 17      township fire departments, and volunteer fire departments, based on the  
 18      following formula:

19       STEP ONE: For each provider of fire protection and emergency  
 20       medical services located within the county that is eligible to  
 21       receive revenue under this section, determine the population  
 22       living within the service boundaries of the provider using the  
 23       most recent federal decennial census.

24       STEP TWO: For each provider of fire protection and emergency  
 25       medical services located within the county that is eligible to  
 26       receive revenue under this section, determine the number of  
 27       square miles within the service boundaries of the provider.

28       STEP THREE: For each provider of fire protection and emergency  
 29       medical services located within the county that is  
 30       eligible to receive revenue under this section, determine the  
 31       product of:

32       (A) the STEP TWO amount; multiplied by  
 33       (B) twenty (20).

34       STEP FOUR: THREE: For each provider of fire protection and  
 35       emergency medical services located within the county that is  
 36       eligible to receive revenue under this section, determine the sum  
 37       of:

38       (A) the STEP ONE result; plus  
 39       (B) the STEP THREE TWO result.

40       STEP FIVE: FOUR: Determine the sum total of the STEP FOUR  
 41       THREE results for each provider of fire protection and  
 42       emergency medical services located within the county that is



eligible to receive revenue under this section.

**STEP SIX: FIVE:** The percentage of revenue that shall be distributed to each provider of fire protection and emergency medical services located within the county that is eligible to receive revenue under this section is equal to:

- (A) the STEP **FOUR THREE** result for the provider; divided by
- (B) the STEP **FIVE FOUR** result.

SECTION 4. IC 6-3.6-6-4.5, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2026 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2027]: Sec. 4.5. (a) Revenue raised from a tax rate for nonmunicipal civil taxing units under section 2(b)(3) of this chapter may be distributed by the county to nonmunicipal civil taxing units subject to the provisions of this section.

(b) Subject to the maximum aggregate tax rate of not more than two-tenths of one percent (0.2%) under section 2(b)(3) of this chapter, the adopting body may adopt a tax rate for each type of nonmunicipal civil taxing unit, which may not exceed more than five-hundredths of one percent (0.05%) for any given unit type. The revenue raised from a tax rate for a specific type of nonmunicipal civil taxing unit shall be allocated to all nonmunicipal civil taxing units of that same type located within the county on a pro rata per capita basis, subject to subsection (e).

(c) A county solid waste management district (as defined in IC 13-11-2-47) or a joint solid waste management district (as defined in IC 13-11-2-113) is not an eligible nonmunicipal civil taxing unit for the purpose of receiving an allocation of general purpose revenue under this chapter unless a majority of the members of each of the county fiscal bodies of the counties within the district passes a resolution approving the distribution.

(d) A resolution passed by a county fiscal body under subsection (c) may:

- (1) expire on a date specified in the resolution; or
- (2) remain in effect until the county fiscal body revokes or rescinds the resolution.

(e) A nonmunicipal civil taxing unit wishing to receive a share of revenue under this section in a year must adopt a resolution requesting the distribution from the county and must provide a certified copy of the resolution to the adopting body not later than July 1 of the year immediately preceding the distribution year. Not later than August 1 of the year immediately preceding the distribution year, the adopting body



1 shall hold a public hearing on the resolution requesting the distribution  
 2 and provide the public with notice of the time and place where the  
 3 public hearing will be held. The notice must be given in accordance  
 4 with IC 5-3-1 and include a description of the resolution requesting the  
 5 distribution from the county.

6 (f) If a nonmunicipal civil taxing unit adopts a resolution under ~~this~~  
 7 ~~subsection~~ **subsection (e)** and provides the resolution to the adopting  
 8 body as set forth in ~~this~~ **that** subsection, the county shall distribute to  
 9 the nonmunicipal civil taxing unit an amount of revenue raised from  
 10 the tax rate under section 2(b)(3) of this chapter for the distribution  
 11 year as set forth in subsection ~~(f)~~ **(g)**.

12 (g) If one (1) or more, but not all, nonmunicipal civil taxing units  
 13 adopt a resolution under subsection (e) requesting a distribution in a  
 14 given year, the county may either distribute the total amount of revenue  
 15 raised from the tax rate under section 2(b)(3) of this chapter to only  
 16 those nonmunicipal civil taxing units that have provided a resolution  
 17 request, or the county may distribute the total amount of revenue raised  
 18 from a tax rate under section 2(b)(3) of this chapter to all nonmunicipal  
 19 civil taxing units as set forth in this section. If no nonmunicipal civil  
 20 taxing units adopt a resolution to request a distribution in a given year,  
 21 the county may retain the revenue raised from a tax rate for  
 22 nonmunicipal civil taxing units for that year and use the revenue as  
 23 general purpose revenue for the county under section 4 of this chapter.

24 SECTION 5. IC 6-3.6-6-6.1, AS AMENDED BY THE  
 25 TECHNICAL CORRECTIONS BILL OF THE 2026 GENERAL  
 26 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 27 JULY 1, 2027]: Sec. 6.1. (a) Revenue raised from a tax rate for certain  
 28 cities and towns under section 2(b)(4) of this chapter may be  
 29 distributed by the county to those cities and towns subject to the  
 30 provisions of this section.

31 (b) Subject to subsection (g), the revenue raised from a tax rate  
 32 under section 2(b)(4) of this chapter shall be allocated to the cities and  
 33 towns based on the population of the city or the population of the town,  
 34 whichever is applicable, compared to the population of all the cities or  
 35 the population of all the towns, whichever is applicable, that are  
 36 eligible for a distribution, subject to subsection (d). For purposes of this  
 37 determination, if the boundaries of a city or town are located in more  
 38 than one (1) county, only the portion of the population of the city or  
 39 town that is located within the county imposing the tax rate under  
 40 section 2(b)(4) of this chapter shall be considered.

41 (c) The money may be used by the city or town fiscal body for any  
 42 of the purposes of the city or town, including public safety (as defined



1       in IC 6-3.6-2-14) and economic development purposes described in  
2       IC 6-3.6-10. The city or town fiscal body may pledge its general  
3       purpose revenue to the payment of bonds or to lease payments as set  
4       forth in this chapter.

5       (d) An eligible city or town wishing to receive a share of revenue  
6       under this section in a year must adopt a resolution requesting the  
7       distribution from the county and must provide a certified copy of the  
8       resolution to the adopting body not later than July 1 of the year  
9       immediately preceding the distribution year. Not later than August 1 of  
10      the year immediately preceding the distribution year, the adopting body  
11      shall hold a public hearing on the resolution requesting the distribution  
12      and provide the public with notice of the time and place where the  
13      public hearing will be held. The notice must be given in accordance  
14      with IC 5-3-1 and include a description of the resolution requesting the  
15      distribution from the county.

16      (e) Subject to subsection (g), if an eligible city or town adopts a  
17      resolution under ~~this subsection subsection (d)~~ and provides the  
18      resolution to the adopting body as set forth in ~~this that~~ subsection, the  
19      county shall distribute to the eligible city or town unit an amount of  
20      revenue raised from the tax rate under section 2(b)(4) of this chapter  
21      for the distribution year as set forth in subsection (f).

22      (f) Subject to subsection (g), if one (1) or more, but not all, eligible  
23      cities or towns adopt a resolution under subsection (d) requesting a  
24      distribution in a given year, the county may either distribute the total  
25      amount of revenue raised from the tax rate under section 2(b)(4) of this  
26      chapter to only those eligible cities or towns that have provided a  
27      resolution request, or the county may distribute the total amount of  
28      revenue raised from a tax rate under section 2(b)(4) of this chapter to  
29      all eligible cities or towns as set forth in this section. If no eligible city  
30      or town adopts a resolution to request a distribution in a given year, the  
31      county may retain the revenue raised from a tax rate for the eligible city  
32      or town for that year and use the revenue as general purpose revenue  
33      for the county under section 4 of this chapter.

34      (g) Notwithstanding any provision to the contrary in this section, if  
35      an adopting body that imposes a tax rate of ~~one and two-tenths percent~~  
36      ~~(1.2%)~~ **seven-tenths of one percent (0.7%)** under section 2(b)(1) of  
37      this chapter subsequently adopts an ordinance to concurrently impose  
38      a tax rate under section 2(b)(4) of this chapter:

39       (1) seventy-five percent (75%) of the revenue received from the  
40       tax rate imposed under section 2(b)(4) of this chapter shall be  
41       retained by the county and may be used for the purposes  
42       described in section 4 of this chapter; and



9 SECTION 6. IC 6-3.6-6-22, AS ADDED BY P.L.68-2025,  
10 SECTION 147, IS AMENDED TO READ AS FOLLOWS  
11 [EFFECTIVE JULY 1, 2027]: Sec. 22. (a) As used in this section,  
12 "municipality" means only a city or town that:

13 (1) has a population of **three thousand five hundred (3,500) two**  
14 **thousand (2,000) or more; and**

15 (2) in the case of a city or town whose population decreased in the  
16 most recent federal decennial census from ~~three thousand five~~  
17 ~~hundred (3,500)~~ **two thousand (2,000)** or more to less than ~~three~~  
18 ~~thousand five hundred (3,500)~~, **two thousand (2,000)**, has elected  
19 by ordinance to continue to use its previous population of ~~three~~  
20 ~~thousand five hundred (3,500)~~ **two thousand (2,000)** or more as  
21 set forth in section 23(b)(2) of this chapter for purposes of the  
22 allocation determination under section 6.1 of this chapter.

23 The term does not include a city or town that has made an election  
24 under section 23(b)(3) of this chapter.

(b) Beginning after December 31, 2027, the fiscal body of a municipality may by ordinance ~~and subject to subsection (e)~~, impose a local income tax rate on the adjusted gross income of local taxpayers in the municipality that does not exceed ~~one and two-tenths percent (1.2%)~~, **one and nine-tenths percent (1.9%)**.

(c) The following apply if a municipality imposes a local income tax rate under this section:

32 (1) A local income tax rate imposed by a municipality under this  
33 section applies only to local taxpayers within the territory of the  
34 municipality.

35 (2) The local income tax is imposed in addition to a tax imposed  
36 by the county in which the municipality is located in accordance  
37 with IC 6-3.6-4-1(a) and IC 6-3.6-4-1(c).

(3) The following provisions of this article apply to a local income tax rate imposed by a municipality under subsection (b):

(A) IC 6-3-6-3 (adoption of the tax), including the effective date of an ordinance under IC 6-3-6-3-3.3.  
(B) IC 6-3-6-4 (initiation of the tax), including IC 6-3-6-4-2.



1 and IC 6-3.6-4-3 do not apply.

2 (C) IC 6-3.6-8 (administration of the tax).

3 (4) A local income tax rate imposed by a municipality shall apply  
4 to professional athletes who compete in the municipality, unless  
5 exempted under IC 6-3-2-27.5 or other provision of law.

6 (d) The amount of the tax revenue that is from the local income tax  
7 rate imposed under this section and that is collected for a calendar year  
8 shall be treated as general purpose revenue and must be distributed to  
9 the fiscal officer of the municipality that imposed the tax before July 1  
10 of the next calendar year.

11 (e) Beginning after December 31, 2030, a tax rate imposed under  
12 subsection (b) shall expire on December 31 of each calendar year. A  
13 municipality wishing to continue, increase, or decrease a tax rate in the  
14 succeeding year must pass an ordinance to readopt a tax rate in  
15 accordance with IC 6-3-6-3-3. This subsection applies regardless of  
16 whether there is a modification in the tax rate or the rate is unchanged  
17 from the previous year.

18 SECTION 7. IC 6-3.6-6-23, AS ADDED BY P.L.68-2025,  
19 SECTION 148, IS AMENDED TO READ AS FOLLOWS  
20 [EFFECTIVE JULY 1, 2027]: Sec. 23. (a) This section applies in  
21 determining the population of a city or town for the purposes of this  
22 chapter.

23 (b) The following apply:

24 (1) Except as provided in subdivisions (2) and (3), the population  
25 of a city or town is the population of the city or town that is  
26 reported by the 2020 federal decennial census. **most recent**  
27 **distribution factors report prepared by the state comptroller.**

28 (2) Beginning after 2030, if the population of a city or town:

29 (A) increases from a population of less than **three thousand**  
30 **five hundred (3,500); two thousand (2,000)**, as reported by  
31 the **distribution factors report prepared by the state**  
32 **comptroller for the** immediately preceding federal decennial  
33 **census, year**, to a population of **three thousand five hundred**  
34 **(3,500) two thousand (2,000)** or more, as reported by the **most**  
35 **recent federal decennial census, distribution factors report**  
36 **prepared by the state comptroller**, or, if applicable, any  
37 corrected population count (as defined in IC 1-1-3.5-1.5)  
38 issued for the city or town in the year succeeding the **most**  
39 **recent federal decennial census, distribution factors report**  
40 **prepared by the state comptroller**; or

41 (B) decreases from a population of **three thousand five**  
42 **hundred (3,500) two thousand (2,000)** or more, as reported by



1 the **distribution factors report prepared by the state**  
2 **comptroller for the** immediately preceding federal decennial  
3 **census; year**, to a population of less than three thousand five  
4 **hundred (3,500); two thousand (2,000)**, as reported by the  
5 most recent federal decennial census; **distribution factors**  
6 **report prepared by the state comptroller**, or, if applicable,  
7 any corrected population count (as defined in IC 1-1-3.5-1.5)  
8 issued for the city or town in the year succeeding the most  
9 recent federal decennial census; **distribution factors report**  
10 **prepared by the state comptroller**;

11 the fiscal body of the city or town may adopt an ordinance on or  
12 before September 1 of the calendar year immediately succeeding  
13 the most recent **federal decennial census distribution factors**  
14 **report prepared by the state comptroller** to continue to use the  
15 population of the city or town as reported by the **distribution**  
16 **factors report prepared by the state comptroller for the**  
17 **immediately preceding federal decennial census year** and the  
18 resulting determination for the city or town under section 22 of  
19 this chapter, notwithstanding the increase or decrease in its  
20 population as reported by the most recent **federal decennial**  
21 **census distribution factors report prepared by the state**  
22 **comptroller** as described in this subdivision. An ordinance  
23 adopted under this subdivision shall take effect on January 1 of  
24 the calendar year that immediately succeeds the year in which the  
25 ordinance is adopted. The fiscal officer of the city or town shall  
26 provide a certified copy of an ordinance adopted under this  
27 subdivision to the department of local government finance.

28 (3) This subdivision applies only to cities and towns with a  
29 population of more than ~~three thousand five hundred (3,500)~~ **two**  
30 **thousand (2,000)** but less than ~~seven thousand (7,000)~~  
31 **thirty-four thousand (34,000)**. Notwithstanding any other  
32 provision, a fiscal body of a city or town may adopt an ordinance  
33 to elect to be treated as if the city's or town's population is less  
34 than ~~three thousand five hundred (3,500)~~ **two thousand (2,000)**  
35 for purposes of a county local income tax rate and distribution  
36 under this chapter. An ordinance adopted under this subdivision  
37 shall take effect on January 1 of the calendar year that  
38 immediately succeeds the year in which the ordinance is adopted.  
39 The fiscal officer of the city or town shall provide a certified copy  
40 of an ordinance adopted under this subdivision to the department  
41 of local government finance. An ordinance adopted by a city or  
42 town under this subdivision is ~~not revocable~~ and shall ~~not~~ expire



1 following the next ~~federal decennial census~~. **distribution factors**  
2 **report prepared by the state comptroller.**

