

HOUSE BILL No. 1337

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-20.6-7.7; IC 6-3.6-6.

Synopsis: Property and local income tax. Provides that property taxes imposed to pay debt service: (1) on certain bonds; and (2) to make lease payments on certain leases; are not considered for purposes of calculating a person's supplemental tax credit. Provides that the expenditure tax rate for a county or municipality expires on December 31, 2029, and on December 31 of every fourth calendar year thereafter (instead of every calendar year under current law).

Effective: January 1, 2026 (retroactive); July 1, 2027.

Campbell, Lopez

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



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. 1337

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 6-1.1-20.6-7.7, AS ADDED BY P.L.68-2025,
2 SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 7.7. (a) This section
4 applies for property taxes first due and payable in calendar years
5 beginning after December 31, 2025.

6 (b) A person who qualifies for a standard deduction from the
7 assessed value of the person's homestead under IC 6-1.1-12-37 (or is
8 married at the time of death to a deceased spouse who qualifies for a
9 standard deduction under IC 6-1.1-12-37 for the person's homestead)
10 is also entitled to receive a supplemental homestead credit under this
11 section against the person's property tax liability on the same
12 homestead to which the standard deduction applies.

13 (c) The amount of the credit is equal to the lesser of:

14 (1) the result of:
15 (A) the property tax liability first due and payable on the
16 homestead property for the calendar year; multiplied by
17 (B) one-tenth (0.1); or



(2) three hundred dollars (\$300).

(d) Property taxes imposed after being approved by the voters in a referendum or local public question shall not be considered for purposes of calculating a person's credit under this section.

(e) A person is not required to file an application for the credit under this section. The county auditor shall:

(1) identify the property in the county eligible for the credit under this section; and

(2) apply the credit under this section to property tax liability on the identified property.

(f) Property taxes imposed:

(1) to pay debt service:

(A) on bonds issued before January 1, 2026; or

(B) on bonds that:

(i) are issued to refund bonds originally issued before January 1, 2026; and

(ii) have a maturity date that is not later than the maturity date of the bonds refunded;

(2) to make lease payments on leases entered into before January 1, 2026, to secure bonds;

(3) to make lease payments on leases:

(A) that are amended to refund bonds secured by leases entered into before January 1, 2026; and

(B) that have a term that is not longer than the term of the leases amended; or

(4) to make lease payments on leases:

(A) that secure bonds:

(i) issued to refund bonds originally issued before January 1, 2026; and

(ii) that have a maturity date that is not the maturity date of the bonds refunded; and

(B) that have a term that ends not later than the maturity date of the bonds refunded;

shall not be considered for purposes of calculating a person's credit under this section.

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

(b) The adopting body may by ordinance and subject to subsections (c) through (e) impose one (1) or more of the following component rates not to exceed a total expenditure tax rate under this chapter of two



1 and nine-tenths percent (2.9%) on the adjusted gross income of
2 taxpayers who reside in the county:

3 (1) A tax rate not to exceed one and two-tenths percent (1.2%) for
4 general purpose revenue for county services (as provided in
5 section 4 of this chapter), subject to subsection (c).

6 (2) A tax rate not to exceed four-tenths of one percent (0.4%) for
7 providers of fire protection and emergency medical services
8 located within the county (as provided in section 4.3 of this
9 chapter), subject to subsection (c).

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

15 (4) A tax rate not to exceed one and two-tenths percent (1.2%) for
16 general purpose revenue for municipal services for distribution to
17 municipalities located within the county that are not eligible to
18 adopt a municipal tax rate under section 22 of this chapter or that
19 have made an election under section 23(b)(3) of this chapter to be
20 treated as such.

21 (c) The combined component rates imposed by an adopting body
22 under subsection (b)(1) through (b)(3) shall not exceed one and
23 seven-tenths percent (1.7%).

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

27 (e) ~~Beginning after December 31, 2030, A tax rate imposed under~~
28 ~~subsection (b) shall expire expires~~ on December 31, 2029, and on
29 ~~December 31 of each every fourth~~ calendar year ~~thereafter~~. An
30 adopting body wishing to continue, increase, or decrease a tax rate ~~in~~
31 ~~for the succeeding four (4) year cycle~~ must pass an ordinance to
32 readopt a tax rate in accordance with IC 6-3.6-3-3. This subsection
33 applies regardless of whether there is a modification in the tax rate or
34 the component rates or the rates are unchanged from the previous year.

35 SECTION 3. IC 6-3.6-6-22, AS ADDED BY P.L.68-2025,
36 SECTION 147, IS AMENDED TO READ AS FOLLOWS
37 [EFFECTIVE JULY 1, 2027]: Sec. 22. (a) As used in this section,
38 "municipality" means only a city or town that:

39 (1) has a population of three thousand five hundred (3,500) or
40 more; and

41 (2) in the case of a city or town whose population decreased in the
42 most recent federal decennial census from three thousand five



hundred (3,500) or more to less than three thousand five hundred (3,500), has elected by ordinance to continue to use its previous population of three thousand five hundred (3,500) or more as set forth in section 23(b)(2) of this chapter for purposes of the allocation determination under section 6.1 of this chapter.

The term does not include a city or town that has made an election 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%).

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

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

(2) The local income tax is imposed in addition to a tax imposed by the county in which the municipality is located in accordance 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.
- (B) IC 6-3.6-4 (imposition of the tax), except that IC 6-3.6-4-2 and IC 6-3.6-4-3 do not apply.
- (C) IC 6-3.6-8 (administration of the tax).

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

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

(e) Beginning after December 31, 2030, A tax rate imposed under subsection (b) shall expire on December 31, 2029, and on December 31 of each every fourth calendar year thereafter. A municipality wishing to continue, increase, or decrease a tax rate in for the succeeding **four (4)** year cycle must pass an ordinance to readopt a tax rate in accordance with IC 6-3.6-3-3.3. This subsection applies regardless of whether there is a modification in the tax rate or the rate



1 is unchanged from the previous year.

2 **SECTION 4. An emergency is declared for this act.**

