

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

**LS 6592**

**BILL NUMBER:** HB 1337

**NOTE PREPARED:** Dec 15, 2025

**BILL AMENDED:**

**SUBJECT:** Property and Local Income Tax.

**FIRST AUTHOR:** Rep. Campbell

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

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

**IMPACT:** State & Local

<b>SUMMARY of Estimated Local Net Revenue (\$ Millions)</b>				
	<b>CY 2025</b>	<b>CY 2026</b>	<b>CY 2027</b>	<b>CY 2028</b>
Current Law	10,821.5	11,093.0	11,486.5	11,661.7
Proposed	N/A	11,149.4	11,541.0	11,714.1
Revenue Change From Current Law	N/A	56.4	54.5	52.4
% Change From Current Law	N/A	0.5%	0.5%	0.4%

**Summary of Legislation:** *Supplemental Homestead Credit:* This bill 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.

*LIT Rate Re-Adoption:* The bill also 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 Date:** January 1, 2026 (retroactive); July 1, 2027.

**Explanation of State Expenditures:** *Supplemental Homestead Credit:* This provision may increase the workload temporarily for the Department of Local Government Finance (DLGF) if the bill goes into effect after the DLGF has approved the CY 2026 county property tax abstracts. The DLGF may need to do another review and approval of the updated CY 2026 county property tax abstracts with the new calculation for the supplemental homestead credits.

*LIT Rate Re-Adoption:* The DLGF will experience a decrease in workload. The DLGF will no longer need to review LIT rate re-adoption ordinances from all counties and certain municipalities (that choose to enact a LIT rate) on an annual basis.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Supplemental Homestead Credit:* This provision may increase the workload temporarily for county auditors if the bill goes into effect after the DLGF has approved the CY 2026 county property tax abstracts. The county auditors may need to recalculate their CY 2026 county property tax abstracts with the new calculation for the supplemental homestead credits and submit them to the DLGF for review and approval.

**LIT Rate Re-Adoption:** This provision will result in a minor decrease in workload for county and municipal fiscal bodies. Additionally, this provision may potentially provide greater surety to lending institutions, resulting in lower borrowing cost for local units that have debt paid by LIT revenues.

**Explanation of Local Revenues:** *Supplemental Homestead Credit:* Beginning with taxes payable in CY 2026, this provision will reduce the amount of homestead credits granted to homeowners. Homestead tax bills will increase by an estimated \$56.4 M (1.4%) in CY 2026, \$54.5 M (1.3%) in CY 2027, and \$52.4 M (1.1%) in CY 2028.

Overall, local unit revenues will increase by the same amount, while there will also be some shifting of tax cap losses among the units. The following table shows the estimated change in revenue by unit type. [Total estimated local revenue changes by county appear in Appendix A.]

Estimated Net Revenue Change (\$ Millions) and Percent Change from Current Law						
Unit Type	CY 2026		CY 2027		CY 2028	
Counties	-7.8	-0.4%	-8.4	-0.4%	-3.8	-0.2%
Townships	0.3	0.1%	0.2	0.1%	-0.3	-0.1%
Cities and Towns	2.1	0.1%	1.5	0.1%	-1.6	-0.1%
School Corporations	60.4	1.4%	59.9	1.3%	57.9	1.3%
Libraries	1.1	0.3%	1.1	0.3%	0.6	0.1%
Special Units	-0.1	0.0%	-0.2	0.0%	-0.8	-0.1%
TIF	0.4	0.0%	0.3	0.0%	0.3	0.0%
<b>Total</b>	<b>56.4</b>	<b>0.5%</b>	<b>54.5</b>	<b>0.5%</b>	<b>52.4</b>	<b>0.4%</b>
<b>Total Without TIF</b>	<b>56.0</b>	<b>0.6%</b>	<b>54.2</b>	<b>0.5%</b>	<b>52.1</b>	<b>0.5%</b>

*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.)

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

**Local Agencies Affected:** County auditors; County fiscal bodies; Municipal fiscal bodies; Civil taxing units and school corporations.

**Information Sources:** LSA Property Tax Database.

**Fiscal Analyst:** James Johnson, 317-232-9869; Bob Sigalow, 317-232-9859.

**Appendix A.**

County	Estimated Change in Total Revenue for All Units (\$ Millions)		and Percent Change from Current Law		CY 2028
	CY 2026	CY 2027	CY 2027	CY 2028	
Adams	0.25	0.5%	0.25	0.5%	0.26 0.5%
Allen	1.66	0.3%	1.55	0.2%	1.36 0.2%
Bartholomew	0.50	0.3%	0.48	0.3%	0.45 0.3%
Benton	0.03	0.2%	0.04	0.2%	0.04 0.2%
Blackford	0.09	0.6%	0.10	0.6%	0.10 0.6%
Boone	0.95	0.4%	0.90	0.4%	0.86 0.4%
Brown	0.15	0.8%	0.15	0.7%	0.22 1.0%
Carroll	0.20	0.8%	0.20	0.8%	0.20 0.7%
Cass	0.21	0.4%	0.22	0.4%	0.23 0.5%
Clark	1.76	0.8%	1.69	0.7%	1.64 0.7%
Clay	0.04	0.2%	0.05	0.2%	0.10 0.4%
Clinton	0.28	0.5%	0.28	0.5%	0.28 0.5%
Crawford	0.02	0.2%	0.03	0.2%	0.03 0.2%
Daviess	0.14	0.4%	0.15	0.4%	0.15 0.4%
Dearborn	0.65	1.0%	0.65	1.0%	0.64 0.9%
Decatur	0.21	0.5%	0.21	0.5%	0.21 0.5%
DeKalb	0.28	0.4%	0.29	0.4%	0.30 0.4%
Delaware	0.46	0.4%	0.46	0.3%	0.47 0.3%
Dubois	0.50	0.8%	0.49	0.7%	0.48 0.7%
Elkhart	1.98	0.5%	1.93	0.5%	1.87 0.5%
Fayette	0.08	0.3%	0.09	0.3%	0.10 0.4%
Floyd	0.75	0.8%	0.74	0.7%	0.72 0.7%
Fountain	0.14	0.6%	0.15	0.6%	0.15 0.6%
Franklin	0.24	1.0%	0.24	1.0%	0.23 0.9%
Fulton	0.11	0.4%	0.11	0.4%	0.14 0.5%
Gibson	0.15	0.2%	0.15	0.2%	0.15 0.2%
Grant	0.29	0.3%	0.30	0.3%	0.34 0.4%
Greene	0.15	0.5%	0.15	0.5%	0.15 0.5%
Hamilton	5.07	0.6%	4.61	0.5%	4.24 0.5%
Hancock	1.85	1.2%	1.70	1.1%	1.56 1.0%
Harrison	0.20	0.7%	0.20	0.6%	0.20 0.6%
Hendricks	3.89	1.0%	3.59	0.9%	3.23 0.8%
Henry	0.34	0.7%	0.36	0.7%	0.38 0.7%
Howard	0.56	0.4%	0.56	0.4%	0.57 0.4%
Huntington	0.26	0.5%	0.26	0.5%	0.26 0.5%
Jackson	0.37	0.6%	0.38	0.6%	0.43 0.7%
Jasper	0.09	0.2%	0.09	0.2%	0.12 0.3%
Jay	0.06	0.2%	0.06	0.2%	0.10 0.3%
Jefferson	0.13	0.3%	0.13	0.3%	0.13 0.3%
Jennings	0.13	0.5%	0.13	0.4%	0.14 0.5%
Johnson	3.08	1.2%	2.94	1.1%	2.79 1.0%
Knox	0.15	0.3%	0.15	0.3%	0.15 0.3%
Kosciusko	0.81	0.6%	0.81	0.6%	0.80 0.6%
LaGrange	0.13	0.3%	0.13	0.3%	0.15 0.3%
Lake	5.85	0.6%	5.61	0.5%	5.00 0.5%
LaPorte	0.78	0.5%	0.78	0.5%	0.77 0.4%
Lawrence	0.31	0.6%	0.32	0.6%	0.33 0.6%

**Appendix A.**

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

County	CY 2026	CY 2027	CY 2028	
Madison	0.87	0.5%	0.89	0.5%
Marion	6.04	0.4%	5.74	0.3%
Marshall	0.41	0.6%	0.41	0.6%
Martin	0.03	0.4%	0.04	0.4%
Miami	0.17	0.5%	0.18	0.5%
Monroe	0.84	0.4%	0.81	0.4%
Montgomery	0.32	0.5%	0.32	0.5%
Morgan	0.98	1.1%	0.97	1.0%
Newton	0.09	0.4%	0.10	0.4%
Noble	0.25	0.4%	0.25	0.4%
Ohio	0.08	1.4%	0.08	1.4%
Orange	0.10	0.4%	0.11	0.4%
Owen	0.13	0.7%	0.13	0.7%
Parke	0.06	0.4%	0.06	0.4%
Perry	0.14	0.7%	0.14	0.7%
Pike	0.02	0.1%	0.02	0.1%
Porter	1.79	0.6%	1.72	0.5%
Posey	0.09	0.2%	0.09	0.2%
Pulaski	0.04	0.2%	0.04	0.2%
Putnam	0.34	0.8%	0.35	0.8%
Randolph	0.08	0.3%	0.09	0.3%
Ripley	0.22	0.8%	0.23	0.8%
Rush	0.11	0.4%	0.11	0.5%
St. Joseph	1.39	0.3%	1.34	0.3%
Scott	0.11	0.4%	0.11	0.4%
Shelby	0.46	0.7%	0.46	0.7%
Spencer	0.10	0.3%	0.10	0.3%
Starke	0.16	0.6%	0.16	0.6%
Steuben	0.22	0.4%	0.22	0.4%
Sullivan	0.07	0.3%	0.07	0.3%
Switzerland	0.00	0.0%	0.00	0.0%
Tippecanoe	1.44	0.5%	1.42	0.5%
Tipton	0.13	0.5%	0.13	0.5%
Union	0.05	0.5%	0.05	0.5%
Vanderburgh	0.49	0.2%	0.48	0.2%
Vermillion	0.06	0.3%	0.06	0.3%
Vigo	0.35	0.3%	0.35	0.2%
Wabash	0.26	0.6%	0.26	0.6%
Warren	0.07	0.4%	0.07	0.4%
Warrick	0.46	0.6%	0.45	0.5%
Washington	0.20	0.7%	0.21	0.7%
Wayne	0.21	0.2%	0.21	0.2%
Wells	0.27	0.8%	0.27	0.8%
White	0.11	0.3%	0.12	0.3%
Whitley	0.30	0.7%	0.30	0.7%
<b>Total</b>	<b>56.42</b>	<b>0.5%</b>	<b>54.50</b>	<b>0.5%</b>
<i>Note: Totals may not sum due to rounding.</i>				