

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

LS 7093

BILL NUMBER: HB 1356

NOTE PREPARED: Jan 6, 2026

BILL AMENDED:

SUBJECT: Conservation of Agricultural Land.

FIRST AUTHOR: Rep. Culp

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires each board of county commissioners to adopt an ordinance to allow landowners to apply to have land included in an agricultural resource area within the county. It specifies certain procedures and requirements for the agricultural resource area programs. It also provides provisions that apply to land within a program, including eminent domain provisions, a prohibition against annexation for nonagricultural purposes, certain priority provisions for specified funding, and authorization for a county option property tax deduction for land located within agricultural resource areas in the county.

The bill also authorizes the Indiana State Department of Agriculture (ISDA) to receive and hold agricultural conservation easements acquired by gift, bequest, or devise and to enter into agreements with nongovernment entities to monitor those easements. It establishes the Farmland Advisory Board for the purpose of advising the department on developing standards for accepting, monitoring, and enforcing agricultural conservation easements it may hold, creating a model agricultural resource area ordinance, collecting feedback on agricultural resource areas, and supporting education and outreach about agricultural resource areas.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Indiana State Department of Agriculture (ISDA):* The bill establishes the Farmland Advisory Board which will consist of 6 members with 2 state employees including a member of a county government in Indiana and an advisory members from the ISDA and 4 lay members. Members of the board are entitled to reimbursement for travel expenses, and any expenses of the board shall be paid from money appropriated to the ISDA. These provisions may increase the administrative workload and fiscal expenditures of the ISDA and can be implemented with existing resources and staff.

Explanation of State Revenues:

Explanation of Local Expenditures: This bill's provisions will increase the administrative workload for county fiscal officers and boards of county commissioners to establish ordinances for creating agricultural resource areas and to establish an agricultural resource area commission. A member of the board of county commissioners shall be appointed to the commission and perform duties including providing public hearings,

making recommendations to the board, and reviewing applications for inclusion in an agricultural resource area commission. Moreover, a member of a county government will also be appointed to the Farmland Advisory Board.

Explanation of Local Revenues: *Fee Revenue:* Counties may see an increase in fee revenue for applications to add or remove land from an agricultural resource area. Fee revenue from these applications will be used to cover administrative costs associated with processing changes.

Property Tax Deduction: The bill allows a county fiscal body in a county with one or more agricultural resource area to adopt an ordinance to apply a property tax deduction of up to 15% from the assessed value of all land within the county's agricultural resource areas. This deduction would affect taxes payable beginning in 2028. More deductions will result in a shift of property taxes from those properties eligible to receive the deduction to all other properties. Local units of government could potentially lose revenue due to increased tax cap credits.

State Agencies Affected: ISDA.

Local Agencies Affected: County auditors; Civil taxing units and school corporations; county fiscal bodies; boards of county commissioners; county recorders.

Information Sources:

Fiscal Analyst: Katherine Timperman, 317-232-9571.