

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

LS 6990
BILL NUMBER: HB 1369

NOTE PREPARED: Jan 8, 2026
BILL AMENDED:

SUBJECT: Various Property Tax Matters.

FIRST AUTHOR: Rep. Lucas
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

SUMMARY of Estimated Property Tax Net Revenue from Exemption Elimination (\$ Millions)			
	CY 2027	CY 2028	CY 2029
Current Law	11,893.1	12,201.9	12,732.7
Proposed	N/A	12,381.5	12,892.0
Revenue Change From Current Law	N/A	179.6	159.3
% Change From Current Law	N/A	1.5%	1.3%

Summary of Legislation: *Property Tax Exemptions:* The bill expires various property tax exemptions allowed in current law.

Property Tax Abatements: The bill provides that certain property tax abatements may not be granted after December 31, 2030.

Homestead Exemption: The bill authorizes a county fiscal body to adopt an ordinance that exempts certain homesteads owned by an individual who is at least 65 years of age from property taxation.

The bill makes corresponding changes.

Effective Date: July 1, 2026; January 1, 2027.

Explanation of State Expenditures: *Homestead Exemption:* The bill's provision pertaining to the Department of Local Government Finance receiving a certified copy of any adopted homestead exemption ordinance is within the agency's routine administrative duties.

Explanation of State Revenues:

Explanation of Local Expenditures: *Property Tax Exemptions:* This bill's provisions will decrease the workload for county assessors and county property tax assessment board of appeals. These entities will no longer need to review and approve applications for the exemptions that are being eliminated.

Property Tax Abatements: This bill's provisions will decrease the workload for county and municipal fiscal bodies. These entities will no longer need to review and approve requests for new abatements that are being eliminated after 2030.

Homestead Exemption: The bill's provisions may increase the workload for county fiscal bodies and county auditors should the county decide to enact this exemption.

Explanation of Local Revenues: *Property Tax Exemptions:* The bill's provisions pertaining to the elimination of certain property tax exemptions starting in CY 2028 may increase local revenues statewide by an estimated \$179.6 M in CY 2028 and \$159.3 M in CY 2029 compared to current law. While the bill provides that only K through grade 12 educational institutions would be eligible for an exemption, these estimates do not include the elimination of the exemption for educational institutions since the county property tax data does not readily discern if an exemption pertains specifically to K through grade 12 or to pre- or post-secondary education. [For taxes due in CY 2025, there was a total of \$4.8 B in assessed value statewide pertaining to educational institutions.]

The following tables summarize the estimated net property tax revenue change by property type and by taxing unit type. [Total estimated property tax revenue changes by county appear in Appendix A.]

Estimated Net Tax Change (\$ Millions) and Percent Change from Current Law				
Property Type	CY 2028		CY 2029	
Homesteads	-82.0	-1.7%	-107.5	-2.1%
Farmland	-5.2	-1.3%	-5.1	-1.4%
Other Residential	-27.0	-1.7%	-32.6	-2.0%
Apartments	-2.7	-0.4%	-5.1	-0.7%
Ag Business	-3.3	-1.6%	-3.6	-1.7%
Other Real	259.2	8.3%	270.1	8.2%
Personal Property	40.6	2.7%	43.1	2.7%
Total	179.6	1.5%	159.3	1.2%

Note: Totals may not sum due to rounding.

Estimated Net Revenue Change (\$ Millions) and Percent Change from Current Law				
Unit Type	CY 2028		CY 2029	
Counties	34.1	1.7%	31.0	1.4%
Townships	5.4	1.3%	4.7	1.1%
Cities and Towns	74.5	3.1%	71.5	2.8%
School Corporations	68.6	1.4%	61.0	1.2%
Libraries	8.0	1.9%	7.0	1.5%
Special Units	20.4	2.5%	15.5	1.8%
TIF	-31.4	-2.6%	-31.3	-2.6%
Total	179.6	1.5%	159.3	1.3%
Total Without TIF	211.0	1.9%	190.6	1.7%

Note: Totals may not sum due to rounding.

Property Tax Abatements: The elimination of being able to request a new economic revitalization area (ERA) abatement and a brownfield revitalization zone deduction starting in CY 2031 may potentially lead to greater net assessed value bases for local units in CY 2032 and forward. A higher net assessed value base will result in lower property tax rates (assuming that property tax levies are static), thereby leading to reduced property tax cap impacts for local units. Reduced property tax cap impacts mean that local units will receive a larger percentage of their certified property tax levy. This bill does not affect any existing ERA abatements or brownfield zone deductions that are in place prior to January 1, 2031.

[According to Pay 2025 county property tax data, there is a total of approximately \$14.4 B in assessed value of ERA abatements statewide.]

Homestead Exemption: This bill allows a county optional exemption for homestead property owners 65 years of age or over. The calculation of this exemption is structured as a property tax credit against an eligible homestead owner's property tax liability *after* all other deductions and credits have been applied, thereby eliminating the owner's tax liability completely. The fiscal impact of this exemption would result in lower property tax bills for eligible taxpayers and an additional reduction in tax revenue to the local units. The new exemption, though, would not result in a shift of property tax liability between different types of taxpayers since the calculation of the exemption is structured as a credit to the taxpayer's tax liability, rather than as a deduction against the taxpayer's assessed value.

Using microdata available via the U.S. Census Bureau's American Community Survey, 5-Year Estimates in 2022, there were 640,817 owner occupied housing units in the state where the owner was 65 years of age or over. These homestead owners would potentially be eligible to receive this exemption, assuming that the county where they reside decides to adopt an exemption and the individual owner applies for the exemption. The actual fiscal impact will vary from county to county and will depend on the decision of the county fiscal body to adopt the homestead exemption, the number of eligible taxpayers who apply for the exemption, and the property tax liability of the property owner (before the application of the exemption).

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: County auditors; County assessors and property tax assessment board of appeals; County and municipal fiscal bodies; Civil taxing units and school corporations.

Information Sources: LSA property tax database; U.S. Census Bureau, American Community Survey, 5-Year Estimates 2022.

Fiscal Analyst: James Johnson, 317-232-9869.

Appendix A.

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

County	CY 2028		CY 2029	
Adams	0.42	0.9%	0.48	1.0%
Allen	11.41	1.7%	7.58	1.1%
Bartholomew	1.09	0.7%	0.16	0.1%
Benton	0.07	0.3%	0.07	0.3%
Blackford	0.15	0.8%	0.17	0.9%
Boone	0.25	0.1%	0.15	0.1%
Brown	0.05	0.2%	0.05	0.2%
Carroll	0.25	0.8%	0.25	0.8%
Cass	0.95	1.9%	0.99	1.9%
Clark	2.96	1.2%	2.19	0.8%
Clay	0.16	0.7%	0.18	0.7%
Clinton	0.47	0.8%	0.50	0.8%
Crawford	0.11	0.9%	0.07	0.5%
Daviess	0.23	0.6%	0.25	0.6%
Dearborn	0.73	1.0%	0.77	1.0%
Decatur	-0.19	-0.4%	-0.18	-0.4%
DeKalb	0.49	0.7%	0.16	0.2%
Delaware	7.21	4.8%	7.47	4.8%
Dubois	0.89	1.2%	0.31	0.4%
Elkhart	6.06	1.5%	5.13	1.2%
Fayette	0.52	1.9%	0.57	1.9%
Floyd	0.67	0.6%	0.30	0.3%
Fountain	0.07	0.3%	0.04	0.2%
Franklin	0.07	0.3%	0.07	0.2%
Fulton	0.02	0.1%	0.02	0.1%
Gibson	0.56	0.9%	0.66	1.0%
Grant	4.44	5.3%	4.58	5.3%
Greene	0.26	0.9%	0.28	0.9%
Hamilton	1.14	0.1%	1.31	0.1%
Hancock	0.05	0.0%	-0.02	0.0%
Harrison	0.11	0.3%	0.10	0.3%
Hendricks	1.58	0.4%	0.47	0.1%
Henry	0.57	1.0%	0.56	1.0%
Howard	3.81	2.6%	4.11	2.6%
Huntington	2.15	3.9%	2.35	4.1%
Jackson	0.91	1.4%	0.78	1.2%
Jasper	0.00	0.0%	0.00	0.0%
Jay	0.32	1.0%	0.34	1.1%
Jefferson	0.83	1.9%	0.84	1.9%
Jennings	0.21	0.7%	0.23	0.7%
Johnson	0.20	0.1%	0.18	0.1%
Knox	0.76	1.3%	0.78	1.3%
Kosciusko	0.05	0.0%	0.04	0.0%
LaGrange	0.07	0.2%	0.08	0.2%
Lake	27.37	2.7%	23.93	2.3%
LaPorte	2.21	1.3%	2.23	1.2%
Lawrence	0.88	1.6%	0.96	1.6%

Appendix A.

Estimated Change in Total Revenue for All Units (\$ Millions) and Percent Change from Current Law				
County	CY 2028		CY 2029	
Madison	4.91	2.8%	5.06	2.7%
Marion	34.63	1.7%	22.94	1.1%
Marshall	0.87	1.1%	0.89	1.1%
Martin	0.03	0.3%	0.03	0.3%
Miami	0.61	1.6%	0.64	1.6%
Monroe	0.72	0.3%	0.85	0.3%
Montgomery	0.38	0.6%	0.43	0.6%
Morgan	0.35	0.3%	0.38	0.4%
Newton	0.02	0.1%	0.02	0.1%
Noble	0.08	0.1%	0.06	0.1%
Ohio	0.02	0.2%	0.02	0.3%
Orange	0.02	0.1%	0.01	0.0%
Owen	0.03	0.2%	0.03	0.1%
Parke	0.01	0.0%	0.00	0.0%
Perry	0.22	1.1%	0.24	1.1%
Pike	0.09	0.4%	0.07	0.3%
Porter	1.27	0.4%	0.98	0.3%
Posey	0.07	0.1%	0.08	0.1%
Pulaski	0.03	0.1%	0.02	0.1%
Putnam	0.11	0.2%	-0.02	0.0%
Randolph	0.56	1.6%	0.59	1.6%
Ripley	0.04	0.1%	0.05	0.1%
Rush	0.15	0.6%	0.16	0.6%
St. Joseph	23.86	5.1%	24.72	5.0%
Scott	0.18	0.7%	0.28	1.0%
Shelby	0.14	0.2%	0.16	0.2%
Spencer	0.05	0.1%	0.06	0.2%
Starke	0.07	0.2%	0.04	0.1%
Steuben	0.08	0.1%	0.08	0.1%
Sullivan	0.04	0.1%	0.04	0.1%
Switzerland	0.01	0.1%	0.01	0.1%
Tippecanoe	-1.50	-0.5%	-1.20	-0.4%
Tipton	0.53	2.0%	0.55	2.1%
Union	0.05	0.5%	0.05	0.5%
Vanderburgh	10.84	3.7%	11.03	3.6%
Vermillion	0.44	1.7%	0.47	1.7%
Vigo	5.95	3.8%	6.31	3.9%
Wabash	1.32	2.8%	1.40	2.9%
Warren	0.02	0.1%	0.02	0.1%
Warrick	0.71	0.8%	0.81	0.9%
Washington	0.27	0.9%	0.30	0.9%
Wayne	7.59	8.2%	7.90	8.2%
Wells	0.03	0.1%	0.03	0.1%
White	0.09	0.2%	0.08	0.2%
Whitley	0.08	0.2%	0.09	0.2%
Total	179.63	1.5%	159.27	1.3%

Note: Totals may not sum due to rounding.