

SENATE BILL No. 4

DIGEST OF INTRODUCED BILL

Citations Affected: IC 2-5-1.1-7; IC 4-29.5-18-2; IC 5-28-6-9; IC 6-1.1; IC 12-29-2-2.

Synopsis: Various fiscal matters. Requires the legislative services agency to perform a fiscal impact analysis for all executive orders issued by the governor within seven days of an order's issuance. (Under current law, this requirement only applies to a governor's declaration of a disaster emergency by executive order.) Amends the Pokagon Indiana Education Fund to allow payments to be made to both public and private Indiana institutions of higher learning for the purposes of the fund. Specifies that each initial tax credit award is subject to budget committee review in determining the annual aggregate tax credit cap under current law. Amends provisions to subject all taxing units with an unelected board to binding review of the board's budget by the county, city, or town fiscal body. Provides that a county may (instead of shall) provide property tax funding for the operation of community mental health centers.

Effective: Upon passage; July 1, 2026.

Mishler, Garten

January 8, 2026, read first time and referred to Committee on Appropriations.



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.

SENATE BILL No. 4

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 2-5-1.1-7, AS AMENDED BY P.L.213-2025,
2 SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 7. (a) The council shall maintain a bipartisan
4 service and administrative agency for the general assembly to assist it
5 in the performance of its constitutional responsibilities as a separate
6 and independent legislative branch of state government. The service
7 and administrative agency shall be known as the "Legislative Services
8 Agency".

9 (b) In maintaining the legislative services agency the council shall:
10 (1) establish the qualifications for and employ such personnel as
11 are required to carry out the purposes and provisions of this
12 chapter;
13 (2) employ an executive director, to be charged with the
14 administrative responsibility of all offices, departments, or
15 divisions which the council may from time to time establish, and
16 to serve as chief executive under the council;
17 (3) adopt rules and regulations governing personnel practices and



1 establishing the rights, privileges, powers, and duties of all
2 employees;

3 (4) provide for employees to be covered by the public employees'
4 retirement fund; and

5 (5) establish a pay scale for all employees including the executive
6 director.

7 Rules and regulations adopted by the council under subdivision (3) are
8 not subject to IC 4-22-2. In those rules and regulations, the council may
9 limit the political activity of legislative services agency employees.

10 (c) The executive director is entitled to serve as long as he properly
11 performs his duties, but he may be removed at any time upon the
12 affirmative vote of twelve (12) members of the council.

13 (d) The executive director may submit to the council such reports
14 and drafts of resolutions, budgets, and appropriation bills as may be
15 required for the efficient operation of the council's activities and
16 programs.

17 (e) The legislative services agency shall perform such bill drafting,
18 research, code revision, fiscal, budgetary, and management analysis,
19 information, administrative, and other services as are requested by the
20 council.

21 (f) The legislative services agency shall perform a fiscal impact
22 analysis for each executive order issued by the governor ~~under~~
23 ~~IC 10-14-3~~ within seven (7) days of the executive order issuance and
24 provide the fiscal note to:

25 (1) the legislative council; and
26 (2) the budget committee.

27 SECTION 2. IC 4-29.5-18-2, AS ADDED BY P.L.171-2021,
28 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 UPON PASSAGE]: Sec. 2. The Pokagon Indiana Education Fund shall
30 be used solely to make payments directly to Indiana ~~public~~ institutions
31 of higher learning or workforce development and training programs
32 approved by the Indiana Department of Workforce Development for
33 eligible Band citizens for direct costs and expenses, such as tuition,
34 on-campus room and board, and other direct education expenses. To be
35 eligible, a Band citizen must (i) be enrolled in the Band prior to
36 benefitting from any payment, and (ii) meet the education or workforce
37 provider admission requirements. Priority shall be given to Band
38 citizens who are legal residents of the State of Indiana as of the date of
39 their application for benefits.

40 SECTION 3. IC 5-28-6-9, AS AMENDED BY P.L.213-2025,
41 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
42 UPON PASSAGE]: Sec. 9. (a) Subject to subsection (c), the aggregate



1 amount of applicable tax credits that the corporation may certify:

2 (1) for each state fiscal year ending on or before June 30, 2025,
3 for all taxpayers is two hundred fifty million dollars
4 (\$250,000,000); and

5 (2) for each state fiscal year ending on or after July 1, 2025, for all
6 taxpayers is three hundred million dollars (\$300,000,000). Each
7 certification under this subdivision **initial tax credit award** is
8 subject to budget committee review.

9 (b) For purposes of determining the amount of applicable tax credits
10 that have been certified for a state fiscal year, the following apply:

11 (1) An applicable tax credit is considered awarded in the state
12 fiscal year in which the taxpayer can first claim the credit,
13 determined without regard to any carryforward period or
14 carryback period.

15 (2) An applicable tax credit awarded by the corporation before
16 July 1, 2022, shall be counted toward the aggregate credit
17 limitation under this section.

18 (3) If an accelerated credit is awarded under IC 6-3.1-26-15, the
19 amount counted toward the aggregate credit limitation under this
20 section for a state fiscal year shall be the amount of the credit for
21 the taxable year described in subdivision (1) prior to any discount.

22 (c) Notwithstanding subsection (a), if the corporation determines
23 that:

24 (1) an applicable tax credit should be certified in a state fiscal
25 year; and

26 (2) certification of the applicable tax credit will result in an
27 aggregate amount of applicable tax credits certified for that state
28 fiscal year that exceeds the maximum amount provided in
29 subsection (a);

30 the corporation may, after review by the budget committee, certify the
31 applicable tax credit to the taxpayer.

32 (d) This section expires December 31, 2032.

33 SECTION 4. IC 6-1.1-17-20, AS AMENDED BY P.L.230-2025,
34 SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2026]: Sec. 20. (a) This section applies to each governing
36 body of a taxing unit that is not comprised of a majority of officials
37 who are elected to serve on the governing body. For purposes of this
38 section, an individual who qualifies to be appointed to a governing
39 body or serves on a governing body because of the individual's status
40 as an elected official of another taxing unit shall be treated as an
41 official who was not elected to serve on the governing body.

42 (b) As used in this section, "taxing unit" has the meaning set forth



1 in IC 6-1.1-1-21, except that the term does not include a ~~public library~~
2 or an entity whose tax levies are subject to review and modification by
3 a city-county legislative body under IC 36-3-6-9.

4 (c) If:

5 (1) the assessed valuation of a taxing unit is entirely contained
6 within a city or town; or
7 (2) the assessed valuation of a taxing unit is not entirely contained
8 within a city or town but:

9 (A) the taxing unit was originally established by the city or
10 town; or
11 (B) the majority of the individuals serving on the governing
12 body of the taxing unit are appointed by the city or town;

13 the governing body shall submit its proposed budget and property tax
14 levy to the city or town fiscal body. The proposed budget and levy shall
15 be submitted to the city or town fiscal body in the manner prescribed
16 by the department of local government finance before September 2 of
17 a year.

18 (d) If subsection (c) does not apply, the governing body of the taxing
19 unit shall submit its proposed budget and property tax levy to the
20 county fiscal body in the county where the taxing unit has the most
21 assessed valuation. The proposed budget and levy shall be submitted
22 to the county fiscal body in the manner prescribed by the department
23 of local government finance before September 2 of a year.

24 (e) The fiscal body of the city, town, or county (whichever applies)
25 shall review each budget and proposed tax levy and adopt a final
26 budget and tax levy for the taxing unit. The fiscal body may reduce or
27 modify but not increase the proposed budget or tax levy.

28 (f) If a taxing unit fails to file the information required in subsection
29 (c) or (d), whichever applies, with the appropriate fiscal body by the
30 time prescribed by this section, when calculating the maximum ad
31 valorem property tax levy under IC 6-1.1-18.5-3(a) for the taxing unit
32 for the ensuing budget year, instead of multiplying the maximum levy
33 growth quotient determined under IC 6-1.1-18.5-2(b) or
34 IC 6-1.1-18.5-2(e) (as applicable) for the year by the taxing unit's
35 maximum permissible ad valorem property tax levy for the preceding
36 calendar year as prescribed in STEP TWO of IC 6-1.1-18.5-3(a), for
37 purposes of STEP TWO of IC 6-1.1-18.5-3(a), the taxing unit's
38 maximum permissible ad valorem property tax levy for the preceding
39 calendar year must instead be multiplied by the result of the following:

40 STEP ONE: Determine:

41 (A) the result of STEP FOUR of IC 6-1.1-18.5-2(b) or STEP
42 FIVE of IC 6-1.1-18.5-2(e) (as applicable); minus



(B) one (1).

STEP TWO: Multiply:

(A) the STEP ONE result; by

(B) eight-tenths (0.8).

STEP THREE: Add one (1) to the STEP TWO result.

6 However, if the taxing unit files the information as required in
7 subsection (c) or (d), whichever applies, for the budget year
8 immediately following the budget year for which the formula under this
9 subsection is applied, when calculating the maximum ad valorem
10 property tax levy under IC 6-1.1-18.5-3(a) for the taxing unit for the
11 subsequent budget year, the taxing unit's maximum permissible ad
12 valorem property tax levy must be calculated as if the formula under
13 this subsection had not been applied for the affected budget year.

(g) If the appropriate fiscal body fails to complete the requirements of subsection (e) before the adoption deadline in section 5 of this chapter for any taxing unit subject to this section, when calculating the maximum ad valorem property tax levy under IC 6-1.1-18.5-3(a) for the city, town, or county for the ensuing budget year, instead of multiplying the maximum levy growth quotient determined under IC 6-1.1-18.5-2(b) or IC 6-1.1-18.5-2(e) (as applicable) for the year by the city's, town's, or county's maximum permissible ad valorem property tax levy for the preceding calendar year as prescribed in STEP TWO of IC 6-1.1-18.5-3(a), for purposes of STEP TWO of IC 6-1.1-18.5-3(a), the city's, town's, or county's maximum permissible ad valorem property tax levy for the preceding calendar year must instead be multiplied by the result of the following:

STEP ONE: Determine:

(A) the result of STEP FOUR of IC 6-1.1-18.5-2(b) or STEP

FIVE of IC 6-1.1-18.5-2(e) (as applicable); minus

(B) one (1).

STEP TWO: Multiply:

(A) the STEP ONE result; by

(B) eight-tenths (0.8).

STEP THREE: Add one (1) to the STEP TWO result.

35 However, if the city, town, or county files the information as required
36 in subsection (e) for the budget year immediately following the budget
37 year for which the formula under this subsection is applied, when
38 calculating the maximum ad valorem property tax levy under
39 IC 6-1.1-18.5-3(a) for the city, town, or county for the subsequent
40 budget year, the unit's maximum permissible ad valorem property tax
41 levy must be calculated as if the formula under this subsection had not
42 been applied for the affected budget year.



1 SECTION 5. IC 6-1.1-17-20.3 IS REPEALED [EFFECTIVE JULY
2 1, 2026]. Sec. 20.3. (a) Except as provided in section 20.4 of this
3 chapter, this section applies only to the governing body of a public
4 library that:

5 (1) is not comprised of a majority of officials who are elected to
6 serve on the governing body; and

7 (2) has a percentage increase in the proposed budget for the
8 taxing unit for the ensuing calendar year that is more than the
9 result of:

10 (A) the maximum levy growth quotient determined under
11 IC 6-1.1-18.5-2 for the ensuing calendar year, rounded to the
12 nearest thousandth (0.001); minus

13 (B) one (1).

14 For purposes of this section, an individual who qualifies to be
15 appointed to a governing body or serves on a governing body because
16 of the individual's status as an elected official of another taxing unit
17 shall be treated as an official who was not elected to serve on the
18 governing body.

19 (b) This section does not apply to an entity whose tax levies are
20 subject to review and modification by a city-county legislative body
21 under IC 36-3-6-9.

22 (c) If:

23 (1) the assessed valuation of a public library's territory is entirely
24 contained within a city or town; or

25 (2) the assessed valuation of a public library's territory is not
26 entirely contained within a city or town but more than fifty
27 percent (50%) of the assessed valuation of the public library's
28 territory is contained within the city or town;

29 the governing body shall submit its proposed budget and property tax
30 levy to the city or town fiscal body in the manner prescribed by the
31 department of local government finance before September 2 of a year.
32 However, the governing body shall submit its proposed budget and
33 property tax levy to the county fiscal body in the manner provided in
34 subsection (d), rather than to the city or town fiscal body, if more than
35 fifty percent (50%) of the parcels of real property within the
36 jurisdiction of the public library are located outside the city or town.

37 (d) If subsection (e) does not apply or the public library's territory
38 covers more than one (1) county, the governing body of the public
39 library shall submit its proposed budget and property tax levy to the
40 county fiscal body in the county where the public library has the most
41 assessed valuation. The proposed budget and levy shall be submitted
42 to the county fiscal body in the manner prescribed by the department



1 of local government finance before September 2 of a year.

2 (e) The fiscal body of the city, town, or county (whichever applies)
 3 shall review each budget and proposed tax levy and adopt a final
 4 budget and tax levy for the public library. The fiscal body may reduce
 5 or modify but not increase the proposed budget or tax levy.

6 (f) If a public library fails to file the information required in
 7 subsection (e) or (d), whichever applies, with the appropriate fiscal
 8 body by the time prescribed by this section, when calculating the
 9 maximum ad valorem property tax levy under IC 6-1.1-18.5-3(a) for
 10 the public library for the ensuing budget year, instead of multiplying
 11 the maximum levy growth quotient determined under
 12 IC 6-1.1-18.5-2(b) or IC 6-1.1-18.5-2(e) (as applicable) for the year by
 13 the public library's maximum permissible ad valorem property tax levy
 14 for the preceding calendar year as prescribed in STEP TWO of
 15 IC 6-1.1-18.5-3(a), for purposes of STEP TWO of IC 6-1.1-18.5-3(a),
 16 the public library's maximum permissible ad valorem property tax levy
 17 for the preceding calendar year must instead be multiplied by the result
 18 of the following:

19 STEP ONE: Determine:

20 (A) the result of STEP FOUR of IC 6-1.1-18.5-2(b) or STEP
 21 FIVE of IC 6-1.1-18.5-2(e) (as applicable); minus
 22 (B) one (1).

23 STEP TWO: Multiply:

24 (A) the STEP ONE result; by
 25 (B) eight-tenths (0.8).

26 STEP THREE: Add one (1) to the STEP TWO result.

27 However, if the public library files the information as required in
 28 subsection (e) or (d), whichever applies, for the budget year
 29 immediately following the budget year for which the formula under this
 30 subsection is applied, when calculating the maximum ad valorem
 31 property tax levy under IC 6-1.1-18.5-3(a) for the public library for the
 32 subsequent budget year, the public library's maximum permissible ad
 33 valorem property tax levy must be calculated as if the formula under
 34 this subsection had not been applied for the affected budget year.

35 (g) If the appropriate fiscal body fails to complete the requirements
 36 of subsection (e) before the adoption deadline in section 5 of this
 37 chapter for any public library subject to this section, when calculating
 38 the maximum ad valorem property tax levy under IC 6-1.1-18.5-3(a)
 39 for the city, town, or county for the ensuing budget year, instead of
 40 multiplying the maximum levy growth quotient determined under
 41 IC 6-1.1-18.5-2(b) or IC 6-1.1-18.5-2(e) (as applicable) for the year by
 42 the city's, town's, or county's maximum permissible ad valorem



1 property tax levy for the preceding calendar year as prescribed in STEP
 2 TWO of IC 6-1.1-18.5-3(a); for purposes of STEP TWO of
 3 IC 6-1.1-18.5-3(a), the city's, town's, or county's maximum permissible
 4 ad valorem property tax levy for the preceding calendar year must
 5 instead be multiplied by the result of the following:

6 STEP ONE: Determine:

7 (A) the result of STEP FOUR of IC 6-1.1-18.5-2(b) or STEP
 8 FIVE of IC 6-1.1-18.5-2(e) (as applicable); minus
 9 (B) one (1).

10 STEP TWO: Multiply:

11 (A) the STEP ONE result; by
 12 (B) eight-tenths (0.8).

13 STEP THREE: Add one (1) to the STEP TWO result.

14 However, if the city, town, or county files the information as required
 15 in subsection (e) for the budget year immediately following the budget
 16 year for which the formula under this subsection is applied, when
 17 calculating the maximum ad valorem property tax levy under
 18 IC 6-1.1-18.5-3(a) for the city, town, or county for the subsequent
 19 budget year, the unit's maximum permissible ad valorem property tax
 20 levy must be calculated as if the formula under this subsection had not
 21 been applied for the affected budget year.

22 SECTION 6. IC 6-1.1-17-20.4 IS REPEALED [EFFECTIVE JULY
 23 1, 2026]. See. 20.4. (a) This section applies only if on December 31, as
 24 reported in the public library's annual report under IC 5-11-1-4, the
 25 cash balance of all funds of the public library derived from tax revenue
 26 is greater than one hundred fifty percent (150%) of the public library's
 27 certified budget for the ensuing year.

28 (b) If section 20.3(a)(2) of this chapter does not apply, the fiscal
 29 body of a city, town, or county may adopt a resolution to require the
 30 public library to submit its proposed budget and property tax levy to the
 31 city, town, or county fiscal body as set forth in section 20.3(e) or
 32 20.3(d) of this chapter (whichever is applicable) for binding review and
 33 approval as set forth under section 20.3 of this chapter. However, the
 34 fiscal body of the city, town, or county may not reduce a public library's
 35 proposed budget or tax levy in a budget year under this section by more
 36 than ten percent (10%) of the public library's operating levy in the
 37 immediately preceding budget year.

38 (c) A resolution may be adopted under this section not later than
 39 July 1. A resolution adopted under this section remains in full force and
 40 effect until the December 31 cash balance of all funds of the public
 41 library derived from tax revenue, as reported in the public library's
 42 annual report under IC 5-11-1-4, no longer exceed one hundred fifty



1 percent (150%) of the public library's certified budget for the ensuing
 2 year.

3 (d) Before a fiscal body may adopt a resolution under this section,
 4 the fiscal body must hold a public hearing on the proposed resolution
 5 and provide the public with notice of the time and place where the
 6 public hearing will be held. The notice required by this subsection must
 7 be given in accordance with IC 5-3-1 and include the proposed
 8 resolution. In addition to the notice required by this subsection, the
 9 fiscal body shall also provide a copy of the notice to all taxing units in
 10 the city, town, or county at least thirty (30) days before the public
 11 hearing.

12 (e) A resolution adopted by a fiscal body under this section shall be
 13 submitted to:

14 (1) the department of local government finance; and
 15 (2) the public library;

16 not later than five (5) days after the date the resolution is adopted.

17 SECTION 7. IC 6-1.1-17-20.6 IS REPEALED [EFFECTIVE JULY
 18 1, 2026]. See. 20.6. (a) Each public library shall identify the applicable
 19 city, town, or county fiscal body that receives a public library's
 20 proposed budget as provided in section 20.3(c) or 20.3(d) of this
 21 chapter.

22 (b) Not later than October 1, 2020, a public library shall report the
 23 applicable city, town, or county fiscal body identified under subsection
 24 (a) to the Indiana state library. The report submitted to the state library
 25 must contain:

26 (1) the name of the public library;
 27 (2) the appropriate fiscal body of a city, town, or county to review
 28 a library budget under section 20.3(c) or 20.3(d) of this chapter;
 29 and
 30 (3) after adoption by the respective board, the signatures of the
 31 public library board president and the appropriate fiscal body
 32 president.

33 The Indiana state library shall provide the information submitted to the
 34 Indiana state library under this subsection to the department of local
 35 government finance by not later than November 1, 2020.

36 (c) If a fiscal body, other than the fiscal body identified by the
 37 public library under subsection (a), objects to the public library's
 38 determination under subsection (a), the objecting fiscal body may
 39 submit a formal objection to:

40 (1) the Indiana state library;
 41 (2) the public library; and
 42 (3) the fiscal body identified under subsection (a) by the public



library.

(d) If a public library:

(+) is unable to identify the applicable fiscal body under subsection (a);

(2) does not complete the reporting requirements established in subsection (b); or

(3) has a formal objection filed under subsection (c) against the public library's fiscal body designation under subsection (a);

9 the public library shall file an original action seeking a declaratory
10 judgment in a court with jurisdiction to identify the appropriate fiscal
11 body. The public library shall file a copy of the declaratory judgment
12 with the Indiana state library within thirty (30) days of the court's entry
13 of judgment.

(e) The Indiana state library shall provide the information submitted to the Indiana state library under subsection (b) to the department of local government finance by not later than November 1, 2020.

(f) If there is a change in the territory of the public library:

(1) the public library shall submit a report under subsection (b) to the Indiana state library not later than October 1; and

(2) the Indiana state library shall report the information under subsection (b) to the department of local government finance not later than November 1;

in the year the change in territory becomes effective. Subsections (e) and (d) apply to the public library and to any fiscal body that objects to the public library's designation under subsection (a).

26 SECTION 8. IC 6-1.1-18-5, AS AMENDED BY P.L.156-2024,
27 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
28 JULY 1, 2026]: Sec. 5. (a) If the proper officers of a political
29 subdivision desire to appropriate more money for a particular year than
30 the amount prescribed in the budget for that year as finally determined
31 under this article, they shall hold a public hearing after submitting the
32 following information regarding the proposed additional appropriation
33 to the department's computer gateway:

(1) The amount of the additional appropriation.

(2) The name of the affected fund.

(3) The name and account number of the affected account.

(4) The date, time, and place at which the political subdivision or appropriate fiscal body will hold a public hearing on the proposed additional appropriation.

(b) If the additional appropriation by the political subdivision is made from a fund for which the budget, rate, or levy is certified by the department of local government finance under IC 6-1.1-17-16, the



1 political subdivision must report the additional appropriation to the
2 department of local government finance in the manner prescribed by
3 the department of local government finance. If the additional
4 appropriation is made from a fund described under this subsection,
5 subsections (f), (g), (h), and (i) apply to the political subdivision.

6 (c) However, if the additional appropriation is not made from a fund
7 described under subsection (b), subsections (f), (g), (h), and (i) do not
8 apply to the political subdivision. Subsections (f), (g), (h), and (i) do
9 not apply to an additional appropriation made from the cumulative
10 bridge fund if the appropriation meets the requirements under
11 IC 8-16-3-3(c).

12 (d) A political subdivision may make an additional appropriation
13 without approval of the department of local government finance if the
14 additional appropriation is made from a fund that is not described
15 under subsection (b). However, the fiscal officer of the political
16 subdivision shall report the additional appropriation to the department
17 of local government finance.

18 (e) Subject to ~~subsections~~ subsection (j), and (k), after the public
19 hearing, the proper officers of the political subdivision shall file a
20 certified copy of their final proposal and any other relevant information
21 to the department of local government finance not later than fifteen
22 (15) days after the additional appropriation is adopted by the
23 appropriate fiscal body. If the additional appropriation is not submitted
24 to the department of local government finance within fifteen (15) days
25 after adoption, the department of local government finance may require
26 the political subdivision to conduct a readoption hearing.

27 (f) When the department of local government finance receives a
28 certified copy of a proposal for an additional appropriation under
29 subsection (e), the department shall determine whether sufficient funds
30 are available or will be available for the proposal. The determination
31 shall be made in writing and sent to the political subdivision not more
32 than fifteen (15) days after the department of local government finance
33 receives the proposal.

34 (g) In making the determination under subsection (f), the
35 department of local government finance shall limit the amount of the
36 additional appropriation to revenues available, or to be made available,
37 which have not been previously appropriated.

38 (h) If the department of local government finance disapproves an
39 additional appropriation under subsection (f), the department shall
40 specify the reason for its disapproval on the determination sent to the
41 political subdivision.

42 (i) A political subdivision may request a reconsideration of a



1 determination of the department of local government finance under this
2 section by filing a written request for reconsideration. A request for
3 reconsideration must:

4 (1) be filed with the department of local government finance
5 within fifteen (15) days of the receipt of the determination by the
6 political subdivision; and

7 (2) state with reasonable specificity the reason for the request.

8 The department of local government finance must act on a request for
9 reconsideration within fifteen (15) days of receiving the request.

10 (j) This subsection applies to an additional appropriation by a
11 political subdivision that must have the political subdivision's annual
12 appropriations and annual tax levy adopted by a city, town, or county
13 fiscal body under IC 6-1.1-17-20 or IC 36-1-23 or by a legislative or
14 fiscal body under IC 36-3-6-9. The fiscal or legislative body of the city,
15 town, or county that adopted the political subdivision's annual
16 appropriation and annual tax levy must adopt the additional
17 appropriation by ordinance before the department of local government
18 finance may approve the additional appropriation.

19 (k) This subsection applies to a public library that is not required to
20 submit the public library's budgets, tax rates, and tax levies for binding
21 review and approval under IC 6-1.1-17-20 or IC 6-1.1-17-20.4. If a
22 public library subject to this subsection proposes to make an additional
23 appropriation for a year, and the additional appropriation would result
24 in the budget for the library for that year increasing (as compared to the
25 previous year) by a percentage that is greater than the result of the
26 maximum levy growth quotient determined under IC 6-1.1-18.5-2 for
27 the calendar year minus one (1), the additional appropriation must first
28 be approved by the city, town, or county fiscal body described in
29 IC 6-1.1-17-20.3(e) or IC 6-1.1-17-20.3(d), as appropriate.

30 (l) (k) This subsection applies to an appropriation for which the
31 underlying purpose is a bond issue. The political subdivision shall
32 include the appropriation for the bond proceeds in the budget of the
33 political subdivision for the ensuing year adopted under IC 6-1.1-17.
34 If the political subdivision does not include the appropriation for the
35 bond proceeds as required by this subsection, the political subdivision
36 shall comply with the requirements of this section in the year in which
37 the bond proceeds are received, but may not take an action pursuant to
38 this section in a year before the year in which the bond proceeds are
39 received.

40 (m) (l) The proper officers of a political subdivision shall submit the
41 information described in subsection (a)(1) through (a)(4), in a manner
42 prescribed by the department, to the department's computer gateway at



1 least fourteen (14) days prior to the public hearing. The department
2 shall make the information submitted by the political subdivision
3 available to taxpayers through the department's computer gateway at
4 least ten (10) days prior to the public hearing. If the date, time, or place
5 of the public hearing changes following the original submission of the
6 information to the department's computer gateway, the political
7 subdivision shall submit the updated information to the department's
8 computer gateway as soon as possible.

9 SECTION 9. IC 6-1.1-18.5-12, AS AMENDED BY P.L.68-2025,
10 SECTION 61, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2026]: Sec. 12. (a) Any civil taxing unit that incurs increased
12 costs resulting from annexation, a natural disaster, an accident, or
13 another unanticipated emergency, and determines that it cannot carry
14 out its governmental functions for an ensuing calendar year under the
15 levy limitations imposed by section 3 or 25 of this chapter, as
16 applicable, may, subject to subsections (h) and (i):

17 (1) before October 20 of the calendar year immediately preceding
18 the ensuing calendar year; or

19 (2) in the case of a request described in section 16 of this chapter,
20 before December 31 of the calendar year immediately preceding
21 the ensuing calendar year;

22 appeal to the department of local government finance for relief from
23 those levy limitations. In the appeal the civil taxing unit must state that
24 it will be unable to carry out the governmental functions committed to
25 it by law unless it is given the authority that it is petitioning for. The
26 civil taxing unit must support these allegations by reasonably detailed
27 statements of fact.

28 (b) The department of local government finance shall immediately
29 proceed to the examination and consideration of the merits of the civil
30 taxing unit's appeal.

31 (c) In considering an appeal, the department of local government
32 finance has the power to conduct hearings, require any officer or
33 member of the appealing civil taxing unit to appear before it, or require
34 any officer or member of the appealing civil taxing unit to provide the
35 department with any relevant records or books.

36 (d) If an officer or member:

37 (1) fails to appear at a hearing after having been given written
38 notice requiring that person's attendance; or

39 (2) fails to produce the books and records that the department by
40 written notice required the officer or member to produce;

41 then the department may file an affidavit in the circuit court, superior
42 court, or probate court in the jurisdiction in which the officer or



1 member may be found setting forth the facts of the failure.

2 (e) Upon the filing of an affidavit under subsection (d), the court
 3 shall promptly issue a summons, and the sheriff of the county within
 4 which the court is sitting shall serve the summons. The summons must
 5 command the officer or member to appear before the department to
 6 provide information to the department or to produce books and records
 7 for the department's use, as the case may be. Disobedience of the
 8 summons constitutes, and is punishable as, a contempt of the court that
 9 issued the summons.

10 (f) All expenses incident to the filing of an affidavit under
 11 subsection (d) and the issuance and service of a summons shall be
 12 charged to the officer or member against whom the summons is issued,
 13 unless the court finds that the officer or member was acting in good
 14 faith and with reasonable cause. If the court finds that the officer or
 15 member was acting in good faith and with reasonable cause or if an
 16 affidavit is filed and no summons is issued, the expenses shall be
 17 charged against the county in which the affidavit was filed and shall be
 18 allowed by the proper fiscal officers of that county.

19 (g) The fiscal officer of a civil taxing unit that appeals under section
 20 16 of this chapter for relief from levy limitations shall immediately file
 21 a copy of the appeal petition with the county auditor and the county
 22 treasurer of the county in which the unit is located.

23 (h) This subsection applies to a civil taxing unit whose budget for
 24 the upcoming year is subject to review by a fiscal body under

- 25 (1) IC 6-1.1-17-20.
- 26 (2) ~~IC 6-1.1-17-20.3~~; or
- 27 (3) ~~IC 6-1.1-17-20.4~~.

28 A civil taxing unit described in this subsection may not submit an
 29 appeal under this section unless the civil taxing unit receives approval
 30 from the appropriate fiscal body to submit the appeal.

31 (i) A participating unit of a fire protection territory may not submit
 32 an appeal under this section unless each participating unit of the fire
 33 protection territory has adopted a resolution approving submission of
 34 the appeal.

35 SECTION 10. IC 12-29-2-2, AS AMENDED BY P.L.159-2020,
 36 SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2026]: Sec. 2. (a) A county ~~shall~~ **may** provide funding for the
 38 operation of community mental health centers in the amount
 39 determined under subsection (b) or, in the case of Marion County for
 40 calendar year 2019, calendar year 2020, and calendar year 2021, the
 41 amount determined under subsection (c).

42 (b) Except as provided in subsection (c), the amount of funding



1 under subsection (a) for a calendar year ~~is~~ **may** equal **up** to the
2 following:

3 (1) The county's maximum appropriation amount for the operation
4 of community mental health centers determined under this
5 chapter in the previous calendar year, if the STEP THREE result
6 under the following formula is less than or equal to zero (0):

7 STEP ONE: Determine the amount of the certified levy for
8 funds subject to the civil maximum levy in the immediately
9 preceding calendar year minus the amount of credits granted
10 under IC 6-1.1-20.6 that were allocated to funds subject to the
11 civil maximum levy in the immediately preceding calendar
12 year, as determined by the department of local government
13 finance under IC 6-1.1-20.6-11.

14 STEP TWO: Determine the amount of the certified levy for
15 funds subject to the civil maximum levy in the year prior to the
16 immediately preceding calendar year minus the amount of
17 credits granted under IC 6-1.1-20.6 that were allocated to
18 funds subject to the civil maximum levy in the year prior to the
19 immediately preceding calendar year, as determined by the
20 department of local government finance under
21 IC 6-1.1-20.6-11.

22 STEP THREE: Determine the remainder of the STEP ONE
23 amount minus the STEP TWO amount.

24 (2) If the STEP THREE result under the formula in subdivision
25 (1) is greater than zero (0), then the county's maximum
26 appropriation amount for the operation of community mental
27 health centers determined under this chapter in the previous
28 calendar year, multiplied by the greater of:

29 (A) one (1); or

30 (B) the result of STEP SIX of the following formula:

31 STEP ONE: Determine the maximum levy growth quotient
32 for the year under IC 6-1.1-18.5 minus one (1).

33 STEP TWO: Determine the amount of the certified levy for
34 funds subject to the civil maximum levy in the immediately
35 preceding calendar year minus the amount of credits granted
36 under IC 6-1.1-20.6 that were allocated to funds subject to
37 the civil maximum levy in the immediately preceding
38 calendar year, as determined by the department of local
39 government finance under IC 6-1.1-20.6-11.

40 STEP THREE: Determine the amount of the certified levy
41 for funds subject to the civil maximum levy in the
42 immediately preceding calendar year.



1 STEP FOUR: Determine the result of the STEP TWO
2 amount divided by the STEP THREE amount.

3 STEP FIVE: Determine the product of the STEP ONE
4 amount multiplied by the STEP FOUR result.

5 STEP SIX: Determine the STEP FIVE amount plus one (1).

6 The department of local government finance shall verify the maximum
7 appropriation calculation under this subsection as part of the
8 certification of the county's budget under IC 6-1.1-17. For taxes due
9 and payable in 2020, the department of local government finance shall
10 calculate the maximum appropriation under this subsection as if the
11 taxes were due and payable in 2019.

12 (c) This subsection applies only in calendar year 2019, calendar year
13 2020, and calendar year 2021. In the case of Marion County, the
14 amount of funding under subsection (a) for a calendar year is
15 determined under this subsection and is equal to the following:

16 (1) For calendar year 2019, the sum of:

17 (A) the actual amount of the appropriations by the county for
18 community mental health centers under this chapter in 2018;
19 plus

20 (B) the result of thirty-three percent (33%) multiplied by the
21 result of:

22 (i) the amount that would have, except for the application of
23 this subsection, applied to the county under subsection (b)
24 for calendar year 2019; minus

25 (ii) the actual amount of the appropriations by the county for
26 community mental health centers under this chapter in 2018.

27 (2) For calendar year 2020, the sum of:

28 (A) the actual amount of the appropriations by the county for
29 community mental health centers under this chapter in 2019;
30 plus

31 (B) the result of sixty-six percent (66%) multiplied by the
32 result of:

33 (i) the amount that would have, except for the application of
34 this subsection, applied to the county under subsection (b)
35 for calendar year 2020; minus

36 (ii) the actual amount of the appropriations by the county for
37 community mental health centers under this chapter in 2019.

38 (3) For calendar year 2021, the amount that would have, except
39 for the application of this subsection, applied to the county under
40 subsection (b) for calendar year 2021.

41 The department of local government finance shall verify the maximum
42 appropriation calculation under this subsection as part of the



1 certification of the county's budget under IC 6-1.1-17. This subsection
2 expires January 1, 2022.

3 (d) The funding provided by a county under this section shall be
4 used solely for:

5 (1) the operations of community mental health centers serving the
6 county; or

7 (2) contributing to the nonfederal share of medical assistance
8 payments to community mental health centers serving the county.

9 SECTION 11. **An emergency is declared for this act.**

