

# SENATE BILL No. 81

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-1-14-17; IC 6-1.1; IC 6-3-2; IC 6-3.1; IC 6-3.6; IC 20-46-8-3; IC 36-1-15; IC 36-3-8-6.

**Synopsis:** Various tax matters. Increases the overall local income tax (LIT) rate as enacted in SEA 1 in the 2025 session from 2.9% to 3.75%. Repeals provisions that require counties and municipalities to readopt their LIT rate each year beginning in 2031. Requires LIT revenue from a fire protection and emergency medical services rate adopted by a consolidated county to be distributed to the fire special service district established under the UNIGOV statute. Specifies that an included town that is part of the consolidated city under the UNIGOV statute is not a separate municipality for purposes of the LIT provisions enacted in SEA 1 in the 2025 session. Decouples the special purpose LIT rate for central Indiana public transportation projects from the LIT expenditure rate. (Under current law, the special rate for transportation projects is included in a county's total expenditure rate.) Repeals a provision regarding Marion County's allocation of LIT revenue. Expands the population threshold parameters under which a municipality may elect to be treated as if it were not eligible to adopt a municipal LIT (and instead potentially receive a LIT distribution under a county adopted LIT rate). Requires the population count for purposes of the LIT to include any federal special census count  
(Continued next page)

**Effective:** Upon passage; January 1, 2024 (retroactive); January 1, 2026 (retroactive); July 1, 2026; January 1, 2027; July 1, 2027; January 1, 2028.

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December 8, 2025, read first time and referred to Committee on Tax and Fiscal Policy.

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requested by a city or town. Makes changes to LIT distribution provisions. Restores the standard deduction for homestead property in the case of a homestead with an assessed value of \$125,000 or less, and retains the supplemental homestead deduction as enacted in SEA 1 in the 2025 session. Amends the calculation of the maximum levy growth quotient (MLGQ) to provide an increased MLGQ for those taxing units with assessed value growth over a three year average that exceeds 20%. Caps the total operating referendum tax that may be levied by a school corporation for referendums approved by the voters after December 31, 2025, to not more than the school corporation's maximum operating referendum tax levy in the immediately preceding year, multiplied by the maximum levy growth quotient. Removes project costs as a determination threshold under the controlled projects statute. Provides for an increase in the tax rate thresholds under the controlled projects statute based on any increase in a political subdivision's tax rate that results solely from the statutory changes to property tax deductions and exemptions enacted in SEA 1 in the 2025 session. Provides a property tax liability credit to freeze the homestead property tax liability for low income seniors. Repeals provisions enacted in SEA 1 in the 2025 session that require a political subdivision to hold a separate public hearing before increasing its tax levy from the preceding year. Reinstates provisions regarding excess tax levies that were repealed in SEA 1 in the 2025 session. Repeals the debt limitation for political subdivisions. Amends revenue distribution provisions for certain debt service levies to include the supplemental homestead credit and the local property tax credits for disabled individuals and seniors added in SEA 1 in the 2025 session for purposes of the distribution determination. Amends provisions added in SEA 1 in the 2025 session that require the department of local government finance to neutralize the effect of certain property tax provisions enacted in that bill. Clarifies provisions added in SEA 1 in the 2025 session that place restrictions on the issuance of certain general obligation bonds. Provides a property tax deduction for permanently disabled veterans based on the percentage of the permanently disabled veteran's service connected disability. Increases the maximum renter's deduction for income tax purposes from \$3,000 to \$6,000 per taxable year. Provides an income tax credit for first time home buyers with a mortgage applicable for the first taxable year in which the home buyer first takes ownership of a homestead with respect to which a first time home buyer mortgage is granted. Provides that the tax credit is equal to \$3,000 for that taxable year and may not be carried forward to a succeeding taxable year, carried back to a preceding taxable year, or refunded. Provides an income tax credit for households whose income is at or below 200% of the federal poverty guidelines for a household of its size. Provides that the tax credit is equal to \$3,000 for the taxable year and may not be carried forward to a succeeding taxable year, carried back to a preceding taxable year, or refunded. Provides an income tax credit for small businesses that make contributions to a qualified employee for use toward a qualified employee's cost for child care. Provides that the tax credit may not be carried forward to a succeeding taxable year, carried back to a preceding taxable year, or refunded. Provides an income tax deduction for theft losses that result from certain financial transactions induced by third parties and that cause the individual to incur federal gross income as a result of the theft. Requires the department of state revenue to first certify the theft loss deduction before a taxpayer may claim the deduction in a taxable year.



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. 81

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 5-1-14-17, AS AMENDED BY THE TECHNICAL  
2       CORRECTIONS BILL OF THE 2026 GENERAL ASSEMBLY, IS  
3       AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON  
4       PASSAGE]: Sec. 17. (a) This section applies to a qualified political  
5       subdivision.  
6       (b) As used this section, "general obligation bond" means a bond  
7       issued for a short term period of not more than five (5) years and  
8       payable from property taxes for a purpose or project that is not a  
9       controlled project (as defined in IC 6-1.1-20-1.1) for which the bond is  
10      not required to be issued using the procedures in IC 6-1.1-20.  
11      (c) As used in this section, "qualified political subdivision" means  
12      a county, city, town, township, or school corporation.  
13      (d) Notwithstanding any other law, and except as provided in  
14      subsection (e), if a qualified political subdivision issues new general  
15      obligation bonds, or has issued general obligation bonds before May 1,



2025, for a period of two (2) years ~~or~~ or less, then at the expiration of those general obligation bonds, the qualified political subdivision must wait one (1) year from that date before the qualified political subdivision may issue general obligation bonds. **This subsection applies only to short-term general obligation bonds for two (2) years or less, it does not apply to general obligation bonds issued after April 31, 2025.**

(e) Subsection (d) shall not apply to a qualified political subdivision in the case of a natural disaster, an accident, or another unanticipated emergency as determined by the department of local government finance.

SECTION 2. IC 6-1.1-2-11, AS ADDED BY P.L.68-2025, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) As used in this section, "tax increment financing allocation area" means any area authorized by statute in which ad valorem property taxes are allocated, including the following:

- (1) IC 6-1.1-39 (economic development districts).
- (2) IC 8-22-3.5 (airport development zones).
- (3) IC 36-7-14 (redevelopment of areas needing redevelopment generally).
- (4) IC 36-7-15.1 (redevelopment of areas in Marion County).
- (5) IC 36-7-30 (reuse of federal military bases).
- (6) IC 36-7-30.5 (development of multicounty federal military bases).
- (7) IC 36-7-32 (certified technology parks).
- (8) IC 36-7-32.5 (innovation development districts).
- (9) IC 36-7.5-4.5 (rail transit development districts).

(b) The department shall, in each year beginning after December 31, 2025, and ending before January 1, 2034, adjust the base assessed value of each tax increment financing allocation area to neutralize the effect of the ~~changing tax rates resulting year to year from the homestead deduction under IC 6-1.1-12-37(c)(2) and IC 6-1.1-12-37.5(c) and the deduction for eligible property under IC 6-1.1-12-47;~~ **statutory provisions enacted in P.L.68-2025, under IC 6-1.1-12 (property tax deductions), IC 6-1.1-20.6-7.7 (supplemental homestead credit), IC 6-1.1-51.3 (local property tax credits), and IC 6-1.1-3-7.2 (business personal property tax exemption).** It is the intent of the general assembly that an increase in revenue from a change in ~~tax rates~~ **statutory provisions enacted in P.L.68-2025** resulting from ~~these statutes~~ **those** accrue only to the base assessed value and not to the tax increment financing allocation area.

(c) However, **the adjustment under subsection (b) may not**



1 **impair any obligation or rights with respect to any creditor or**  
 2 **bondholder to which taxes from a tax increment financing**  
 3 **allocation area have been pledged.**

4 **(d)** In the case of a decrease in revenue ~~from a change in tax rates~~  
 5 ~~resulting from these statutes, the provisions enacted in P.L.68-2025,~~  
 6 **as described in subsection (b),** the department may neutralize the  
 7 change under this subsection in a positive manner with regard to the  
 8 tax increment financing allocation area to protect the ability to pay  
 9 bonds based on incremental revenue, if the tax increment financing  
 10 allocation area demonstrates to the department that an adjustment is  
 11 needed before the department calculates a positive neutralization  
 12 adjustment.

13 **SECTION 3. IC 6-1.1-10-57 IS ADDED TO THE INDIANA CODE**  
 14 **AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**  
 15 **JANUARY 1, 2027]: Sec. 57. (a) This section applies to assessment**  
 16 **dates occurring after December 31, 2026.**

17 **(b) As used in this section, "eligible property" means the real**  
 18 **property, mobile home not assessed as real property, or**  
 19 **manufactured home not assessed as real property that a**  
 20 **permanently disabled veteran owns (or the real property, mobile**  
 21 **home not assessed as real property, or manufactured home not**  
 22 **assessed as real property that the individual is buying under a**  
 23 **contract that provides that the individual is to pay property taxes**  
 24 **on the real property, mobile home, or manufactured home if the**  
 25 **contract or a memorandum of the contract is recorded in the**  
 26 **county recorder's office).**

27 **(c) As used in this section, "permanently disabled veteran"**  
 28 **means an individual who:**

29 **(1) served in the military or naval forces of the United States**  
 30 **during any of its wars;**

31 **(2) received an honorable discharge;**

32 **(3) has a service connected disability that is debilitating and**  
 33 **permanent; and**

34 **(4) has a disability evidenced by:**

35 **(A) a pension certificate, an award of compensation, or a**  
 36 **disability compensation check issued by the United States**  
 37 **Department of Veterans Affairs; or**

38 **(B) a certificate of eligibility issued to the individual by the**  
 39 **Indiana department of veterans' affairs after the Indiana**  
 40 **department of veterans' affairs has determined that the**  
 41 **individual's disability qualifies the individual to receive an**  
 42 **exemption under this section.**



**(d) Eligible property owned by a permanently disabled veteran is exempt from property taxation in an amount equal to:**

**(1) in the case of a permanently disabled veteran with a service connected disability of ten percent (10%), ten percent (10%) of the eligible property's assessed value;**

**(2) in the case of a permanently disabled veteran with a service connected disability of twenty percent (20%), twenty percent (20%) of the eligible property's assessed value;**

**(3) in the case of a permanently disabled veteran with a service connected disability of thirty percent (30%), thirty percent (30%) of the eligible property's assessed value;**

**(4) in the case of a permanently disabled veteran with a service connected disability of forty percent (40%), forty percent (40%) of the eligible property's assessed value;**

**(5) in the case of a permanently disabled veteran with a service connected disability of fifty percent (50%), fifty percent (50%) of the eligible property's assessed value;**

**(6) in the case of a permanently disabled veteran with a service connected disability of sixty percent (60%), sixty percent (60%) of the eligible property's assessed value;**

**(7) in the case of a permanently disabled veteran with a service connected disability of seventy percent (70%), seventy percent (70%) of the eligible property's assessed value;**

**(8) in the case of a permanently disabled veteran with a service connected disability of eighty percent (80%), eighty percent (80%) of the eligible property's assessed value;**

**(9) in the case of a permanently disabled veteran with a service connected disability of ninety percent (90%), ninety percent (90%) of the eligible property's assessed value; and**

**(10) in the case of a permanently disabled veteran with a service connected disability of one hundred percent (100%), one hundred percent (100%) of the eligible property's assessed value.**

**(e) A permanently disabled veteran must apply to the county auditor for the exemption under this section. The county auditor shall apply the exemption for the assessment date and for the assessment date in each later year that the permanently disabled veteran owns the eligible property.**

SECTION 4. IC 6-1.1-12-37, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2026 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 37. (a) The following



1 definitions apply throughout this section:

2 (1) "Dwelling" means any of the following:

3 (A) Residential real property improvements that an individual  
4 uses as the individual's residence, limited to a single house and  
5 a single garage, regardless of whether the single garage is  
6 attached to the single house or detached from the single house.

7 (B) A mobile home that is not assessed as real property that an  
8 individual uses as the individual's residence.

9 (C) A manufactured home that is not assessed as real property  
10 that an individual uses as the individual's residence.

11 (2) "Homestead" means an individual's principal place of  
12 residence:

13 (A) that is located in Indiana;

14 (B) that:

15 (i) the individual owns;

16 (ii) the individual is buying under a contract recorded in the  
17 county recorder's office, or evidenced by a memorandum of  
18 contract recorded in the county recorder's office under  
19 IC 36-2-11-20, that provides that the individual is to pay the  
20 property taxes on the residence, and that obligates the owner  
21 to convey title to the individual upon completion of all of the  
22 individual's contract obligations;

23 (iii) the individual is entitled to occupy as a  
24 tenant-stockholder (as defined in 26 U.S.C. 216) of a  
25 cooperative housing corporation (as defined in 26 U.S.C.  
26 216); or

27 (iv) is a residence described in section 17.9 of this chapter  
28 ~~(before its expiration)~~ that is owned by a trust if the  
29 individual is an individual described in section 17.9 of this  
30 chapter; ~~(before its expiration)~~; and

31 (C) that consists of a dwelling and includes up to one (1) acre  
32 of land immediately surrounding that dwelling, and any of the  
33 following improvements:

34 (i) Any number of decks, patios, gazebos, or pools.

35 (ii) One (1) additional building that is not part of the  
36 dwelling if the building is predominantly used for a  
37 residential purpose and is not used as an investment property  
38 or as a rental property.

39 (iii) One (1) additional residential yard structure other than  
40 a deck, patio, gazebo, or pool.

41 Except as provided in subsection (r), the term does not include  
42 property owned by a corporation, partnership, limited liability



company, or other entity not described in this subdivision.

(b) Each year a homestead is eligible for a standard deduction from the assessed value of the homestead for an assessment date. Except as provided in subsection (n), the deduction provided by this section applies to property taxes first due and payable for an assessment date only if an individual has an interest in the homestead described in subsection (a)(2)(B) on:

(1) the assessment date; or

(2) any date in the same year after an assessment date that a statement is filed under subsection (e) or section 44 of this chapter, if the property consists of real property.

If more than one (1) individual or entity qualifies property as a homestead under subsection (a)(2)(B) for an assessment date, only one (1) standard deduction from the assessed value of the homestead may be applied for the assessment date. Subject to subsection (c), the auditor of the county shall record and make the deduction for the individual or entity qualifying for the deduction.

(c) Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section for a particular year is:

(1) for assessment dates before January 1, 2025, the lesser of:

(A) sixty percent (60%) of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property; or

(B) forty-eight thousand dollars (\$48,000); or

(2) for assessment dates after December 31, 2024:

(A) in 2025, forty-eight thousand dollars (\$48,000);

(B) in 2026, **in the case of a homestead with an assessed value of more than one hundred twenty-five thousand dollars (\$125,000)**, forty thousand dollars (\$40,000);

(C) in 2027, **in the case of a homestead with an assessed value of more than one hundred twenty-five thousand dollars (\$125,000)**, thirty thousand dollars (\$30,000);

(D) in 2028, **in the case of a homestead with an assessed value of more than one hundred twenty-five thousand dollars (\$125,000)**, twenty thousand dollars (\$20,000); and

(E) in 2029, **in the case of a homestead with an assessed value of more than one hundred twenty-five thousand dollars (\$125,000)**, ten thousand dollars (\$10,000); and

(3) for assessment dates after **December 31, 2025**, in the case of a homestead with an assessed value of one hundred twenty-five thousand dollars (\$125,000) or less, the sum of:





1           **(A) sixty percent (60%) of the assessed value of the real**  
 2           **property, mobile home not assessed as real property, or**  
 3           **manufactured home not assessed as real property; or**  
 4           **(B) forty-eight thousand dollars (\$48,000).**

5           Beginning with the 2030 assessment date, and each assessment date  
 6           thereafter, the deduction amount under this section, **in the case of a**  
 7           **homestead with an assessed value of more than one hundred**  
 8           **twenty-five thousand dollars (\$125,000)**, is zero (0). Application of  
 9           the phase down under this section for assessment dates after December  
 10          31, 2024, with regard to mobile homes that are not assessed as real  
 11          property and manufactured homes not assessed as real property shall  
 12          be construed and applied in the same manner in terms of timing and  
 13          consistent with its application for real property.

14          (d) A person who has sold real property, a mobile home not assessed  
 15          as real property, or a manufactured home not assessed as real property  
 16          to another person under a contract that provides that the contract buyer  
 17          is to pay the property taxes on the real property, mobile home, or  
 18          manufactured home may not claim the deduction provided under this  
 19          section with respect to that real property, mobile home, or  
 20          manufactured home.

21          (e) Except as provided in sections 17.8 and 44 of this chapter and  
 22          subject to section 45 of this chapter, an individual who desires to claim  
 23          the deduction provided by this section must file a certified statement on  
 24          forms prescribed by the department of local government finance with  
 25          the auditor of the county in which the homestead is located. The  
 26          statement must include:

- 27           (1) the parcel number or key number of the property and the name  
 28           of the city, town, or township in which the property is located;  
 29           (2) the name of any other location in which the applicant or the  
 30           applicant's spouse owns, is buying, or has a beneficial interest in  
 31           residential real property;

32           (3) the names of:

33           (A) the applicant and the applicant's spouse (if any):

34           (i) as the names appear in the records of the United States  
 35           Social Security Administration for the purposes of the  
 36           issuance of a Social Security card and Social Security  
 37           number; or

38           (ii) that they use as their legal names when they sign their  
 39           names on legal documents;

40           if the applicant is an individual; or

41           (B) each individual who qualifies property as a homestead  
 42           under subsection (a)(2)(B) and the individual's spouse (if any):



(i) as the names appear in the records of the United States Social Security Administration for the purposes of the issuance of a Social Security card and Social Security number; or

(ii) that they use as their legal names when they sign their names on legal documents;

if the applicant is not an individual; and

(4) either:

(A) the last five (5) digits of the applicant's Social Security number and the last five (5) digits of the Social Security number of the applicant's spouse (if any); or

(B) if the applicant or the applicant's spouse (if any) does not have a Social Security number, any of the following for that individual:

(i) The last five (5) digits of the individual's driver's license number.

(ii) The last five (5) digits of the individual's state identification card number.

(iii) The last five (5) digits of a preparer tax identification number that is obtained by the individual through the Internal Revenue Service of the United States.

(iv) If the individual does not have a driver's license, a state identification card, or an Internal Revenue Service preparer tax identification number, the last five (5) digits of a control number that is on a document issued to the individual by the United States government.

If a form or statement provided to the county auditor under this section, IC 6-1.1-22-8.1, or IC 6-1.1-22.5-12 includes the telephone number or part or all of the Social Security number of a party or other number described in subdivision (4)(B) of a party, the telephone number and the Social Security number or other number described in subdivision (4)(B) included are confidential. The statement may be filed in person or by mail. If the statement is mailed, the mailing must be postmarked on or before the last day for filing. The statement applies for that first year and any succeeding year for which the deduction is allowed.

(f) To obtain the deduction for a desired calendar year under this section in which property taxes are first due and payable, the individual desiring to claim the deduction must do the following as applicable:

(1) Complete, date, and file the certified statement described in subsection (e) on or before January 15 of the calendar year in which the property taxes are first due and payable.

(2) Satisfy any recording requirements on or before January 15 of



the calendar year in which the property taxes are first due and payable for a homestead described in subsection (a)(2).

(g) Except as provided in subsection (l), if a person who is receiving, or seeks to receive, the deduction provided by this section in the person's name:

(1) changes the use of the individual's property so that part or all of the property no longer qualifies for the deduction under this section; or

(2) is not eligible for a deduction under this section because the person is already receiving:

(A) a deduction under this section in the person's name as an individual or a spouse; or

(B) a deduction under the law of another state that is equivalent to the deduction provided by this section;

the person must file a certified statement with the auditor of the county, notifying the auditor of the person's ineligibility, not more than sixty (60) days after the date of the change in eligibility. A person who fails to file the statement required by this subsection may, under IC 6-1.1-36-17, be liable for any additional taxes that would have been due on the property if the person had filed the statement as required by this subsection plus a civil penalty equal to ten percent (10%) of the additional taxes due. The civil penalty imposed under this subsection is in addition to any interest and penalties for a delinquent payment that might otherwise be due. One percent (1%) of the total civil penalty collected under this subsection shall be transferred by the county to the department of local government finance for use by the department in establishing and maintaining the homestead property data base under subsection (j) and, to the extent there is money remaining, for any other purposes of the department. This amount becomes part of the property tax liability for purposes of this article.

(h) The department of local government finance may adopt rules or guidelines concerning the application for a deduction under this section.

(i) This subsection does not apply to property in the first year for which a deduction is claimed under this section if the sole reason that a deduction is claimed on other property is that the individual or married couple maintained a principal residence at the other property on the assessment date in the same year in which an application for a deduction is filed under this section or, if the application is for a homestead that is assessed as personal property, on the assessment date in the immediately preceding year and the individual or married couple is moving the individual's or married couple's principal residence to the



property that is the subject of the application. Except as provided in subsection (l), the county auditor may not grant an individual or a married couple a deduction under this section if:

(1) the individual or married couple, for the same year, claims the deduction on two (2) or more different applications for the deduction; and

(2) the applications claim the deduction for different property.

(j) The department of local government finance shall provide secure access to county auditors to a homestead property data base that includes access to the homestead owner's name and the numbers required from the homestead owner under subsection (e)(4) for the sole purpose of verifying whether an owner is wrongly claiming a deduction under this chapter or a credit under IC 6-1.1-20.4, IC 6-1.1-20.6, or IC 6-3.6-5 (before its expiration). Each county auditor shall submit data on deductions applicable to the current tax year on or before March 15 of each year in a manner prescribed by the department of local government finance.

(k) A county auditor may require an individual to provide evidence proving that the individual's residence is the individual's principal place of residence as claimed in the certified statement filed under subsection (e). The county auditor may limit the evidence that an individual is required to submit to a state income tax return, a valid driver's license, or a valid voter registration card showing that the residence for which the deduction is claimed is the individual's principal place of residence. The county auditor may not deny an application filed under section 44 of this chapter because the applicant does not have a valid driver's license or state identification card with the address of the homestead property. The department of local government finance shall work with county auditors to develop procedures to determine whether a property owner that is claiming a standard deduction or homestead credit is not eligible for the standard deduction or homestead credit because the property owner's principal place of residence is outside Indiana.

(l) A county auditor shall grant an individual a deduction under this section regardless of whether the individual and the individual's spouse claim a deduction on two (2) different applications and each application claims a deduction for different property if the property owned by the individual's spouse is located outside Indiana and the individual files an affidavit with the county auditor containing the following information:

(1) The names of the county and state in which the individual's spouse claims a deduction substantially similar to the deduction allowed by this section.



(2) A statement made under penalty of perjury that the following are true:

(A) That the individual and the individual's spouse maintain separate principal places of residence.

(B) That neither the individual nor the individual's spouse has an ownership interest in the other's principal place of residence.

(C) That neither the individual nor the individual's spouse has, for that same year, claimed a standard or substantially similar deduction for any property other than the property maintained as a principal place of residence by the respective individuals.

A county auditor may require an individual or an individual's spouse to provide evidence of the accuracy of the information contained in an affidavit submitted under this subsection. The evidence required of the individual or the individual's spouse may include state income tax returns, excise tax payment information, property tax payment information, driver's license information, and voter registration information.

(m) If:

(1) a property owner files a statement under subsection (e) to claim the deduction provided by this section for a particular property; and

(2) the county auditor receiving the filed statement determines that the property owner's property is not eligible for the deduction; the county auditor shall inform the property owner of the county auditor's determination in writing. If a property owner's property is not eligible for the deduction because the county auditor has determined that the property is not the property owner's principal place of residence, the property owner may appeal the county auditor's determination as provided in IC 6-1.1-15. The county auditor shall inform the property owner of the owner's right to appeal when the county auditor informs the property owner of the county auditor's determination under this subsection.

(n) An individual is entitled to the deduction under this section for a homestead for a particular assessment date if:

(1) either:

(A) the individual's interest in the homestead as described in subsection (a)(2)(B) is conveyed to the individual after the assessment date, but within the calendar year in which the assessment date occurs; or

(B) the individual contracts to purchase the homestead after the assessment date, but within the calendar year in which the



- 1 assessment date occurs;
- 2 (2) on the assessment date:
  - 3 (A) the property on which the homestead is currently located
  - 4 was vacant land; or
  - 5 (B) the construction of the dwelling that constitutes the
  - 6 homestead was not completed; and
- 7 (3) either:
  - 8 (A) the individual files the certified statement required by
  - 9 subsection (e); or
  - 10 (B) a sales disclosure form that meets the requirements of
  - 11 section 44 of this chapter is submitted to the county assessor
  - 12 on or before December 31 of the calendar year for the
  - 13 individual's purchase of the homestead.

14 An individual who satisfies the requirements of subdivisions (1)  
 15 through (3) is entitled to the deduction under this section for the  
 16 homestead for the assessment date, even if on the assessment date the  
 17 property on which the homestead is currently located was vacant land  
 18 or the construction of the dwelling that constitutes the homestead was  
 19 not completed. The county auditor shall apply the deduction for the  
 20 assessment date and for the assessment date in any later year in which  
 21 the homestead remains eligible for the deduction. A homestead that  
 22 qualifies for the deduction under this section as provided in this  
 23 subsection is considered a homestead for purposes of section 37.5 of  
 24 this chapter and IC 6-1.1-20.6.

25 (o) This subsection applies to an application for the deduction  
 26 provided by this section that is filed for an assessment date occurring  
 27 after December 31, 2013. Notwithstanding any other provision of this  
 28 section, an individual buying a mobile home that is not assessed as real  
 29 property or a manufactured home that is not assessed as real property  
 30 under a contract providing that the individual is to pay the property  
 31 taxes on the mobile home or manufactured home is not entitled to the  
 32 deduction provided by this section unless the parties to the contract  
 33 comply with IC 9-17-6-17.

34 (p) This subsection:  
 35 (1) applies to an application for the deduction provided by this  
 36 section that is filed for an assessment date occurring after  
 37 December 31, 2013; and

38 (2) does not apply to an individual described in subsection (o).  
 39 The owner of a mobile home that is not assessed as real property or a  
 40 manufactured home that is not assessed as real property must attach a  
 41 copy of the owner's title to the mobile home or manufactured home to  
 42 the application for the deduction provided by this section.



(q) For assessment dates after 2013, the term "homestead" includes property that is owned by an individual who:

- (1) is serving on active duty in any branch of the armed forces of the United States;
- (2) was ordered to transfer to a location outside Indiana; and
- (3) was otherwise eligible, without regard to this subsection, for the deduction under this section for the property for the assessment date immediately preceding the transfer date specified in the order described in subdivision (2).

For property to qualify under this subsection for the deduction provided by this section, the individual described in subdivisions (1) through (3) must submit to the county auditor a copy of the individual's transfer orders or other information sufficient to show that the individual was ordered to transfer to a location outside Indiana. The property continues to qualify for the deduction provided by this section until the individual ceases to be on active duty, the property is sold, or the individual's ownership interest is otherwise terminated, whichever occurs first. Notwithstanding subsection (a)(2), the property remains a homestead regardless of whether the property continues to be the individual's principal place of residence after the individual transfers to a location outside Indiana. The property continues to qualify as a homestead under this subsection if the property is leased while the individual is away from Indiana and is serving on active duty, if the individual has lived at the property at any time during the past ten (10) years. Otherwise, the property ceases to qualify as a homestead under this subsection if the property is leased while the individual is away from Indiana. Property that qualifies as a homestead under this subsection shall also be construed as a homestead for purposes of section 37.5 of this chapter.

(r) As used in this section, "homestead" includes property that satisfies each of the following requirements:

- (1) The property is located in Indiana and consists of a dwelling and includes up to one (1) acre of land immediately surrounding that dwelling, and any of the following improvements:
  - (A) Any number of decks, patios, gazebos, or pools.
  - (B) One (1) additional building that is not part of the dwelling if the building is predominately used for a residential purpose and is not used as an investment property or as a rental property.
  - (C) One (1) additional residential yard structure other than a deck, patio, gazebo, or pool.
- (2) The property is the principal place of residence of an



individual.

(3) The property is owned by an entity that is not described in subsection (a)(2)(B).

(4) The individual residing on the property is a shareholder, partner, or member of the entity that owns the property.

(5) The property was eligible for the standard deduction under this section on March 1, 2009.

SECTION 5. IC 6-1.1-17-3, AS AMENDED BY P.L.68-2025, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The proper officers of a political subdivision shall formulate its estimated budget and its proposed tax rate and tax levy on the form prescribed by the department of local government finance and approved by the state board of accounts. In formulating a political subdivision's estimated budget under this section, the proper officers of the political subdivision must consider the net property tax revenue that will be collected by the political subdivision during the ensuing year, after taking into account the estimate by the department of local government finance under IC 6-1.1-20.6-11.1 of the amount by which the political subdivision's distribution of property taxes will be reduced by credits under IC 6-1.1-20.6-9.5 in the ensuing year, after taking into account the estimate by the department of local government finance under section 0.7 of this chapter of the maximum amount of net property tax revenue and miscellaneous revenue that the political subdivision will receive in the ensuing year, and after taking into account all payments for debt service obligations that are to be made by the political subdivision during the ensuing year. The political subdivision or appropriate fiscal body, if the political subdivision is subject to section 20 of this chapter, shall submit the following information to the department's computer gateway:

(1) The estimated budget.

(2) The estimated maximum permissible levy, as provided by the department under IC 6-1.1-18.5-24.

(3) The current and proposed tax levies of each fund.

(4) The percentage change between the current and proposed tax levies of each fund.

(5) The amount by which the political subdivision's distribution of property taxes may be reduced by credits granted under IC 6-1.1-20.6, as estimated by the department of local government finance under IC 6-1.1-20.6-11.1.

(6) The amounts of excessive levy appeals to be requested.

(7) The time and place at which the political subdivision or





appropriate fiscal body will hold a public hearing on the items described in subdivisions (1) through (6).

~~(8) The amount of any increase in the tax rate and tax levies of the political subdivision in an ordinance adopted under section 23 of this chapter.~~

~~(9)~~ (8) The time and place at which the political subdivision or appropriate fiscal body will meet to fix the budget, tax rate, and levy under section 5 of this chapter.

~~(10)~~ (9) The date, time, and place of the final adoption of the budget, tax rate, and levy under section 5 of this chapter.

Except as provided in section 5.6(b) of this chapter, the political subdivision or appropriate fiscal body shall submit this information to the department's computer gateway at least ten (10) days before the public hearing required by this subsection in the manner prescribed by the department. If the date, time, or place of the final adoption subsequently changes, the political subdivision shall update the information submitted to the department's computer gateway. The department shall make this information available to taxpayers, at least ten (10) days before the public hearing, through its computer gateway and provide a telephone number through which taxpayers may request mailed copies of a political subdivision's information under this subsection. The department's computer gateway must allow a taxpayer to search for the information under this subsection by the taxpayer's address. The department shall review only the submission to the department's computer gateway for compliance with this section.

(b) The board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal) may conduct the public hearing required under subsection (a):

- (1) in any county of the solid waste management district; and
- (2) in accordance with the annual notice of meetings published under IC 13-21-5-2.

(c) The trustee of each township in the county shall estimate the amount necessary to meet the cost of township assistance in the township for the ensuing calendar year. The township board shall ~~subject to section 23 of this chapter~~, adopt with the township budget a tax rate sufficient to meet the estimated cost of township assistance. The taxes collected as a result of the tax rate adopted under this subsection are credited to the township assistance fund.

(d) A political subdivision for which any of the information under subsection (a) is not submitted to the department's computer gateway in the manner prescribed by the department shall have its most recent annual appropriations and annual tax levy continued for the ensuing



1 budget year.

2 (e) If a political subdivision or appropriate fiscal body timely  
3 submits the information under subsection (a) but subsequently  
4 discovers the information contains an error, the political subdivision or  
5 appropriate fiscal body may submit amended information to the  
6 department's computer gateway. However, submission of an  
7 amendment to information described in subsection (a)(1) through (a)(7)  
8 must occur at least ten (10) days before the public hearing held under  
9 subsection (a), and submission of an amendment to information  
10 described in subsection (a)(8) ~~through (a)(9)~~ must occur at least  
11 twenty-four (24) hours before the time in which the meeting to fix the  
12 budget, tax rate, and levy was originally advertised to commence.

13 (f) Each year, the governing body of a school corporation that  
14 imposes property taxes to pay debt service on bonds or lease rentals on  
15 a lease for a controlled project under IC 6-1.1-20, property taxes under  
16 an operating referendum tax levy under IC 20-46-1, or property taxes  
17 under a school safety referendum tax levy under IC 20-46-9, shall  
18 submit the following information at least ten (10) days before the  
19 public hearing required by subsection (a) in the manner prescribed by  
20 the department:

21 (1) the purposes specified in the public question submitted to the  
22 voters or any revenue spending plans adopted under  
23 IC 6-1.1-20-13, IC 20-46-1-8, or IC 20-46-9-6 for:

24 (A) debt service on bonds or lease rentals on a lease for a  
25 controlled project under IC 6-1.1-20;

26 (B) an operating referendum tax levy approved by the voters  
27 of the school corporation under IC 20-46-1; or

28 (C) a school safety referendum tax levy approved by the voters  
29 of the school corporation under IC 20-46-9;

30 as applicable; and

31 (2) the debt service levy fund, operating referendum tax levy  
32 fund, or school safety referendum tax levy fund of the school  
33 corporation, whichever is applicable;

34 to show whether the school corporation is using revenue collected from  
35 the referendum tax levy in the amounts and for the purposes  
36 established in the purposes specified in the public question submitted  
37 to the voters or the revenue spending plan, as applicable. The  
38 department shall make this information available to taxpayers at least  
39 ten (10) days before the public hearing.

40 SECTION 6. IC 6-1.1-17-3.2 IS ADDED TO THE INDIANA  
41 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
42 [EFFECTIVE UPON PASSAGE]: **Sec. 3.2. (a) This section applies to**



1 an operating referendum tax levy under IC 20-46-1 approved by  
 2 the voters after December 31, 2025, that is imposed by a school  
 3 corporation for taxes first due and payable after December 31,  
 4 2026.

5 (b) Notwithstanding any increase in the assessed value of  
 6 property from the previous assessment date, for each year  
 7 following the first calendar year in which taxes are first due and  
 8 payable for an operating referendum, or renewal of an existing  
 9 operating referendum, under IC 20-46-1, the total amount of  
 10 operating referendum tax that may be levied by a school  
 11 corporation may not exceed the lesser of:

12 (1) the school corporation's maximum operating referendum  
 13 tax levy in the immediately preceding year; multiplied by

14 (2) the maximum levy growth quotient under IC 6-1.1-18.5-2.

15 The tax rate for an operating referendum tax levy shall be  
 16 decreased, if necessary, to comply with this limitation.

17 SECTION 7. IC 6-1.1-17-16, AS AMENDED BY P.L.68-2025,  
 18 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 UPON PASSAGE]: Sec. 16. (a) The department of local government  
 20 finance shall certify the tax rates and tax levies for all funds of political  
 21 subdivisions subject to the department of local government finance's  
 22 review.

23 (b) For a fund of a political subdivision subject to levy limits under  
 24 IC 6-1.1-18.5-3, the department of local government finance shall  
 25 calculate and certify the allowable budget of the fund if the political  
 26 subdivision adopts a tax levy that exceeds the estimated maximum levy  
 27 limits as provided by the department of local government finance under  
 28 IC 6-1.1-18.5-24.

29 (c) For a fund of a political subdivision subject to levy limits under  
 30 IC 6-1.1-18.5-3 and for which the political subdivision adopts a tax  
 31 levy that is not more than the levy limits under IC 6-1.1-18.5-3, the  
 32 department of local government finance shall review the fund to ensure  
 33 the adopted budget is fundable based on the unit's adopted tax levy and  
 34 estimates of available revenues. If the adopted budget is fundable, the  
 35 department of local government finance shall use the adopted budget  
 36 as the approved appropriation for the fund for the budget year. As  
 37 needed, the political subdivision may complete the additional  
 38 appropriation process through IC 6-1.1-18-5 for these funds during the  
 39 budget year.

40 (d) For a fund of the political subdivision subject to levy limits  
 41 under IC 6-1.1-18.5-3 and for which the political subdivision adopts a  
 42 tax levy that is not more than the levy limits under IC 6-1.1-18.5-3, if



1 the department of local government finance has determined the adopted  
 2 budget is not fundable based on the unit's adopted tax levy and  
 3 estimates of available revenues, the department of local government  
 4 finance shall calculate and certify the allowable budget that is fundable  
 5 based on the adopted tax levy and the department's estimates of  
 6 available revenues.

7 (e) For all other funds of a political subdivision not described in  
 8 subsections (b), (c), and (d), the department of local government  
 9 finance shall certify a budget for the fund.

10 (f) Except as provided in section 16.1 of this chapter, the department  
 11 of local government finance is not required to hold a public hearing  
 12 before the department of local government finance reviews, revises,  
 13 reduces, or increases a political subdivision's budget by fund, tax rate,  
 14 or tax levy under this section.

15 (g) Except as provided in subsection (l), IC 20-46, or IC 6-1.1-18.5,  
 16 the department of local government finance may not increase a political  
 17 subdivision's budget by fund, tax rate, or tax levy to an amount which  
 18 exceeds the amount originally fixed by the political subdivision.  
 19 However, if the department of local government finance determines  
 20 that IC 5-3-1-2.3(b) applies to the tax rate, tax levy, or budget of the  
 21 political subdivision, the maximum amount by which the department  
 22 may increase the tax rate, tax levy, or budget is the amount originally  
 23 fixed by the political subdivision, and not the amount that was  
 24 incorrectly published or omitted in the notice described in  
 25 IC 5-3-1-2.3(b). The department of local government finance shall give  
 26 the political subdivision notification electronically in the manner  
 27 prescribed by the department of local government finance specifying  
 28 any revision, reduction, or increase the department proposes in a  
 29 political subdivision's tax levy or tax rate. The political subdivision has  
 30 ten (10) calendar days from the date the political subdivision receives  
 31 the notice to provide a response electronically in the manner prescribed  
 32 by the department of local government finance. The response may  
 33 include budget reductions, reallocation of levies, a revision in the  
 34 amount of miscellaneous revenues, and further review of any other  
 35 item about which, in the view of the political subdivision, the  
 36 department is in error. The department of local government finance  
 37 shall consider the adjustments as specified in the political subdivision's  
 38 response if the response is provided as required by this subsection and  
 39 shall deliver a final decision to the political subdivision. The  
 40 department of local government finance may not consider any  
 41 adjustments that are suggested by the political subdivision after the  
 42 expiration of the ten (10) day period allowed for the political



1 subdivision's response.

2 (h) The department of local government finance may not approve a  
3 levy for lease payments by a city, town, county, library, or school  
4 corporation if the lease payments are payable to a building corporation  
5 for use by the building corporation for debt service on bonds and if:

- 6 (1) no bonds of the building corporation are outstanding; or  
7 (2) the building corporation has enough legally available funds on  
8 hand to redeem all outstanding bonds payable from the particular  
9 lease rental levy requested.

10 (i) The department of local government finance shall certify its  
11 action to:

- 12 (1) the county auditor;  
13 (2) if the budget and levy of the political subdivision are being  
14 continued:  
15 (A) the state board of accounts;  
16 (B) the state comptroller; and  
17 (C) the department of state revenue;  
18 (3) the political subdivision if the department acts pursuant to an  
19 appeal initiated by the political subdivision; and  
20 (4) a taxpayer that owns property that represents at least ten  
21 percent (10%) of the taxable assessed valuation in the political  
22 subdivision.

23 (j) The following may petition for judicial review of the final  
24 determination of the department of local government finance under  
25 subsection (i):

- 26 (1) If the department acts under an appeal initiated by a political  
27 subdivision, the political subdivision.  
28 (2) A taxpayer that owns property that represents at least ten  
29 percent (10%) of the taxable assessed valuation in the political  
30 subdivision.

31 The petition must be filed in the tax court not more than forty-five (45)  
32 days after the department certifies its action under subsection (i).

33 (k) The department of local government finance is expressly  
34 directed to complete the duties assigned to it under this section as  
35 follows:

- 36 (1) Not later than December 31 of the year preceding that budget  
37 year, unless subdivision (2) applies.  
38 (2) Not later than January 15 of the budget year if any of the  
39 following are true:  
40 (A) A taxing unit in a county intends to issue debt after  
41 December 1 in the year preceding the budget year and has  
42 indicated its intent to issue debt after December 1 in the year



- 1 preceding the budget year as specified in section 5 of this  
 2 chapter.
- 3 (B) A taxing unit intends to file a shortfall appeal under  
 4 IC 6-1.1-18.5-16 and has indicated its intent to file a shortfall  
 5 appeal as specified in section 5 of this chapter.
- 6 (C) The deadline for a city in the county to fix the budget, tax  
 7 rate, and tax levy has been extended, in accordance with  
 8 section 5.2 of this chapter, due to the executive's veto of the  
 9 ordinance fixing the budget, tax rate, and tax levy.
- 10 (l) Subject to the provisions of all applicable statutes, and  
 11 notwithstanding IC 6-1.1-18-1, the department of local government  
 12 finance shall, unless the department finds extenuating circumstances,  
 13 increase a political subdivision's tax levy to an amount that exceeds the  
 14 amount originally advertised or adopted by the political subdivision if:
- 15 (1) the increase is requested in writing by the officers of the  
 16 political subdivision;
- 17 (2) the request includes:
- 18 (A) the corrected budget, tax rate, or levy, as applicable; and  
 19 (B) the time and place of the meeting described in subdivision
- 20 (4);
- 21 (3) the political subdivision publishes the requested increase on  
 22 the department's advertising website;
- 23 (4) the political subdivision adopts the needed changes to its  
 24 budget, tax levy, or rate in a public meeting of the governing  
 25 body; and
- 26 (5) notice is given to the county fiscal body of the department's  
 27 correction.
- 28 The political subdivision shall publish notice of the meeting described  
 29 in subdivision (4) on the Indiana transparency website in the manner  
 30 prescribed by the department not later than forty-eight (48) hours  
 31 (excluding weekends and holidays) before the meeting. If the  
 32 department increases a levy beyond what was advertised or adopted  
 33 under this subsection, it shall, unless the department finds extenuating  
 34 circumstances, reduce the certified levy affected below the maximum  
 35 allowable levy by the lesser of five percent (5%) of the difference  
 36 between the advertised or adopted levy and the increased levy, or one  
 37 hundred thousand dollars (\$100,000).
- 38 ~~(m) If the department of local government finance has determined~~  
 39 ~~that the proposed tax levy for a political subdivision's budget exceeds~~  
 40 ~~the permissible tax levy for the political subdivision under section 23~~  
 41 ~~of this chapter, the department of local government finance shall~~  
 42 ~~calculate and certify the allowable tax levy and tax rate for the political~~



subdivision based on the provisions in section 23 of this chapter.

SECTION 8. IC 6-1.1-17-17, AS AMENDED BY P.L.68-2025, SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. Subject to the limitations contained in IC 6-1.1-18.5 and IC 20-46, and notwithstanding section 23 of this chapter, the department of local government finance may at any time increase the tax rate and tax levy of a political subdivision for the following reasons:

- (1) To pay the principal or interest upon a funding, refunding, or judgment funding obligation of a political subdivision.
- (2) To pay the interest or principal upon an outstanding obligation of the political subdivision.
- (3) To pay a judgment rendered against the political subdivision.
- (4) To pay lease rentals that have become an obligation of the political subdivision under IC 20-47-2 or IC 20-47-3.

SECTION 9. IC 6-1.1-17-23 IS REPEALED [EFFECTIVE UPON PASSAGE]. Sec. 23: (a) This section applies beginning after December 31, 2028, to the formulation and adoption of a budget, tax rate, and tax levy under this chapter:

(b) Notwithstanding any growth in a political subdivision's assessed value in the previous year, the ad valorem property tax levy for the budget of a political subdivision shall not exceed the ad valorem property tax levy for its last preceding annual budget, except as provided in subsections (c) and (d):

(c) The fiscal body of a political subdivision may by ordinance authorize the proper officers of the political subdivision to formulate and submit a budget, tax rate, and tax levy under section 3 of this chapter that exceeds the ad valorem property tax levy restriction in subsection (b), subject to all other limits under this article, if the following conditions are met:

- (1) The fiscal body of the political subdivision must hold a public hearing at which the only item on the agenda is the proposal to adopt an ordinance under this subsection. The hearing shall be conducted in accordance with IC 5-14-1.5, and notice of the hearing shall be published in accordance with IC 5-3-1.
- (2) After conducting a public hearing under subdivision (1) and subject to subdivision (3), the fiscal body of the political subdivision may adopt an ordinance under this subsection, which must contain:
  - (A) a general statement of the reasons for the tax levy and tax rate increase;
  - (B) the dollar amount of the tax levy increase; and



- 1           ~~(C)~~ the percentage increase in the tax rate from the previous  
 2           year;  
 3           (3) An ordinance may not be adopted under this section after the  
 4           date that is fifteen (15) days before the public hearing under  
 5           section 3 of this chapter;  
 6           (d) If an ordinance is adopted by the fiscal body of a political  
 7           subdivision under subsection (c), the limitation in subsection (b) shall  
 8           not apply and instead the ad valorem property tax levy for the budget  
 9           of the political subdivision shall not exceed the sum of:  
 10           (1) the ad valorem property tax levy for the political subdivision's  
 11           last preceding annual budget; plus  
 12           (2) the additional ad valorem property tax levy authorized in the  
 13           ordinance adopted by the fiscal body under subsection (c);  
 14           subject to all other limits under this article;  
 15           (e) The provisions of this section shall be applied to decrease the tax  
 16           rate of each political subdivision in which there was an increase in the  
 17           political subdivision's assessed value in the previous year; subject to  
 18           subsections (c) and (d);  
 19           SECTION 10. IC 6-1.1-18.5-2, AS AMENDED BY P.L.68-2025,  
 20           SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21           UPON PASSAGE]: Sec. 2. (a) As used in this section, "Indiana  
 22           nonfarm personal income" means the estimate of total nonfarm  
 23           personal income for Indiana in a calendar year as computed by the  
 24           federal Bureau of Economic Analysis using any actual data for the  
 25           calendar year and any estimated data determined appropriate by the  
 26           federal Bureau of Economic Analysis.  
 27           (b) **This subsection applies to the determination of a maximum**  
 28           **levy growth quotient for an ensuing calendar year that begins**  
 29           **before January 1, 2027.** Except as provided in subsections (c) and (e),  
 30           for purposes of determining a civil taxing unit's maximum permissible  
 31           ad valorem property tax levy for an ensuing calendar year, the civil  
 32           taxing unit shall use the maximum levy growth quotient determined in  
 33           the last STEP of the following STEPS:  
 34           STEP ONE: For each of the six (6) calendar years immediately  
 35           preceding the year in which a budget is adopted under  
 36           IC 6-1.1-17-5 for the ensuing calendar year, divide the Indiana  
 37           nonfarm personal income for the calendar year by the Indiana  
 38           nonfarm personal income for the calendar year immediately  
 39           preceding that calendar year, rounding to the nearest  
 40           one-thousandth (0.001).  
 41           STEP TWO: Determine the sum of the STEP ONE results.  
 42           STEP THREE: Divide the STEP TWO result by six (6), rounding





- 1 to the nearest one-thousandth (0.001).  
 2 STEP FOUR: Determine the lesser of the following:  
 3 (A) The STEP THREE quotient.  
 4 (B) One and six-hundredths (1.06).  
 5 (c) Except as provided in subsection (f), a school corporation shall  
 6 use for its operations fund maximum levy calculation under  
 7 IC 20-46-8-1 the maximum levy growth quotient determined in the last  
 8 STEP of the following STEPS:  
 9 STEP ONE: Determine for each school corporation, the average  
 10 annual growth in net assessed value using the three (3) calendar  
 11 years immediately preceding the year in which a budget is  
 12 adopted under IC 6-1.1-17-5 for the ensuing calendar year.  
 13 STEP TWO: Determine the greater of:  
 14 (A) zero (0); or  
 15 (B) the STEP ONE amount minus the sum of:  
 16 (i) the maximum levy growth quotient determined under  
 17 subsection (b) minus one (1); plus  
 18 (ii) two-hundredths (0.02).  
 19 STEP THREE: Determine the lesser of:  
 20 (A) the STEP TWO amount; or  
 21 (B) four-hundredths (0.04).  
 22 STEP FOUR: Determine the sum of:  
 23 (A) the STEP THREE amount; plus  
 24 (B) the maximum levy growth quotient determined under  
 25 subsection (b).  
 26 STEP FIVE: Determine the greater of:  
 27 (A) the STEP FOUR amount; or  
 28 (B) the maximum levy growth quotient determined under  
 29 subsection (b).  
 30 (d) The budget agency shall provide the maximum levy growth  
 31 quotient for the ensuing year to civil taxing units, school corporations,  
 32 and the department of local government finance before July 1 of each  
 33 year.  
 34 (e) This subsection applies only for purposes of determining the  
 35 maximum levy growth quotient to be used in determining a civil taxing  
 36 unit's maximum permissible ad valorem property tax levy in calendar  
 37 years 2024, 2025, and 2026. For purposes of determining the maximum  
 38 levy growth quotient in calendar years 2024, 2025, and 2026, instead  
 39 of the result determined in the last STEP in subsection (b), the  
 40 maximum levy growth quotient is determined in the last STEP of the  
 41 following STEPS:  
 42 STEP ONE: Determine the result of STEP FOUR of subsection



(b), calculated as if this subsection was not in effect.

STEP TWO: Subtract one (1) from the STEP ONE result.

STEP THREE: Multiply the STEP TWO result by eight-tenths (0.8).

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

STEP FIVE: Determine the lesser of:

(A) the STEP FOUR result; or

(B) one and four-hundredths (1.04).

(f) This subsection applies only for purposes of determining the maximum levy growth quotient to be used in determining a school corporation's operations fund maximum levy in calendar years 2024, 2025, and 2026. For purposes of determining the maximum levy growth quotient in calendar years 2024, 2025, and 2026, instead of the result determined in the last STEP in subsection (c), the maximum levy growth quotient is determined in the last STEP of the following STEPS:

STEP ONE: Determine the result of STEP FIVE of subsection (c), calculated as if this subsection was not in effect.

STEP TWO: Subtract one (1) from the STEP ONE result.

STEP THREE: Multiply the STEP TWO result by eight-tenths (0.8).

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

STEP FIVE: Determine the lesser of:

(A) the STEP FOUR result; or

(B) one and four-hundredths (1.04).

**(g) This subsection applies to the determination of a maximum levy growth quotient for an ensuing calendar year that begins after December 31, 2026. For purposes of determining a maximum permissible ad valorem property tax levy for a civil taxing unit for an ensuing calendar year, the taxing unit shall use the maximum levy growth quotient determined in the last STEP of the following STEPS:**

**STEP ONE: For each of the six (6) calendar years immediately preceding the year in which a budget is adopted under IC 6-1.1-17-5 for the ensuing calendar year, divide the Indiana nonfarm personal income for the calendar year by the Indiana nonfarm personal income for the calendar year immediately preceding that calendar year, rounding to the nearest one-thousandth (0.001).**

**STEP TWO: Determine the sum of the STEP ONE results.**

**STEP THREE: Divide the STEP TWO result by six (6), rounding to the nearest one-thousandth (0.001).**



**STEP FOUR: For the three (3) calendar years immediately preceding the year in which a budget is adopted under IC 6-1.1-17-5 for the ensuing calendar year, determine the taxing unit's average annual growth in net assessed value expressed as a percentage.**

**STEP FIVE: Determine those taxing units with a STEP FOUR percentage that exceeds twenty percent (20%) but is not more than thirty percent (30%).**

**STEP SIX: Determine those taxing units with a STEP FOUR percentage that is more than thirty percent (30%).**

**STEP SEVEN: Determine the following:**

**(A) For those taxing units that are not identified under STEP FIVE or STEP SIX, the lesser of the following:**

**(i) The STEP THREE quotient.**

**(ii) One and six-hundredths (1.06).**

**(B) For those taxing units identified in STEP FIVE:**

**(i) The quotient determined under clause (A); plus**

**(ii) One-hundredth (0.01).**

**(C) For those taxing units identified in STEP SIX:**

**(i) The quotient determined under clause (A); plus**

**(ii) Two-hundredths (0.02).**

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

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

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

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

(b) The department of local government finance shall immediately



1 proceed to the examination and consideration of the merits of the civil  
2 taxing unit's appeal.

3 (c) In considering an appeal, the department of local government  
4 finance has the power to conduct hearings, require any officer or  
5 member of the appealing civil taxing unit to appear before it, or require  
6 any officer or member of the appealing civil taxing unit to provide the  
7 department with any relevant records or books.

8 (d) If an officer or member:

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

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

13 then the department may file an affidavit in the circuit court, superior  
14 court, or probate court in the jurisdiction in which the officer or  
15 member may be found setting forth the facts of the failure.

16 (e) Upon the filing of an affidavit under subsection (d), the court  
17 shall promptly issue a summons, and the sheriff of the county within  
18 which the court is sitting shall serve the summons. The summons must  
19 command the officer or member to appear before the department to  
20 provide information to the department or to produce books and records  
21 for the department's use, as the case may be. Disobedience of the  
22 summons constitutes, and is punishable as, a contempt of the court that  
23 issued the summons.

24 (f) All expenses incident to the filing of an affidavit under  
25 subsection (d) and the issuance and service of a summons shall be  
26 charged to the officer or member against whom the summons is issued,  
27 unless the court finds that the officer or member was acting in good  
28 faith and with reasonable cause. If the court finds that the officer or  
29 member was acting in good faith and with reasonable cause or if an  
30 affidavit is filed and no summons is issued, the expenses shall be  
31 charged against the county in which the affidavit was filed and shall be  
32 allowed by the proper fiscal officers of that county.

33 (g) The fiscal officer of a civil taxing unit that appeals under section  
34 16 of this chapter for relief from levy limitations shall immediately file  
35 a copy of the appeal petition with the county auditor and the county  
36 treasurer of the county in which the unit is located.

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

39 (1) IC 6-1.1-17-20;

40 (2) IC 6-1.1-17-20.3; or

41 (3) IC 6-1.1-17-20.4.

42 A civil taxing unit described in this subsection may not submit an



appeal under this section unless the civil taxing unit receives approval from the appropriate fiscal body to submit the appeal.

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

SECTION 12. IC 6-1.1-18.5-13, AS AMENDED BY P.L.68-2025, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 13. With respect to an appeal filed under section 12 of this chapter, the department may find that a civil taxing unit should receive **any one (1) or more of the following types of the following** relief:

(1) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 or 25 of this chapter, as applicable, if in the judgment of the department the increase is reasonably necessary due to increased costs of the civil taxing unit resulting from annexation, **consolidation, or other extensions of governmental services by the civil taxing unit to additional geographic areas. With respect to annexation, consolidation, or other extensions of governmental services in a calendar year**, if those increased costs are incurred by the civil taxing unit in that calendar year and more than one (1) immediately succeeding calendar year, the unit may appeal under section 12 of this chapter for permission to increase its levy under this subdivision based on those increased costs in any of the following:

- (A) The first calendar year in which those costs are incurred.
- (B) One (1) or more of the immediately succeeding four (4) calendar years.

**(2) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 or 25 of this chapter, as applicable, if the department finds that the quotient determined under STEP SIX of the following formula is equal to or greater than one and two-hundredths (1.02):**

**STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year.**

**STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property divided by the sum determined under this STEP for the**



calendar year immediately preceding the particular calendar year.

**STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).**

**STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.**

**STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).**

**STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount.**

**The civil taxing unit may increase its levy by a percentage not greater than the percentage by which the STEP THREE amount exceeds the percentage by which the civil taxing unit may increase its levy under section 3 or 25 of this chapter, as applicable, based on the maximum levy growth quotient determined under section 2 of this chapter.**

~~(2)~~ (3) Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 or 25 of this chapter, as applicable, if ~~the department determines that~~ the civil taxing unit cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 or 25 of this chapter, as applicable, due to a natural disaster, an accident, or another unanticipated emergency.

SECTION 13. IC 6-1.1-18.5-25, AS AMENDED BY P.L.68-2025, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 25. (a) The ad valorem property tax levy limits imposed under section 3 of this chapter do not apply to a municipality in a year if all the following apply:

- (1) The percentage growth in the municipality's assessed value for the preceding year compared to the year before the preceding year is at least two (2) times the maximum levy growth quotient determined under section 2 of this chapter for the preceding year.
- (2) The municipality's population increased by at least one hundred fifty percent (150%) between the last two (2) decennial censuses. The computation of an increase of one hundred fifty percent (150%) under this subdivision shall be determined according to the last STEP of the following STEPS:



- 1 STEP ONE: Determine the municipality's population as
- 2 tabulated following the first decennial census.
- 3 STEP TWO: Determine the municipality's population as
- 4 tabulated following the second decennial census.
- 5 STEP THREE: Multiply the amount determined under STEP
- 6 ONE by a factor of two and five-tenths (2.5).
- 7 STEP FOUR: Determine whether the population determined
- 8 under STEP TWO is greater than or equal to the STEP THREE
- 9 product.
- 10 (b) A municipality that meets all the requirements under subsection
- 11 (a) may increase its ad valorem property tax levy in excess of the limits
- 12 imposed under section 3 of this chapter by a percentage equal to the
- 13 lesser of:
- 14 (1) the percentage growth in the municipality's assessed value for
- 15 the preceding year compared to the year before the preceding
- 16 year; or
- 17 (2) six percent (6%).
- 18 (c) A municipality's maximum levy growth that results from either
- 19 annexation or the pass through of assessed value from a tax increment
- 20 financing district may not be included for the purposes of determining
- 21 a municipality's maximum levy growth under this section.
- 22 (d) This section applies to property tax levies imposed after
- 23 December 31, 2016. ~~and before January 1, 2026.~~
- 24 ~~(e) This section expires December 31, 2026.~~
- 25 SECTION 14. IC 6-1.1-20-1.1, AS AMENDED BY P.L.68-2025,
- 26 SECTION 65, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 27 JULY 1, 2026]: Sec. 1.1. (a) As used in this chapter, "controlled
- 28 project" means any project financed by bonds or a lease, except for the
- 29 following:
- 30 (1) A project for which the political subdivision reasonably
- 31 expects to pay:
- 32 (A) debt service; or
- 33 (B) lease rentals;
- 34 from funds other than property taxes that are exempt from the
- 35 levy limitations of IC 6-1.1-18.5 or (before January 1, 2009)
- 36 IC 20-45-3. A project is not a controlled project even though the
- 37 political subdivision has pledged to levy property taxes to pay the
- 38 debt service or lease rentals if those other funds are insufficient.
- 39 ~~(2) Subject to subsection (b), a project that will not cost the~~
- 40 ~~political subdivision more than the lesser of the following:~~
- 41 ~~(A) An amount equal to the following:~~
- 42 ~~(i) In the case of an ordinance or resolution adopted before~~



January 1, 2018; making a preliminary determination to issue bonds or enter into a lease for the project; two million dollars (\$2,000,000).

(ii) In the case of an ordinance or resolution adopted after December 31, 2017, and before January 1, 2019; making a preliminary determination to issue bonds or enter into a lease for the project; five million dollars (\$5,000,000).

(iii) In the case of an ordinance or resolution adopted in a calendar year after December 31, 2018; making a preliminary determination to issue bonds or enter into a lease for the project; an amount (as determined by the department of local government finance) equal to the result of the maximum levy growth quotient determined under IC 6-1.1-18.5-2 for the year multiplied by the amount determined under this clause for the preceding calendar year.

The department of local government finance shall publish the threshold determined under item (iii) in the Indiana Register under IC 4-22-7-7 not more than sixty (60) days after the date the budget agency releases the maximum levy growth quotient for the ensuing year under IC 6-1.1-18.5-2.

(B) An amount equal to the following:

(i) One percent (1%) of the total gross assessed value of property within the political subdivision on the last assessment date; if that total gross assessed value is more than one hundred million dollars (\$100,000,000).

(ii) One million dollars (\$1,000,000); if the total gross assessed value of property within the political subdivision on the last assessment date is not more than one hundred million dollars (\$100,000,000).

(3) (2) A project that is being refinanced for the purpose of providing gross or net present value savings to taxpayers.

(4) (3) A project for which bonds were issued or leases were entered into before January 1, 1996, or where the state board of tax commissioners has approved the issuance of bonds or the execution of leases before January 1, 1996.

(5) (4) A project that:

(A) is required by a court order holding that a federal law mandates the project; or

(B) is in response to a court order holding that:

(i) a federal law has been violated; and

(ii) the project is to address the deficiency or violation.





~~(6)~~ (5) A project that is in response to:

(A) a natural disaster;

(B) an accident; or

(C) an emergency;

in the political subdivision that makes a building or facility unavailable for its intended use.

~~(7)~~ (6) A project that was not a controlled project under this section as in effect on June 30, 2008, and for which:

(A) the bonds or lease for the project were issued or entered into before July 1, 2008; or

(B) the issuance of the bonds or the execution of the lease for the project was approved by the department of local government finance before July 1, 2008.

~~(8)~~ (7) A project of the Little Calumet River basin development commission for which bonds are payable from special assessments collected under IC 14-13-2-18.6.

~~(9)~~ (8) A project for engineering, land and right-of-way acquisition, construction, resurfacing, maintenance, restoration, and rehabilitation exclusively for or of:

(A) local road and street systems, including bridges that are designated as being in a local road and street system;

(B) arterial road and street systems, including bridges that are designated as being in an arterial road and street system; or

(C) any combination of local and arterial road and street systems, including designated bridges.

(b) This subsection does not apply to a project for which a public hearing to issue bonds or enter into a lease has been conducted under IC 20-26-7-37 before July 1, 2023, or to a project for which an ordinance or resolution making a preliminary determination to issue bonds or enter into a lease is adopted after June 30, 2025. If:

(1) a political subdivision's total debt service tax rate is more than forty cents (\$0.40) per one hundred dollars (\$100) of assessed value; and

(2) subsection (a)(1) ~~and subsection (a)(3) through (a)(9)~~ (a)(8) are not applicable;

the term includes any project to be financed by bonds or a lease. ~~including a project that does not otherwise meet the threshold amount provided in subsection (a)(2).~~ This subsection expires December 31, 2025. For purposes of this subsection, a political subdivision's total debt service tax rate does not include a tax rate imposed in a referendum debt service tax levy approved by voters.

(c) This subsection applies to a project for which an ordinance or



1 resolution making a preliminary determination to issue bonds or enter  
 2 into a lease is adopted after June 30, 2025. If subsection (a)(1) ~~and~~  
 3 ~~subsection (a)(3) through (a)(9)~~ **(a)(8)** are not applicable, the term  
 4 includes any project to be financed by bonds or a lease ~~including a~~  
 5 ~~project that does not otherwise meet the threshold amount provided in~~  
 6 ~~subsection (a)(2);~~ if:

- 7 (1) in the case of a school corporation, the school corporation's
- 8 total debt service tax rate is more than forty cents (\$0.40) per one
- 9 hundred dollars (\$100) of assessed value;
- 10 (2) in the case of a city, county, or town, the city's, county's, or
- 11 town's total debt service tax rate is more than twenty-five cents
- 12 (\$0.25) per one hundred dollars (\$100) of assessed value; or
- 13 (3) in the case of a political subdivision not described in
- 14 subdivision (1) or (2), the political subdivision's total debt service
- 15 tax rate is more than five cents (\$0.05) per one hundred dollars
- 16 (\$100) of assessed value.

17 However, **the department of local government finance shall adjust**  
 18 **the tax rates under this subsection by a percentage amount equal**  
 19 **to the percentage increase in a political subdivision's tax rate that**  
 20 **results solely from the statutory changes that were enacted in**  
 21 **P.L.68-2025, under IC 6-1.1-12 (property tax deductions) and**  
 22 **IC 6-1.1-3-7.2 (business personal property tax exemption), if any.**

23 This subsection does not apply to a project for which a public hearing  
 24 to issue bonds or enter into a lease has been conducted under  
 25 IC 20-26-7-37 before July 1, 2025. For purposes of this subsection, a  
 26 political subdivision's total debt service tax rate does not include a tax  
 27 rate imposed in a referendum debt service tax levy approved by voters.

28 SECTION 15. IC 6-1.1-20-3.1, AS AMENDED BY P.L.68-2025,  
 29 SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 30 JULY 1, 2026]: Sec. 3.1. (a) ~~Subject to section 3.5(a)(1)(C) of this~~  
 31 ~~chapter;~~ This section applies only to the following:

- 32 (1) A controlled project (as defined in section 1.1 of this chapter
- 33 as in effect June 30, 2008) for which the proper officers of a
- 34 political subdivision make a preliminary determination in the
- 35 manner described in subsection (b) before July 1, 2008.
- 36 (2) An elementary school building, middle school building, high
- 37 school building, or other school building for academic instruction
- 38 that:
- 39 (A) is a controlled project; **and**
- 40 (B) will be used for any combination of kindergarten through
- 41 grade 12. ~~and~~
- 42 ~~(C) will not cost more than the lesser of the following:~~



(i) The threshold amount determined under this item. In the case of an ordinance or resolution adopted before January 1, 2018, making a preliminary determination to issue bonds or enter into a lease for the project, the threshold amount is ten million dollars (\$10,000,000). In the case of an ordinance or resolution adopted after December 31, 2017, and before January 1, 2019, making a preliminary determination to issue bonds or enter into a lease for the project, the threshold amount is fifteen million dollars (\$15,000,000). In the case of an ordinance or resolution adopted in a calendar year after December 31, 2018, making a preliminary determination to issue bonds or enter into a lease for the project, the threshold amount is an amount (as determined by the department of local government finance) equal to the result of the maximum levy growth quotient determined under IC 6-1.1-18.5-2 for the year multiplied by the threshold amount determined under this item for the preceding calendar year. In the case of a threshold amount determined under this item that applies for a calendar year after December 31, 2018, the department of local government finance shall publish the threshold in the Indiana Register under IC 4-22-7-7 not more than sixty (60) days after the date the budget agency releases the maximum levy growth quotient for the ensuing year under IC 6-1.1-18.5-2.

(ii) An amount equal to one percent (1%) of the total gross assessed value of property within the political subdivision on the last assessment date, if that total gross assessed value is more than one billion dollars (\$1,000,000,000); or ten million dollars (\$10,000,000); if the total gross assessed value of property within the political subdivision on the last assessment date is not more than one billion dollars (\$1,000,000,000).

(3) Any other controlled project that:

(A) is not a controlled project described in subdivision (1) or (2); and

(B) will not cost the political subdivision more than the lesser of the following:

(i) The threshold amount determined under this item. In the case of an ordinance or resolution adopted before January 1, 2018, making a preliminary determination to issue bonds or enter into a lease for the project, the threshold amount is twelve million dollars (\$12,000,000). In the case of an



ordinance or resolution adopted after December 31, 2017, and before January 1, 2019, making a preliminary determination to issue bonds or enter into a lease for the project, the threshold amount is fifteen million dollars (\$15,000,000). In the case of an ordinance or resolution adopted in a calendar year after December 31, 2018, making a preliminary determination to issue bonds or enter into a lease for the project, the threshold amount is an amount (as determined by the department of local government finance) equal to the result of the maximum levy growth quotient determined under IC 6-1.1-18.5-2 for the year multiplied by the threshold amount determined under this item for the preceding calendar year. In the case of a threshold amount determined under this item that applies for a calendar year after December 31, 2018, the department of local government finance shall publish the threshold in the Indiana Register under IC 4-22-7-7 not more than sixty (60) days after the date the budget agency releases the maximum levy growth quotient for the ensuing year under IC 6-1.1-18.5-2.

(ii) An amount equal to one percent (1%) of the total gross assessed value of property within the political subdivision on the last assessment date, if that total gross assessed value is more than one hundred million dollars (\$100,000,000); or one million dollars (\$1,000,000); if the total gross assessed value of property within the political subdivision on the last assessment date is not more than one hundred million dollars (\$100,000,000).

(4) (3) A controlled project funded by debt service if the scope of the project changes from the purpose of the project initially advertised to taxpayers as determined under section 4.2(c) of this chapter.

(5) This subdivision does not apply to a project for which a public hearing to issue bonds or enter into a lease has been conducted under IC 20-26-7-37 before July 1, 2023, or to a project for which an ordinance or resolution making a preliminary determination to issue bonds or enter into a lease is adopted after June 30, 2025. Any other controlled project if both of the following apply:

(A) The political subdivision's total debt service tax rate is more than forty cents (\$0.40) per one hundred dollars (\$100) of assessed value; but less than eighty cents (\$0.80) per one hundred dollars (\$100) of assessed value.



(B) The controlled project is not otherwise described in section 3.5(a)(1) of this chapter.

This subdivision expires December 31, 2025. For purposes of this subdivision, a political subdivision's total debt service tax rate does not include a tax rate imposed in a referendum debt service levy approved by voters.

(4) Any other controlled project if the following apply:

(A) An ordinance or resolution making a preliminary determination to issue bonds or enter into a lease for the project is adopted. after June 30, 2025:

(B) The controlled project is not otherwise described in section 3.5(a)(1) of this chapter.

(C) In the case of a:

(i) school corporation, the school corporation's total debt service tax rate is more than forty cents (\$0.40) per one hundred dollars (\$100) of assessed value, but not more than seventy cents (\$0.70) per one hundred dollars (\$100) of assessed value;

(ii) city, county, or town, the city's, county's, or town's total debt service tax rate is more than twenty-five cents (\$0.25) per one hundred dollars (\$100) of assessed value, but not more than forty cents (\$0.40) per one hundred dollars (\$100) of assessed value; or

(iii) political subdivision not described in item (i) or (ii), the political subdivision's total debt service tax rate is more than five cents (\$0.05) per one hundred dollars (\$100) of assessed value, but not more than ten cents (\$0.10) per one hundred dollars (\$100) of assessed value.

However, the department of local government finance shall adjust the tax rates under this subsection by a percentage amount equal to the percentage increase in a political subdivision's tax rate that results solely from the statutory changes that were enacted in P.L.68-2025, under IC 6-1.1-12 (property tax deductions) and IC 6-1.1-3-7.2 (business personal property tax exemption), if any. This subdivision does not apply to a project for which a public hearing to issue bonds or enter into a lease has been conducted under IC 20-26-7-37 before July 1, 2025. For purposes of this subdivision, a political subdivision's total debt service tax rate does not include a tax rate imposed in a referendum debt service tax levy approved by voters.

(b) A political subdivision may not impose property taxes to pay debt service on bonds or lease rentals on a lease for a controlled project



without completing the following procedures:

(1) The proper officers of a political subdivision shall publish notice in accordance with IC 5-3-1 and send notice by first class mail to the circuit court clerk and to any organization that delivers to the officers, before January 1 of that year, an annual written request for such notices of any meeting to consider adoption of a resolution or an ordinance making a preliminary determination to issue bonds or enter into a lease and shall conduct at least two (2) public hearings on a preliminary determination before adoption of the resolution or ordinance. The political subdivision must at each of the public hearings on the preliminary determination allow the public to testify regarding the preliminary determination and must make the following information available to the public at each of the public hearings on the preliminary determination, in addition to any other information required by law:

(A) The result of the political subdivision's current and projected annual debt service payments divided by the net assessed value of taxable property within the political subdivision.

(B) The result of:

(i) the sum of the political subdivision's outstanding long term debt plus the outstanding long term debt of other taxing units that include any of the territory of the political subdivision; divided by

(ii) the net assessed value of taxable property within the political subdivision.

~~(C) The information specified in subdivision (3)(A) through (3)(H):~~

(2) When the proper officers of a political subdivision make a preliminary determination to issue bonds or enter into a lease for a controlled project, the officers shall give notice of the preliminary determination by:

(A) publication in accordance with IC 5-3-1; and

(B) first class mail to the circuit court clerk and to the organizations described in subdivision (1).

(3) A notice under subdivision (2) of the preliminary determination of the political subdivision to issue bonds or enter into a lease for a controlled project must include the following information:

(A) The maximum term of the bonds or lease.

(B) The maximum principal amount of the bonds or the maximum lease rental for the lease.



(C) The estimated interest rates that will be paid and the total interest costs associated with the bonds or lease.

(D) The purpose of the bonds or lease.

(E) A statement that any owners of property within the political subdivision or registered voters residing within the political subdivision who want to initiate a petition and remonstrance process against the proposed debt service or lease payments must file a petition that complies with subdivisions (4) and (5) not later than thirty (30) days after publication in accordance with IC 5-3-1.

(F) With respect to bonds issued or a lease entered into to open:

(i) a new school facility; or

(ii) an existing facility that has not been used for at least three (3) years and that is being reopened to provide additional classroom space;

the estimated costs the school corporation expects to incur annually to operate the facility.

(G) A statement of whether the school corporation expects to appeal for a new facility adjustment (as defined in IC 20-45-1-16 (repealed) before January 1, 2009) for an increased maximum permissible tuition support levy to pay the estimated costs described in clause (F) **(before its repeal)**.

(H) The following information:

(i) The political subdivision's current debt service levy and rate.

(ii) The estimated increase to the political subdivision's debt service levy and rate that will result if the political subdivision issues the bonds or enters into the lease.

(iii) The estimated amount of the political subdivision's debt service levy and rate that will result during the following ten (10) years if the political subdivision issues the bonds or enters into the lease, after also considering any changes that will occur to the debt service levy and rate during that period on account of any outstanding bonds or lease obligations that will mature or terminate during that period.

~~(I) The information specified in subdivision (1)(A) through (1)(B).~~

(4) After notice is given, a petition requesting the application of a petition and remonstrance process may be filed by the lesser of:

(A) five hundred (500) persons who are either owners of property within the political subdivision or registered voters



- 1           residing within the political subdivision; or  
 2           (B) five percent (5%) of the registered voters residing within  
 3           the political subdivision.
- 4           (5) The state board of accounts shall design and, upon request by  
 5           the county voter registration office, deliver to the county voter  
 6           registration office or the county voter registration office's  
 7           designated printer the petition forms to be used solely in the  
 8           petition process described in this section. The county voter  
 9           registration office shall issue to an owner or owners of property  
 10          within the political subdivision or a registered voter residing  
 11          within the political subdivision the number of petition forms  
 12          requested by the owner or owners or the registered voter. Each  
 13          form must be accompanied by instructions detailing the  
 14          requirements that:
- 15          (A) the carrier and signers must be owners of property or  
 16          registered voters;  
 17          (B) the carrier must be a signatory on at least one (1) petition;  
 18          (C) after the signatures have been collected, the carrier must  
 19          swear or affirm before a notary public that the carrier  
 20          witnessed each signature; and  
 21          (D) govern the closing date for the petition period.
- 22          Persons requesting forms may be required to identify themselves  
 23          as owners of property or registered voters and may be allowed to  
 24          pick up additional copies to distribute to other owners of property  
 25          or registered voters. Each person signing a petition must indicate  
 26          whether the person is signing the petition as a registered voter  
 27          within the political subdivision or is signing the petition as the  
 28          owner of property within the political subdivision. A person who  
 29          signs a petition as a registered voter must indicate the address at  
 30          which the person is registered to vote. A person who signs a  
 31          petition as an owner of property must indicate the address of the  
 32          property owned by the person in the political subdivision.
- 33          (6) Each petition must be verified under oath by at least one (1)  
 34          qualified petitioner in a manner prescribed by the state board of  
 35          accounts before the petition is filed with the county voter  
 36          registration office under subdivision (7).
- 37          (7) Each petition must be filed with the county voter registration  
 38          office not more than thirty (30) days after publication under  
 39          subdivision (2) of the notice of the preliminary determination.
- 40          (8) The county voter registration office shall determine whether  
 41          each person who signed the petition is a registered voter.  
 42          However, after the county voter registration office has determined





1 that at least five hundred twenty-five (525) persons who signed  
 2 the petition are registered voters within the political subdivision,  
 3 the county voter registration office is not required to verify  
 4 whether the remaining persons who signed the petition are  
 5 registered voters. If the county voter registration office does not  
 6 determine that at least five hundred twenty-five (525) persons  
 7 who signed the petition are registered voters, the county voter  
 8 registration office shall, not more than fifteen (15) business days  
 9 after receiving a petition, forward a copy of the petition to the  
 10 county auditor. Not more than ten (10) business days after  
 11 receiving the copy of the petition, the county auditor shall provide  
 12 to the county voter registration office a statement verifying:

13 (A) whether a person who signed the petition as a registered  
 14 voter but is not a registered voter, as determined by the county  
 15 voter registration office, is the owner of property in the  
 16 political subdivision; and

17 (B) whether a person who signed the petition as an owner of  
 18 property within the political subdivision does in fact own  
 19 property within the political subdivision.

20 (9) The county voter registration office, not more than ten (10)  
 21 business days after determining that at least five hundred  
 22 twenty-five (525) persons who signed the petition are registered  
 23 voters or receiving the statement from the county auditor under  
 24 subdivision (8), as applicable, shall make the final determination  
 25 of the number of petitioners that are registered voters in the  
 26 political subdivision and, based on the statement provided by the  
 27 county auditor, the number of petitioners that own property within  
 28 the political subdivision. Whenever the name of an individual  
 29 who signs a petition form as a registered voter contains a minor  
 30 variation from the name of the registered voter as set forth in the  
 31 records of the county voter registration office, the signature is  
 32 presumed to be valid, and there is a presumption that the  
 33 individual is entitled to sign the petition under this section. Except  
 34 as otherwise provided in this chapter, in determining whether an  
 35 individual is a registered voter, the county voter registration office  
 36 shall apply the requirements and procedures used under IC 3 to  
 37 determine whether a person is a registered voter for purposes of  
 38 voting in an election governed by IC 3. However, an individual is  
 39 not required to comply with the provisions concerning providing  
 40 proof of identification to be considered a registered voter for  
 41 purposes of this chapter. A person is entitled to sign a petition  
 42 only one (1) time in a particular petition and remonstrance



process under this chapter, regardless of whether the person owns more than one (1) parcel of real property, mobile home assessed as personal property, or manufactured home assessed as personal property, or a combination of those types of property within the subdivision and regardless of whether the person is both a registered voter in the political subdivision and the owner of property within the political subdivision. Notwithstanding any other provision of this section, if a petition is presented to the county voter registration office within forty-five (45) days before an election, the county voter registration office may defer acting on the petition, and the time requirements under this section for action by the county voter registration office do not begin to run until five (5) days after the date of the election.

(10) The county voter registration office must file a certificate and each petition with:

(A) the township trustee, if the political subdivision is a township, who shall present the petition or petitions to the township board; or

(B) the body that has the authority to authorize the issuance of the bonds or the execution of a lease, if the political subdivision is not a township;

within thirty-five (35) business days of the filing of the petition requesting a petition and remonstrance process. The certificate must state the number of petitioners that are owners of property within the political subdivision and the number of petitioners who are registered voters residing within the political subdivision.

If a sufficient petition requesting a petition and remonstrance process is not filed by owners of property or registered voters as set forth in this section, the political subdivision may issue bonds or enter into a lease by following the provisions of law relating to the bonds to be issued or lease to be entered into.

(c) A political subdivision may not divide a controlled project in order to avoid the requirements of this section and section 3.2 of this chapter. A person that owns property within a political subdivision or a person that is a registered voter residing within a political subdivision may file a petition with the department of local government finance objecting that the political subdivision has divided a controlled project in order to avoid the requirements of this section and section 3.2 of this chapter. The petition must be filed not more than ten (10) days after the political subdivision gives notice of the political subdivision's decision to issue bonds or enter into leases for a capital project that the person believes is the result of a division of a controlled project that is



prohibited by this subsection. If the department of local government finance receives a petition under this subsection, the department shall not later than thirty (30) days after receiving the petition make a final determination on the issue of whether the political subdivision divided a controlled project in order to avoid the requirements of this section and section 3.2 of this chapter. If the department of local government finance determines that a political subdivision divided a controlled project in order to avoid the requirements of this section and section 3.2 of this chapter and the political subdivision continues to desire to proceed with the project, the political subdivision shall fulfill the requirements of this section and section 3.2 of this chapter, if applicable, regardless of the cost of the project in dispute. A political subdivision shall be considered to have divided a capital project in order to avoid the requirements of this section and section 3.2 of this chapter if the result of one (1) or more of the subprojects cannot reasonably be considered an independently desirable end in itself without reference to another capital project. This subsection does not prohibit a political subdivision from undertaking a series of capital projects in which the result of each capital project can reasonably be considered an independently desirable end in itself without reference to another capital project.

SECTION 16. IC 6-1.1-20-3.5, AS AMENDED BY P.L.68-2025, SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3.5. (a) This section applies only to a controlled project that meets the following conditions:

(1) The controlled project is described in one (1) of the following categories:

(A) ~~An elementary school building; middle school building; high school building; or other school building for academic instruction that will be used for any combination of kindergarten through grade 12 and will cost more than the lesser of the following:~~

~~(i) The threshold amount determined under this item. In the case of an ordinance or resolution adopted before January 1, 2018; making a preliminary determination to issue bonds or enter into a lease for the project; the threshold amount is ten million dollars (\$10,000,000). In the case of an ordinance or resolution adopted after December 31, 2017; and before January 1, 2019; making a preliminary determination to issue bonds or enter into a lease for the project; the threshold amount is fifteen million dollars (\$15,000,000). In the case of an ordinance or resolution adopted in a calendar year after~~



December 31, 2018; making a preliminary determination to issue bonds or enter into a lease for the project, the threshold amount is an amount (as determined by the department of local government finance) equal to the result of the maximum levy growth quotient determined under IC 6-1.1-18.5-2 for the year multiplied by the threshold amount determined under this item for the preceding calendar year. In the case of a threshold amount determined under this item that applies for a calendar year after December 31, 2018; the department of local government finance shall publish the threshold in the Indiana Register under IC 4-22-7-7 not more than sixty (60) days after the date the budget agency releases the maximum levy growth quotient for the ensuing year under IC 6-1.1-18.5-2.

(ii) An amount equal to one percent (1%) of the total gross assessed value of property within the political subdivision on the last assessment date, if that total gross assessed value is more than one billion dollars (\$1,000,000,000); or ten million dollars (\$10,000,000); if the total gross assessed value of property within the political subdivision on the last assessment date is not more than one billion dollars (\$1,000,000,000).

(B) Any other controlled project that is not a controlled project described in clause (A) and will cost the political subdivision more than the lesser of the following:

(i) The threshold amount determined under this item. In the case of an ordinance or resolution adopted before January 1, 2018; making a preliminary determination to issue bonds or enter into a lease for the project, the threshold amount is twelve million dollars (\$12,000,000). In the case of an ordinance or resolution adopted after December 31, 2017, and before January 1, 2019; making a preliminary determination to issue bonds or enter into a lease for the project, the threshold amount is fifteen million dollars (\$15,000,000). In the case of an ordinance or resolution adopted in a calendar year after December 31, 2018; making a preliminary determination to issue bonds or enter into a lease for the project, the threshold amount is an amount (as determined by the department of local government finance) equal to the result of the maximum levy growth quotient determined under IC 6-1.1-18.5-2 for the year multiplied by the threshold amount determined under this item for the



preceding calendar year. In the case of a threshold amount determined under this item that applies for a calendar year after December 31, 2018, the department of local government finance shall publish the threshold in the Indiana Register under IC 4-22-7-7 not more than sixty (60) days after the date the budget agency releases the maximum levy growth quotient for the ensuing year under IC 6-1.1-18.5-2.

(ii) An amount equal to one percent (1%) of the total gross assessed value of property within the political subdivision on the last assessment date, if that total gross assessed value is more than one hundred million dollars (\$100,000,000); or one million dollars (\$1,000,000); if the total gross assessed value of property within the political subdivision on the last assessment date is not more than one hundred million dollars (\$100,000,000).

(C) Any other controlled project for which a political subdivision adopts an ordinance or resolution making a preliminary determination to issue bonds or enter into a lease for the project, if the sum of:

(i) the cost of that controlled project; plus

(ii) the costs of all other controlled projects for which the political subdivision has previously adopted within the preceding three hundred sixty-five (365) days an ordinance or resolution making a preliminary determination to issue bonds or enter into a lease for those other controlled projects;

exceeds twenty-five million dollars (\$25,000,000).

(D) (A) A controlled project funded by debt service if the scope of the project changes from the purpose of the project initially advertised to taxpayers as determined under section 4.3(c) of this chapter.

(E) This clause does not apply to a project for which a public hearing to issue bonds or enter into a lease has been conducted under IC 20-26-7-37 before July 1, 2023; or to a project for which an ordinance or resolution making a preliminary determination to issue bonds or enter into a lease is adopted after June 30, 2025. Except as provided in section 4.5 of this chapter, any other controlled project if the political subdivision's total debt service tax rate is at least eighty cents (\$0.80) per one hundred dollars (\$100) of assessed value. This clause expires December 31, 2025. For purposes of this clause;



1 a political subdivision's total debt service tax rate does not  
 2 include a tax rate imposed in a referendum debt service tax  
 3 levy approved by voters.

4 ~~(F)~~ (B) Except as provided in section 4.5 of this chapter, any  
 5 other project for which an ordinance or resolution making a  
 6 preliminary determination to issue bonds or enter into a lease  
 7 is adopted, after June 30, 2025, if:

8 (i) in the case of a school corporation, the school  
 9 corporation's total debt service tax rate is more than seventy  
 10 cents (\$0.70) per one hundred dollars (\$100) of assessed  
 11 value;

12 (ii) in the case of a city, county, or town, the city's, county's,  
 13 or town's total debt service tax rate is more than forty cents  
 14 (\$0.40) per one hundred dollars (\$100) of assessed value; or

15 (iii) in the case of a political subdivision not described in  
 16 item (i) or (ii), the political subdivision's total debt service  
 17 tax rate is more than ten cents (\$0.10) per one hundred  
 18 dollars (\$100) of assessed value.

19 However, the department of local government finance shall  
 20 adjust the tax rates under this subsection by a percentage  
 21 amount equal to the percentage increase in a political  
 22 subdivision's tax rate that results solely from the statutory  
 23 changes that were enacted in P.L.68-2025, under  
 24 IC 6-1.1-12 (property tax deductions) and IC 6-1.1-3-7.2  
 25 (business personal property tax exemption), if any. This  
 26 clause does not apply to a project for which a public hearing  
 27 to issue bonds or enter into a lease has been conducted under  
 28 IC 20-26-7-37 before July 1, 2025. For purposes of this clause,  
 29 a political subdivision's total debt service tax rate does not  
 30 include a tax rate imposed in a referendum debt service tax  
 31 levy approved by voters.

32 (2) The proper officers of the political subdivision make a  
 33 preliminary determination after June 30, 2008, in the manner  
 34 described in subsection (b) to issue bonds or enter into a lease for  
 35 the controlled project.

36 (b) Subject to subsection (d), a political subdivision may not impose  
 37 property taxes to pay debt service on bonds or lease rentals on a lease  
 38 for a controlled project without completing the following procedures:

39 (1) The proper officers of a political subdivision shall publish  
 40 notice in accordance with IC 5-3-1 and send notice by first class  
 41 mail to the circuit court clerk and to any organization that delivers  
 42 to the officers, before January 1 of that year, an annual written



request for notices of any meeting to consider the adoption of an ordinance or a resolution making a preliminary determination to issue bonds or enter into a lease and shall conduct at least two (2) public hearings on the preliminary determination before adoption of the ordinance or resolution. The political subdivision must at each of the public hearings on the preliminary determination allow the public to testify regarding the preliminary determination and must make the following information available to the public at each of the public hearings on the preliminary determination, in addition to any other information required by law:

(A) The result of the political subdivision's current and projected annual debt service payments divided by the net assessed value of taxable property within the political subdivision.

(B) The result of:

(i) the sum of the political subdivision's outstanding long term debt plus the outstanding long term debt of other taxing units that include any of the territory of the political subdivision; divided by

(ii) the net assessed value of taxable property within the political subdivision.

(C) The information specified in subdivision (3)(A) through (3)(G).

(2) If the proper officers of a political subdivision make a preliminary determination to issue bonds or enter into a lease, the officers shall give notice of the preliminary determination by:

(A) publication in accordance with IC 5-3-1; and

(B) first class mail to the circuit court clerk and to the organizations described in subdivision (1).

(3) A notice under subdivision (2) of the preliminary determination of the political subdivision to issue bonds or enter into a lease must include the following information:

(A) The maximum term of the bonds or lease.

(B) The maximum principal amount of the bonds or the maximum lease rental for the lease.

(C) The estimated interest rates that will be paid and the total interest costs associated with the bonds or lease.

(D) The purpose of the bonds or lease.

(E) A statement that the proposed debt service or lease payments must be approved in an election on a local public question held under section 3.6 of this chapter.

(F) With respect to bonds issued or a lease entered into to



open:

- (i) a new school facility; or
- (ii) an existing facility that has not been used for at least three (3) years and that is being reopened to provide additional classroom space;

the estimated costs the school corporation expects to annually incur to operate the facility.

(G) The following information:

(i) The political subdivision's current debt service levy and rate.

(ii) The estimated increase to the political subdivision's debt service levy and rate that will result if the political subdivision issues the bonds or enters into the lease.

(iii) The estimated amount of the political subdivision's debt service levy and rate that will result during the following ten (10) years if the political subdivision issues the bonds or enters into the lease, after also considering any changes that will occur to the debt service levy and rate during that period on account of any outstanding bonds or lease obligations that will mature or terminate during that period.

~~(H) The information specified in subdivision (1)(A) through (1)(B):~~

~~(4) This subdivision does not apply to a controlled project described in subsection (a)(1)(E) (before its expiration) or subsection (a)(1)(F):~~ After notice is given, a petition requesting the application of the local public question process under section 3.6 of this chapter may be filed by the lesser of:

(A) five hundred (500) persons who are either owners of property within the political subdivision or registered voters residing within the political subdivision; or

(B) five percent (5%) of the registered voters residing within the political subdivision.

~~(5) This subdivision does not apply to a controlled project described in subsection (a)(1)(E) (before its expiration) or subsection (a)(1)(F):~~ The state board of accounts shall design and, upon request by the county voter registration office, deliver to the county voter registration office or the county voter registration office's designated printer the petition forms to be used solely in the petition process described in this section. The county voter registration office shall issue to an owner or owners of property within the political subdivision or a registered voter residing within the political subdivision the number of petition forms





1 requested by the owner or owners or the registered voter. Each  
 2 form must be accompanied by instructions detailing the  
 3 requirements that:

4 (A) the carrier and signers must be owners of property or  
 5 registered voters;

6 (B) the carrier must be a signatory on at least one (1) petition;

7 (C) after the signatures have been collected, the carrier must  
 8 swear or affirm before a notary public that the carrier  
 9 witnessed each signature; and

10 (D) govern the closing date for the petition period.

11 Persons requesting forms may be required to identify themselves  
 12 as owners of property or registered voters and may be allowed to  
 13 pick up additional copies to distribute to other owners of property  
 14 or registered voters. Each person signing a petition must indicate  
 15 whether the person is signing the petition as a registered voter  
 16 within the political subdivision or is signing the petition as the  
 17 owner of property within the political subdivision. A person who  
 18 signs a petition as a registered voter must indicate the address at  
 19 which the person is registered to vote. A person who signs a  
 20 petition as an owner of property must indicate the address of the  
 21 property owned by the person in the political subdivision.

22 ~~(6) This subdivision does not apply to a controlled project~~  
 23 ~~described in subsection (a)(1)(E) (before its expiration) or~~  
 24 ~~subsection (a)(1)(F).~~ Each petition must be verified under oath by  
 25 at least one (1) qualified petitioner in a manner prescribed by the  
 26 state board of accounts before the petition is filed with the county  
 27 voter registration office under subdivision (7).

28 ~~(7) This subdivision does not apply to a controlled project~~  
 29 ~~described in subsection (a)(1)(E) (before its expiration) or~~  
 30 ~~subsection (a)(1)(F).~~ Each petition must be filed with the county  
 31 voter registration office not more than thirty (30) days after  
 32 publication under subdivision (2) of the notice of the preliminary  
 33 determination.

34 ~~(8) This subdivision does not apply to a controlled project~~  
 35 ~~described in subsection (a)(1)(E) (before its expiration) or~~  
 36 ~~subsection (a)(1)(F).~~ The county voter registration office shall  
 37 determine whether each person who signed the petition is a  
 38 registered voter. However, after the county voter registration  
 39 office has determined that at least five hundred twenty-five (525)  
 40 persons who signed the petition are registered voters within the  
 41 political subdivision, the county voter registration office is not  
 42 required to verify whether the remaining persons who signed the



petition are registered voters. If the county voter registration office does not determine that at least five hundred twenty-five (525) persons who signed the petition are registered voters, the county voter registration office, not more than fifteen (15) business days after receiving a petition, shall forward a copy of the petition to the county auditor. Not more than ten (10) business days after receiving the copy of the petition, the county auditor shall provide to the county voter registration office a statement verifying:

(A) whether a person who signed the petition as a registered voter but is not a registered voter, as determined by the county voter registration office, is the owner of property in the political subdivision; and

(B) whether a person who signed the petition as an owner of property within the political subdivision does in fact own property within the political subdivision.

(9) ~~This subdivision does not apply to a controlled project described in subsection (a)(1)(E) (before its expiration) or subsection (a)(1)(F).~~ The county voter registration office, not more than ten (10) business days after determining that at least five hundred twenty-five (525) persons who signed the petition are registered voters or after receiving the statement from the county auditor under subdivision (8), as applicable, shall make the final determination of whether a sufficient number of persons have signed the petition. Whenever the name of an individual who signs a petition form as a registered voter contains a minor variation from the name of the registered voter as set forth in the records of the county voter registration office, the signature is presumed to be valid, and there is a presumption that the individual is entitled to sign the petition under this section. Except as otherwise provided in this chapter, in determining whether an individual is a registered voter, the county voter registration office shall apply the requirements and procedures used under IC 3 to determine whether a person is a registered voter for purposes of voting in an election governed by IC 3. However, an individual is not required to comply with the provisions concerning providing proof of identification to be considered a registered voter for purposes of this chapter. A person is entitled to sign a petition only one (1) time in a particular referendum process under this chapter, regardless of whether the person owns more than one (1) parcel of real property, mobile home assessed as personal property, or manufactured home assessed as personal property or



a combination of those types of property within the political subdivision and regardless of whether the person is both a registered voter in the political subdivision and the owner of property within the political subdivision. Notwithstanding any other provision of this section, if a petition is presented to the county voter registration office within forty-five (45) days before an election, the county voter registration office may defer acting on the petition, and the time requirements under this section for action by the county voter registration office do not begin to run until five (5) days after the date of the election.

(10) ~~This subdivision does not apply to a controlled project described in subsection (a)(1)(E) (before its expiration) or subsection (a)(1)(F).~~ The county voter registration office must file a certificate and each petition with:

(A) the township trustee, if the political subdivision is a township, who shall present the petition or petitions to the township board; or

(B) the body that has the authority to authorize the issuance of the bonds or the execution of a lease, if the political subdivision is not a township;

within thirty-five (35) business days of the filing of the petition requesting the referendum process. The certificate must state the number of petitioners who are owners of property within the political subdivision and the number of petitioners who are registered voters residing within the political subdivision.

(11) ~~This subdivision does not apply to a controlled project described in subsection (a)(1)(E) (before its expiration) or subsection (a)(1)(F).~~ If a sufficient petition requesting the local public question process is not filed by owners of property or registered voters as set forth in this section, the political subdivision may issue bonds or enter into a lease by following the provisions of law relating to the bonds to be issued or lease to be entered into.

(c) If the proper officers of a political subdivision make a preliminary determination to issue bonds or enter into a lease, the officers shall provide to the county auditor:

(1) a copy of the notice required by subsection (b)(2); and

(2) any other information the county auditor requires to fulfill the county auditor's duties under section 3.6 of this chapter.

(d) In addition to the procedures in subsection (b), if any capital improvement components addressed in the most recent:

(1) threat assessment of the buildings within the school



corporation; or

(2) school safety plan (as described in IC 20-26-18.2-2(b)); concerning a particular school have not been completed or require additional funding to be completed, before the school corporation may impose property taxes to pay debt service on bonds or lease rentals for a lease for a controlled project, and in addition to any other components of the controlled project, the controlled project must include any capital improvements necessary to complete those components described in subdivisions (1) and (2) that have not been completed or that require additional funding to be completed.

(e) In addition to the other procedures in this section, an ordinance or resolution making a preliminary determination to issue bonds or enter into leases that is considered for adoption must include a statement of:

(1) the maximum annual debt service for the controlled project for each year in which the debt service will be paid; and

(2) the schedule of the estimated annual tax levy and rate over a ten (10) year period;

factoring in changes that will occur to the debt service levy and tax rate during the period on account of any outstanding bonds or lease obligations that will mature or terminate during the period.

SECTION 17. IC 6-1.1-20-3.7, AS AMENDED BY P.L.239-2023, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3.7. (a) This section applies to the following:

(1) The issuance of bonds or the entering into a lease for a controlled project:

(A) to which section 3.5 of this chapter applies; and

(B) for which a sufficient petition requesting the application of the local public question process under section 3.6 of this chapter has not been filed as set forth in section 3.5 of this chapter within the time required under section 3.5(b)(7) of this chapter.

(2) The issuance of bonds or the entering into a lease for a capital project:

(A) that is not a controlled project to which section 3.5 of this chapter applies; and

(B) that would, but for the application of section ~~1.1(a)(6)~~ **1.1(a)(5)** of this chapter to the project, be a controlled project to which section 3.5 of this chapter applies.

(b) If the proper officers of a political subdivision make a preliminary determination to issue bonds described in subsection (a) or enter into a lease described in subsection (a), the fiscal body of the



political subdivision may adopt a resolution specifying that the local public question process specified in section 3.6 of this chapter applies to the issuance of the bonds or the entering into the lease, notwithstanding that:

(1) a sufficient petition requesting the application of the local public question process under section 3.6 of this chapter has not been filed as set forth in section 3.5 of this chapter (in the case of bonds or a lease described in subsection (a)(1)); or

(2) because of the application of section ~~1.1(a)(6)~~ **1.1(a)(5)** of this chapter, the bonds or lease is not considered to be issued or entered into for a controlled project (in the case of bonds or a lease described in subsection (a)(2)).

(c) The following apply to the adoption of a resolution by the fiscal body of a political subdivision under subsection (b):

(1) In the case of bonds or a lease described in subsection (a)(1) and for which no petition requesting the application of the local public question process under section 3.6 of this chapter has been filed within the time required under section 3.5(b)(7) of this chapter, the fiscal body must adopt the resolution not more than sixty (60) days after publication of the notice of the preliminary determination to issue the bonds or enter into the lease.

(2) In the case of bonds or a lease described in subsection (a)(1) for which a petition requesting the application of the local public question process under section 3.6 of this chapter:

(A) has been filed under section 3.5 of this chapter; and

(B) is determined to have an insufficient number of signatures to require application of the local public question process under section 3.6 of this chapter;

the fiscal body must adopt the resolution not more than thirty (30) days after the county voter registration office makes the final determination under section 3.5 of this chapter that a sufficient number of persons have not signed the petition.

(3) In the case of bonds or a lease described in subsection (a)(2), the fiscal body must adopt the resolution not more than thirty (30) days after publication of the notice of the preliminary determination to issue the bonds or enter into the lease.

(4) The fiscal body shall certify the resolution to the county election board of each county in which the political subdivision is located, and the county election board shall place the public question on the ballot as provided in section 3.6 of this chapter.

(d) Except to the extent it is inconsistent with this section, section 3.6 of this chapter applies to a local public question placed on the



1 ballot under this section.

2 SECTION 18. IC 6-1.1-20-4.5, AS AMENDED BY P.L.68-2025,  
3 SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4 JULY 1, 2026]: Sec. 4.5. (a) As used in this section, "maintenance  
5 emergency" refers to a response to a condition that is not otherwise  
6 subject to the application of section ~~1.1(a)(6)~~ **1.1(a)(5)** of this chapter  
7 and includes:

8 (1) repair of a boiler or chiller system;

9 (2) roof repair;

10 (3) storm damage repair; or

11 (4) any other repair that the department determines is a  
12 maintenance emergency for which waiver of the application of  
13 section ~~3.5(a)(1)(E) (before its expiration) or 3.5(a)(1)(F)~~  
14 **3.5(a)(1)(B)** of this chapter is warranted.

15 (b) A political subdivision may submit a request to the department  
16 to waive the application of section ~~3.5(a)(1)(E) (before its expiration)~~  
17 ~~or 3.5(a)(1)(F)~~ **3.5(a)(1)(B)** of this chapter, if the proposed controlled  
18 project of the political subdivision is to address a maintenance  
19 emergency with respect to a building owned or leased by the political  
20 subdivision.

21 (c) The department shall require the political subdivision to submit  
22 any information that the department considers necessary to determine  
23 whether the condition that the political subdivision contends is a  
24 maintenance emergency.

25 (d) The department shall review a request and issue a determination  
26 not later than forty-five (45) days after the department receives a  
27 request under this section determining whether the condition that the  
28 political subdivision contends is a maintenance emergency is sufficient  
29 to waive the application of section ~~3.5(a)(1)(E) (before its expiration)~~  
30 ~~or 3.5(a)(1)(F)~~ **3.5(a)(1)(B)** of this chapter. If the department  
31 determines that the condition is a maintenance emergency then section  
32 ~~3.5(a)(1)(E) (before its expiration) or 3.5(a)(1)(F)~~ **3.5(a)(1)(B)** of this  
33 chapter is waived and does not apply to the proposed controlled  
34 project.

35 (e) A waiver of the application of section ~~3.5(a)(1)(E) (before its~~  
36 ~~expiration) or 3.5(a)(1)(F)~~ **3.5(a)(1)(B)** of this chapter in accordance  
37 with this section may not be construed as a waiver of any other  
38 requirement of this chapter with respect to the proposed controlled  
39 project.

40 SECTION 19. IC 6-1.1-20.6-9.8, AS AMENDED BY P.L.9-2024,  
41 SECTION 171, IS AMENDED TO READ AS FOLLOWS  
42 [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 9.8. (a)



1 This section applies to property taxes first due and payable after  
2 December 31, 2009.

3 (b) The following definitions apply throughout this section:

4 (1) "Debt service obligations of a political subdivision" refers to:

5 (A) the principal and interest payable during a calendar year  
6 on bonds; and

7 (B) lease rental payments payable during a calendar year on  
8 leases;

9 of a political subdivision payable from ad valorem property taxes.

10 (2) "Protected taxes" refers to the following:

11 (A) Property taxes that are exempted from the application of  
12 a credit granted under section 7 or 7.5 of this chapter by  
13 section 7(b), 7(c), 7.5(b), or 7.5(c) of this chapter or another  
14 law.

15 (B) Property taxes imposed by a political subdivision to pay  
16 for debt service obligations of a political subdivision that are  
17 not exempted from the application of a credit granted under  
18 section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or  
19 7.5(c) of this chapter or any other law. Property taxes  
20 described in this clause are subject to the credit granted under  
21 section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or  
22 7.5(c) of this chapter regardless of their designation as  
23 protected taxes.

24 (3) "Unprotected taxes" refers to property taxes that are not  
25 protected taxes.

26 (c) Except as provided in section 9.9 of this chapter, the total  
27 amount of revenue to be distributed to the fund for which the protected  
28 taxes were imposed shall be determined as if no credit were granted  
29 under section 7, ~~or 7.5, or 7.7~~ of this chapter **or IC 6-1.1-51.3-1 or**  
30 **IC 6-1.1-51.3-2**. The total amount of the loss in revenue resulting from  
31 the granting of credits under section 7, ~~or 7.5, or 7.7~~ of this chapter **or**  
32 **IC 6-1.1-51.3-1 or IC 6-1.1-51.3-2** must reduce only the amount of  
33 unprotected taxes distributed to a fund using the following criteria:

34 (1) The reduction may be allocated in the amounts determined by  
35 the political subdivision using a combination of unprotected taxes  
36 of the political subdivision in those taxing districts in which the  
37 credit caused a reduction in protected taxes.

38 (2) The tax revenue and each fund of any other political  
39 subdivisions must not be affected by the reduction.

40 (d) When:

41 (1) the revenue that otherwise would be distributed to a fund  
42 receiving only unprotected taxes is reduced entirely under



subsection (c) and the remaining revenue is insufficient for a fund receiving protected taxes to receive the revenue specified by subsection (c); or

(2) there is not a fund receiving only unprotected taxes from which to distribute revenue;

the revenue distributed to the fund receiving protected taxes must also be reduced. If the revenue distributed to a fund receiving protected taxes is reduced, the political subdivision may transfer money from one (1) or more of the other funds of the political subdivision to offset the loss in revenue to the fund receiving protected taxes. The transfer is limited to the amount necessary for the fund receiving protected taxes to receive the revenue specified under subsection (c). The amount transferred shall be specifically identified as a debt service obligation transfer for each affected fund.

SECTION 20. IC 6-1.1-54 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2027]:

**Chapter 54. Homestead Property Tax Liability Freeze for Low Income Seniors**

**Sec. 1. This chapter applies to taxes first due and payable after December 31, 2026.**

**Sec. 2. As used in this chapter, "homestead" has the meaning set forth in IC 6-1.1-12-37.**

**Sec. 3. As used in this chapter, "property tax liability" means liability for the tax imposed on homestead property determined after application of all credits and deductions under this article, except that the term:**

(1) includes the portion of the property tax liability that is attributable to a school operating referendum tax levy approved under IC 20-46-1 or a school safety referendum tax levy approved under IC 20-46-9, for purposes of the determination for a qualified individual under section 6 of this chapter; and

(2) does not include the portion of the property tax liability that is attributable to a school operating referendum tax levy approved under IC 20-46-1 or a school safety referendum tax levy approved under IC 20-46-9, for purposes of the determination for a qualified individual under section 7 of this chapter.

**The term does not include any interest or penalty imposed under this article.**

**Sec. 4. As used in this chapter, "senior qualified individual"**





1 means an individual who:

- 2 (1) is at least sixty-five (65) years of age on or before  
 3 December 31 of the calendar year preceding the year in which  
 4 the individual's property tax liability is first due and payable;  
 5 (2) is eligible for the homestead deduction under  
 6 IC 6-1.1-12-37 on the assessment date for which the  
 7 individual's property tax liability is imposed; and  
 8 (3) has an annual income that is at or below two hundred  
 9 percent (200%) of the federal poverty income level for the  
 10 calendar year preceding by two (2) years the calendar year in  
 11 which the individual's property tax liability is first due and  
 12 payable.

13 Sec. 5. A credit shall be applied against a senior qualified  
 14 individual's homestead property tax liability as set forth in this  
 15 chapter. The amount of the credit under this section is equal to:

- 16 (1) for the first calendar year for which the credit is applied,  
 17 the lesser of:  
 18 (A) the property tax liability first due and payable on the  
 19 homestead property for the calendar year; or  
 20 (B) the property tax liability first due and payable on the  
 21 homestead property for the property tax liability first due  
 22 and payable on the homestead property for the  
 23 immediately preceding year; and  
 24 (2) for each calendar year after the first calendar year for  
 25 which the credit is applied, the lesser of:  
 26 (A) the property tax liability first due and payable on the  
 27 homestead property for the calendar year; or  
 28 (B) the property tax liability first due and payable on the  
 29 homestead property for the first calendar year for which  
 30 the credit is applied as determined under subdivision (1).

31 Sec. 6. If a physical change to taxable property results in an  
 32 increased assessment of the taxable property for an assessment  
 33 date for which property tax liability is imposed, the property tax  
 34 liability of a person for property taxes first due and payable for  
 35 that assessment date with respect to the taxable property is the sum  
 36 of the:

- 37 (1) amount of the person's property tax liability attributable  
 38 to the taxable property otherwise determined under section 5  
 39 of this chapter, whichever is applicable, for the calendar year;  
 40 plus  
 41 (2) amount of the person's property tax liability that is  
 42 directly attributable to the physical change in the taxable



property.

Sec. 7. If:

(1) the entire ownership interest; or

(2) any part of the ownership interest;

in the taxable property changes, the limitations in this chapter do not apply to the determination of property tax liability for property taxes first due and payable in the first calendar year following the change in ownership. Instead, the amount of property tax liability that is attributable to the taxable property for property taxes first due and payable in that particular calendar year is the amount of property tax liability as would otherwise be determined under this article.

Sec. 8. A person is not required to file an application for the credit under this chapter. The county auditor shall:

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

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

SECTION 21. IC 6-3-2-6, AS AMENDED BY P.L.146-2020, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 6. (a) Each taxable year, an individual who rents a dwelling for use as the individual's principal place of residence may deduct from the individual's adjusted gross income (as defined in IC 6-3-1-3.5(a)), the lesser of:

(1) the amount of rent paid by the individual with respect to the dwelling during the taxable year; or

(2) ~~three thousand dollars (\$3,000);~~ **six thousand dollars (\$6,000).**

(b) Notwithstanding subsection (a):

(1) a married couple filing a joint return for a particular taxable year may not claim a deduction under this section of more than ~~three thousand dollars (\$3,000);~~ **six thousand dollars (\$6,000);** and

(2) a married individual filing a separate return for a particular taxable year may not claim a deduction under this section of more than ~~one thousand five hundred dollars (\$1,500);~~ **three thousand dollars (\$3,000).**

(c) The deduction provided by this section does not apply to an individual who rents a dwelling that is exempt from Indiana property tax.

(d) For purposes of this section, a "dwelling" includes a single family dwelling and unit of a multi-family dwelling.



SECTION 22. IC 6-3-2-30 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2024 (RETROACTIVE)]: **Sec. 30. (a) For purposes of this section, "qualifying account" means any of the following owned directly by an individual, either as a sole owner or jointly with one (1) or more individuals:**

- (1) A retirement plan described in 4 U.S.C. 114(b)(1).**
- (2) A securities or commodities account.**
- (3) A savings or checking account.**
- (4) Any account substantially similar to an account described in subdivision (2) or (3).**

**If an account listed in subdivisions (1) through (4) is owned in whole or in part by a person or entity other than an individual, the account is a qualifying account only to the extent it is owned directly by an individual.**

**(b) For purposes of this section, "taxpayer" means an individual subject to taxation under this article.**

**(c) For purposes of this section, "theft" means:**

- (1) an event for which a taxpayer would have been permitted a deduction as a theft loss under Section 165(c) of the Internal Revenue Code (as in effect on January 1, 2017); and**
- (2) the event was either:**
  - (A) a distribution from the taxpayer's qualifying account;**
  - or**
  - (B) a sale, exchange, or liquidation of the taxpayer's stocks, bonds, certificates of deposit, or similar instruments, regardless of whether these were held in a qualifying account;**

**followed by a payment to another individual or entity within sixty (60) days of the distribution, sale, exchange, or liquidation, and for which the distribution, sale, exchange, or liquidation was induced by the individual or entity.**

**(d) For purposes of this section, "theft loss" means the amount that an individual would have been permitted to deduct under Section 165(c) of the Internal Revenue Code (as in effect on January 1, 2017) as the result of a theft and that the individual was not permitted to deduct in determining the individual's federal adjusted gross income under Section 62 of the Internal Revenue Code. For an individual who is not a resident of Indiana, the theft loss amount shall only be the portion of the loss derived from Indiana sources and only if the distribution would have been included in the taxpayer's Indiana adjusted gross income.**



(e) For taxable years beginning after December 31, 2023, a taxpayer is entitled to a deduction from the taxpayer's adjusted gross income for a taxable year if the taxpayer:

(1) incurred a loss as the result of a theft during the taxable year; and

(2) as a result of the theft, had federal gross income for the taxable year that would not have been included in the taxpayer's federal adjusted gross income for the taxable year under Section 62 of the Internal Revenue Code if the theft had not occurred or been induced.

(f) The amount of the deduction for a taxable year is the lesser of:

(1) the amount of the theft loss; or

(2) the amount reported in the taxpayer's adjusted gross income under IC 6-3-1-3.5(a) for the taxable year that resulted from the theft or inducement of theft.

(g) A taxpayer wishing to claim a deduction under this section must first apply to the department for certification of the deduction and provide all information requested by the department relating to the theft to the department prior to claiming the deduction under this section. The following apply:

(1) Upon receipt of a taxpayer's application, the department shall determine the amount of the deduction for theft losses that are allowable, if any, under this section and provide notice of the determination and certification to the taxpayer.

(2) A taxpayer may claim the deduction on the taxpayer's state tax return or returns only after the department's determination and only up to the amount certified by the department as an allowable deduction.

(3) If a taxpayer disagrees with the department's determination of a theft loss deduction, the taxpayer may protest the determination of the loss in the same manner and under the same time periods as a refund denial under IC 6-8.1-9-1.

(h) For purposes of this section:

(1) any amounts that an individual received as insurance payments, reimbursement, or other similar payments in recovery for a theft loss during the taxable year are not deductible under this section; and

(2) to the extent that amounts in subdivision (1) are received in a subsequent taxable year, the individual shall report the amount received as an addition in determining adjusted gross



income under IC 6-3-1-3.5(a) for purposes of adjusted gross income tax in the year in which the amount is received, but only to the extent that the deduction under this section would have been reduced in the taxable year of the theft had the recovery amount been received in the taxable year of the theft. Any recovery required to be included in Indiana adjusted gross income as a result of this section shall not be an addback for purposes of section 2.5 or 2.6 of this chapter.

(i) If a taxpayer claims a deduction under this section for a taxable year beginning before January 1, 2026, the taxpayer claims a refund as a result of the deduction, and interest is due on the refund under IC 6-8.1-9-2(d), then the amount of interest due on the refund shall be computed from the latest of:

- (1) April 15, 2026;
- (2) the date the department issues the determination under subsection (g); or
- (3) the date determined under IC 6-8.1-9-2(d).

SECTION 23. IC 6-3.1-41 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]:

**Chapter 41. Small Business Tax Credit for Employee Child Care Costs**

**Sec. 1.** As used in this chapter, "contribution" means an amount of money equal to or exceeding ten thousand dollars (\$10,000) during the calendar year that is provided by a taxpayer to a qualified employee for use toward the qualified employee's cost for child care.

**Sec. 2.** As used in this chapter, "employer" has the meaning set forth in Section 3401(d) of the Internal Revenue Code.

**Sec. 3.** As used in this chapter, "pass through entity" means a:

- (1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) partnership;
- (3) trust;
- (4) limited liability company; or
- (5) limited liability partnership.

**Sec. 4.** As used in this chapter, "qualified employee" means an individual who:

- (1) is employed for consideration or who renders any other standard of service generally accepted by custom or specified by contract as employment; and
- (2) has a child who:



(A) resides with the individual; and

(B) is not eligible:

(i) for payment for child care through the federal Child Care and Development Fund voucher program administered under 45 CFR 98 and 45 CFR 99; or

(ii) to receive a grant under the prekindergarten program established under IC 12-17.2-7.2.

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(2) IC 6-5.5 (the financial institutions tax); and

(3) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 6. As used in this chapter, "taxpayer" means a person, corporation, partnership, or other entity that:

(1) has any state tax liability;

(2) is the employer of a qualified employee; and

(3) has the equivalent of twenty-five (25) or fewer employees.

Sec. 7. A taxpayer that makes a contribution to a qualified employee for the qualified employee's cost for child care during a taxable year is entitled to a credit against the taxpayer's state tax liability in the taxable year in which the taxpayer makes the contribution. The amount of a taxpayer's credit is equal to the lesser of:

(1) five thousand dollars (\$5,000); or

(2) the taxpayer's adjusted gross income tax liability.

Sec. 8. To apply a credit against the taxpayer's state tax liability, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department the information that the department determines is necessary for the department to determine whether the taxpayer is eligible for the credit.

Sec. 9. A taxpayer that makes a contribution to a qualified employee is considered to have made the contribution on the date that:

(1) the taxpayer's contribution is postmarked or accepted by a delivery service, for contributions that are provided to a qualified employee by mail or delivery service; or

(2) the taxpayer's electronic funds transfer is initiated, for contributions that are provided to a qualified employee by



1           electronic funds transfer.

2           **Sec. 10.** A taxpayer is not entitled to a carryback, carryover, or  
3 refund of an unused credit.

4           **Sec. 11.** A taxpayer may not sell, assign, convey, or otherwise  
5 transfer the tax credit provided by this chapter.

6           **Sec. 12.** If a pass through entity is entitled to a credit under  
7 section 7 of this chapter but does not have state tax liability against  
8 which the tax credit may be applied, a shareholder, partner, or  
9 member of the pass through entity is entitled to a tax credit equal  
10 to:

11           (1) the tax credit determined for the pass through entity for  
12 the taxable year; multiplied by

13           (2) the percentage of the pass through entity's distributive  
14 income to which the shareholder, partner, or member is  
15 entitled.

16           **Sec. 13.** The department may adopt rules under IC 4-22-2 to  
17 implement this chapter.

18           SECTION 24. IC 6-3.1-47 IS ADDED TO THE INDIANA CODE  
19 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
20 JANUARY 1, 2027]:

21           **Chapter 47. Income Tax Credit for First Time Home Buyers**  
22 **with a Mortgage**

23           **Sec. 1.** As used in this chapter, "eligible home buyer" means an  
24 individual who:

25           (1) is a mortgagor of a first time home buyer mortgage for a  
26 homestead;

27           (2) takes possession of and uses the homestead for which the  
28 individual has a first time home buyer mortgage as the  
29 individual's principal place of residence; and

30           (3) has an annual income that is at or below two hundred  
31 percent (200%) of the federal poverty income level for the  
32 taxable year.

33           **Sec. 2.** As used in this chapter, "first time home buyer  
34 mortgage" means a mortgage of an individual purchasing a  
35 residence in Indiana who is a first time home buyer or has not  
36 owned a home in the last three (3) years.

37           **Sec. 3.** As used in this chapter, "homestead" has the meaning set  
38 forth in IC 6-1.1-12-37.

39           **Sec. 4.** As used in this chapter, "state income tax liability"  
40 means an individual's adjusted gross income tax liability under  
41 IC 6-3.

42           **Sec. 5. (a)** An eligible home buyer with a first time home buyer



1 mortgage is entitled to a credit against the individual's state income  
2 tax liability.

3 (b) The amount of the credit is equal to three thousand dollars  
4 (\$3,000) for the taxable year. The amount of any unused credit  
5 under this section for a taxable year may not be carried forward to  
6 a succeeding taxable year, carried back to a preceding taxable  
7 year, or refunded.

8 (c) An eligible home buyer is entitled to claim the credit amount  
9 under subsection (b) only for the first taxable year in which the  
10 home buyer first takes ownership of the homestead with respect to  
11 which a first time home buyer mortgage is granted. In the case of  
12 a husband and wife who file a joint return, the husband and wife  
13 may claim the whole credit on their return, and if those taxpayers  
14 file separate tax returns, the husband and wife may claim the  
15 credit in equal shares or one (1) spouse may claim the whole credit.

16 Sec. 6. An individual claiming a credit under this chapter shall  
17 submit to the department all information that the department  
18 determines is necessary for the determination of the credit  
19 provided by this chapter.

20 SECTION 25. IC 6-3.1-48 IS ADDED TO THE INDIANA CODE  
21 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
22 JANUARY 1, 2027]:

23 **Chapter 48. Income Tax Credit for Low Income Households**

24 **Sec. 1. The following definitions apply throughout this chapter:**

25 (1) "Eligible household" means a household in which the  
26 household's income is at or below two hundred percent  
27 (200%) of the federal poverty guidelines for a household of  
28 that size.

29 (2) "Household" means any individual or group of individuals  
30 who are living together at the same address as one (1)  
31 economic unit. A household may include related and  
32 unrelated persons. Children less than eighteen (18) years of  
33 age living with their parents or guardians are considered to be  
34 part of the same household as their parents or guardians.

35 (3) "Household income" means the adjusted gross income for  
36 all members of the household.

37 (4) "Taxpayer" means an individual who files an adjusted  
38 gross income tax return.

39 Sec. 2. Subject to section 3 of this chapter, each taxable year a  
40 taxpayer who is a member of an eligible household is entitled to a  
41 credit against the taxpayer's adjusted gross income tax liability  
42 equal to three thousand dollars (\$3,000). The amount of any





1 unused credit under this section for a taxable year may not be  
 2 carried forward to a succeeding taxable year, carried back to a  
 3 preceding taxable year, or refunded.

4 **Sec. 3. (a) Only one (1) member of an eligible household may**  
 5 **claim a tax credit under section 2 of this chapter in a taxable year.**  
 6 **In the case of a husband and wife who are both members of the**  
 7 **same eligible household and who file a joint return, the husband**  
 8 **and wife may claim the whole credit on their return, and if those**  
 9 **taxpayers file separate tax returns, the husband and wife may**  
 10 **claim the credit in equal shares or one (1) spouse may claim the**  
 11 **whole credit.**

12 **(b) A taxpayer must claim the tax credit provided by this**  
 13 **chapter in the manner prescribed by the department and submit**  
 14 **all information that the department determines is necessary for the**  
 15 **determination of the credit provided by this chapter.**

16 SECTION 26. IC 6-3.6-6-2, AS AMENDED BY P.L.68-2025,  
 17 SECTION 118, IS AMENDED TO READ AS FOLLOWS  
 18 [EFFECTIVE JULY 1, 2027]: Sec. 2. (a) This section applies to all  
 19 counties.

20 (b) The adopting body may by ordinance and subject to subsections  
 21 (c) ~~through (e)~~ and (d) impose one (1) or more of the following  
 22 component rates not to exceed a total expenditure tax rate under this  
 23 chapter of ~~two and nine-tenths percent (2.9%)~~ **three and**  
 24 **three-quarters percent (3.75%)** on the adjusted gross income of  
 25 taxpayers who reside in the county:

26 (1) A tax rate not to exceed ~~one and two-tenths percent (1.2%)~~  
 27 **one and six hundred twenty-five thousandths percent**  
 28 **(1.625%)** for general purpose revenue for county services (as  
 29 provided in section 4 of this chapter), subject to subsection (c).

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

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

39 (4) A tax rate not to exceed ~~one and two-tenths percent (1.2%)~~  
 40 **one and six hundred twenty-five thousandths percent**  
 41 **(1.625%)** for general purpose revenue for municipal services for  
 42 distribution to municipalities located within the county that are



not eligible to adopt a municipal tax rate under section 22 of this chapter or that have made an election under section 23(b)(3) of this chapter to be treated as such.

(c) The combined component rates imposed by an adopting body under subsection (b)(1) through (b)(3) shall not exceed ~~one and seven-tenths percent (1.7%)~~; **two and one hundred twenty-five thousandths percent (2.125%)**.

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

~~(e) Beginning after December 31, 2030, a tax rate imposed under subsection (b) shall expire on December 31 of each calendar year. An adopting body wishing to continue, increase, or decrease a tax rate in the succeeding year must pass an ordinance to readopt a tax rate in accordance with IC 6-3.6-3-3. This subsection applies regardless of whether there is a modification in the tax rate or the component rates or the rates are unchanged from the previous year.~~

SECTION 27. IC 6-3.6-6-4.3, AS ADDED BY P.L.68-2025, SECTION 127, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2027]: Sec. 4.3. (a) Revenue raised from a tax rate for fire protection and emergency medical services under section 2(b)(2) of this chapter shall be distributed by the county to:

(1) each fire protection district, fire protection territory, and municipal fire department located within the county; **and**

**(2) in the case of a consolidated county, the fire special service district established under IC 36-3-1-6.**

At the discretion of the county council, the county may distribute revenue raised from a tax rate for fire protection and emergency medical services under section 2(b)(2) of this chapter to township fire departments and volunteer fire departments.

(b) Revenue raised from a tax rate for fire protection and emergency medical services under section 2(b)(2) of this chapter shall be allocated to each fire protection district, fire protection territory, municipal fire department, and, if applicable, township fire departments and volunteer fire departments, based on the following formula:

STEP ONE: For each provider of fire protection and emergency medical services located within the county that is eligible to receive revenue under this section, determine the population living within the service boundaries of the provider using the most recent federal decennial census.

STEP TWO: For each provider of fire protection and emergency medical services located within the county that is eligible to



1 receive revenue under this section, determine the number of  
2 square miles within the service boundaries of the provider.

3 STEP THREE: For each provider of fire protection and  
4 emergency medical services located within the county that is  
5 eligible to receive revenue under this section, determine the  
6 product of:

7 (A) the STEP TWO amount; multiplied by

8 (B) twenty (20).

9 STEP FOUR: For each provider of fire protection and emergency  
10 medical services located within the county that is eligible to  
11 receive revenue under this section, determine the sum of:

12 (A) the STEP ONE result; plus

13 (B) the STEP THREE result.

14 STEP FIVE: Determine the sum total of the STEP FOUR results  
15 for each provider of fire protection and emergency medical  
16 services located within the county that is eligible to receive  
17 revenue under this section.

18 STEP SIX: The percentage of revenue that shall be distributed to  
19 each provider of fire protection and emergency medical services  
20 located within the county that is eligible to receive revenue under  
21 this section is equal to:

22 (A) the STEP FOUR result for the provider; divided by

23 (B) the STEP FIVE result.

24 SECTION 28. IC 6-3.6-6-4.5, AS AMENDED BY THE  
25 TECHNICAL CORRECTIONS BILL OF THE 2026 GENERAL  
26 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
27 JULY 1, 2027]: Sec. 4.5. (a) Revenue raised from a tax rate for  
28 nonmunicipal civil taxing units under section 2(b)(3) of this chapter  
29 may be distributed by the county to nonmunicipal civil taxing units  
30 subject to the provisions of this section.

31 (b) Subject to the maximum aggregate tax rate of not more than  
32 two-tenths of one percent (0.2%) under section 2(b)(3) of this chapter,  
33 the adopting body may adopt a tax rate for each type of nonmunicipal  
34 civil taxing unit, which may not exceed more than five-hundredths of  
35 one percent (0.05%) for any given unit type. The revenue raised from  
36 a tax rate for a specific type of nonmunicipal civil taxing unit shall be  
37 allocated to all nonmunicipal civil taxing units of that same type  
38 located within the county on a pro rata per capita basis, subject to  
39 subsection (e).

40 (c) A county solid waste management district (as defined in  
41 IC 13-11-2-47) or a joint solid waste management district (as defined  
42 in IC 13-11-2-113) is not an eligible nonmunicipal civil taxing unit for



the purpose of receiving an allocation of general purpose revenue under this chapter unless a majority of the members of each of the county fiscal bodies of the counties within the district passes a resolution approving the distribution.

(d) A resolution passed by a county fiscal body under subsection (c) may:

- (1) expire on a date specified in the resolution; or
- (2) remain in effect until the county fiscal body revokes or rescinds the resolution.

(e) **Subject to subsection (h)**, a nonmunicipal civil taxing unit wishing to receive a share of revenue under this section in a year must adopt a resolution requesting the distribution from the county and must provide a certified copy of the resolution to the adopting body not later than July 1 of the year immediately preceding the distribution year. Not later than August 1 of the year immediately preceding the distribution year, the adopting body shall hold a public hearing on the resolution requesting the distribution and provide the public with notice of the time and place where the public hearing will be held. The notice must be given in accordance with IC 5-3-1 and include a description of the resolution requesting the distribution from the county.

(f) If a nonmunicipal civil taxing unit adopts a resolution under ~~this subsection~~ **subsection (e)** and provides the resolution to the adopting body as set forth in ~~this that~~ **subsection (e) or subsection (h), if applicable**, the county shall distribute to the nonmunicipal civil taxing unit an amount of revenue raised from the tax rate under section 2(b)(3) of this chapter for the distribution year as set forth in subsection ~~(f)~~ **(g)**.

(g) If one (1) or more, but not all, nonmunicipal civil taxing units adopt a resolution under subsection (e) requesting a distribution in a given year, the county may either distribute the total amount of revenue raised from the tax rate under section 2(b)(3) of this chapter to only those nonmunicipal civil taxing units that have provided a resolution request, or the county may distribute the total amount of revenue raised from a tax rate under section 2(b)(3) of this chapter to all nonmunicipal civil taxing units as set forth in this section. If no nonmunicipal civil taxing units adopt a resolution to request a distribution in a given year, the county may retain the revenue raised from a tax rate for nonmunicipal civil taxing units for that year and use the revenue as general purpose revenue for the county under section 4 of this chapter.

**(h) This subsection applies only for a distribution under this section by the county to nonmunicipal civil taxing units in 2028. A nonmunicipal civil taxing unit wishing to receive a share of revenue**



1 under this section in 2028 must adopt a resolution requesting the  
 2 distribution from the county and must provide a certified copy of  
 3 the resolution to the adopting body not later than December 31,  
 4 2027. The adopting body shall hold a public hearing on the  
 5 resolution requesting the distribution and provide the public with  
 6 notice of the time and place where the public hearing will be held.  
 7 The notice must be given in accordance with IC 5-3-1 and include  
 8 a description of the resolution requesting the distribution from the  
 9 county.

10 SECTION 29. IC 6-3.6-6-6.1, AS AMENDED BY THE  
 11 TECHNICAL CORRECTIONS BILL OF THE 2026 GENERAL  
 12 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 13 JULY 1, 2027]: Sec. 6.1. (a) Revenue raised from a tax rate for certain  
 14 cities and towns under section 2(b)(4) of this chapter may be  
 15 distributed by the county to those cities and towns subject to the  
 16 provisions of this section.

17 (b) Subject to subsection ~~(g)~~; **(h)**, the revenue raised from a tax rate  
 18 under section 2(b)(4) of this chapter shall be allocated to the cities and  
 19 towns based on the population of the city or the population of the town,  
 20 whichever is applicable, compared to the population of all the cities or  
 21 the population of all the towns, whichever is applicable, that are  
 22 eligible for a distribution, subject to subsection (d). For purposes of this  
 23 determination, if the boundaries of a city or town are located in more  
 24 than one (1) county, only the portion of the population of the city or  
 25 town that is located within the county imposing the tax rate under  
 26 section 2(b)(4) of this chapter shall be considered.

27 (c) The money may be used by the city or town fiscal body for any  
 28 of the purposes of the city or town, including public safety (as defined  
 29 in IC 6-3.6-2-14) and economic development purposes described in  
 30 IC 6-3.6-10. The city or town fiscal body may pledge its general  
 31 purpose revenue to the payment of bonds or to lease payments as set  
 32 forth in this chapter.

33 (d) **Subject to subsection (g)**, an eligible city or town wishing to  
 34 receive a share of revenue under this section in a year must adopt a  
 35 resolution requesting the distribution from the county and must provide  
 36 a certified copy of the resolution to the adopting body not later than  
 37 July 1 of the year immediately preceding the distribution year. Not later  
 38 than August 1 of the year immediately preceding the distribution year,  
 39 the adopting body shall hold a public hearing on the resolution  
 40 requesting the distribution and provide the public with notice of the  
 41 time and place where the public hearing will be held. The notice must  
 42 be given in accordance with IC 5-3-1 and include a description of the



1 resolution requesting the distribution from the county.

2 (e) Subject to ~~subsection (g)~~, **subsections (g) and (h)**, if an eligible  
3 city or town adopts a resolution under ~~this subsection~~ **subsection (d)**  
4 and provides the resolution to the adopting body as set forth in ~~this that~~  
5 **subsection or subsection (g), if applicable**, the county shall distribute  
6 to the eligible city or town unit an amount of revenue raised from the  
7 tax rate under section 2(b)(4) of this chapter for the distribution year as  
8 set forth in subsection (f).

9 (f) Subject to subsection ~~(g)~~, **(h)**, if one (1) or more, but not all,  
10 eligible cities or towns adopt a resolution under subsection (d)  
11 requesting a distribution in a given year, the county may either  
12 distribute the total amount of revenue raised from the tax rate under  
13 section 2(b)(4) of this chapter to only those eligible cities or towns that  
14 have provided a resolution request, or the county may distribute the  
15 total amount of revenue raised from a tax rate under section 2(b)(4) of  
16 this chapter to all eligible cities or towns as set forth in this section. If  
17 no eligible city or town adopts a resolution to request a distribution in  
18 a given year, the county may retain the revenue raised from a tax rate  
19 for the eligible city or town for that year and use the revenue as general  
20 purpose revenue for the county under section 4 of this chapter.

21 **(g) This subsection applies only for a distribution under this**  
22 **section by the county to eligible cities and towns in 2028. An**  
23 **eligible city or town wishing to receive a share of revenue under**  
24 **this section in 2028 must adopt a resolution requesting the**  
25 **distribution from the county and must provide a certified copy of**  
26 **the resolution to the adopting body not later than December 31,**  
27 **2027. The adopting body shall hold a public hearing on the**  
28 **resolution requesting the distribution and provide the public with**  
29 **notice of the time and place where the public hearing will be held.**  
30 **The notice must be given in accordance with IC 5-3-1 and include**  
31 **a description of the resolution requesting the distribution from the**  
32 **county.**

33 ~~(g)~~**(h)** Notwithstanding any provision to the contrary in this section,  
34 if an adopting body that imposes a tax rate of one and two-tenths  
35 percent (1.2%) under section 2(b)(1) of this chapter subsequently  
36 adopts an ordinance to concurrently impose a tax rate under section  
37 2(b)(4) of this chapter:

38 (1) seventy-five percent (75%) of the revenue received from the  
39 tax rate imposed under section 2(b)(4) of this chapter shall be  
40 retained by the county and may be used for the purposes  
41 described in section 4 of this chapter; and

42 (2) twenty-five percent (25%) of the revenue received from the



1 tax rate imposed under section 2(b)(4) of this chapter shall be  
 2 distributed among the eligible cities and towns as set forth in this  
 3 section and may be used for the purposes set forth in this section.  
 4 However, the adopting body may, by ordinance, determine to allocate  
 5 any percentage of the revenue that would otherwise be retained by the  
 6 county under subdivision (1) to instead be allocated among the eligible  
 7 cities and towns under subdivision (2).

8 SECTION 30. IC 6-3.6-6-22, AS ADDED BY P.L.68-2025,  
 9 SECTION 147, IS AMENDED TO READ AS FOLLOWS  
 10 [EFFECTIVE JULY 1, 2027]: Sec. 22. (a) As used in this section,  
 11 "municipality" means only a city or town that:

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

14 (2) in the case of a city or town whose population decreased in the  
 15 most recent federal decennial census from three thousand five  
 16 hundred (3,500) or more to less than three thousand five hundred  
 17 (3,500), has elected by ordinance to continue to use its previous  
 18 population of three thousand five hundred (3,500) or more as set  
 19 forth in section 23(b)(2) of this chapter for purposes of the  
 20 allocation determination under section 6.1 of this chapter.

21 The term does not include a city or town that has made an election  
 22 under section 23(b)(3) of this chapter. **In addition, in the case of a**  
 23 **consolidated city, an included town that is part of the consolidated**  
 24 **city under IC 36-3-1 is not a separate municipality for purposes of**  
 25 **this chapter.**

26 (b) Beginning after December 31, 2027, the fiscal body of a  
 27 municipality may by ordinance ~~and subject to subsection (c);~~ impose  
 28 a local income tax rate on the adjusted gross income of local taxpayers  
 29 in the municipality that does not exceed ~~one and two-tenths percent~~  
 30 ~~(1.2%)~~; **one and six hundred twenty-five thousandths percent**  
 31 **(1.625%).**

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

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

37 (2) The local income tax is imposed in addition to a tax imposed  
 38 by the county in which the municipality is located in accordance  
 39 with IC 6-3.6-4-1(a) and IC 6-3.6-4-1(c).

40 (3) The following provisions of this article apply to a local income  
 41 tax rate imposed by a municipality under subsection (b):

42 (A) IC 6-3.6-3 (adoption of the tax), including the effective



1 date of an ordinance under IC 6-3.6-3-3.3.

2 (B) IC 6-3.6-4 (imposition of the tax), except that IC 6-3.6-4-2  
3 and IC 6-3.6-4-3 do not apply.

4 (C) IC 6-3.6-8 (administration of the tax).

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

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

13 ~~(e) Beginning after December 31, 2030, a tax rate imposed under~~  
14 ~~subsection (b) shall expire on December 31 of each calendar year. A~~  
15 ~~municipality wishing to continue, increase, or decrease a tax rate in the~~  
16 ~~succeeding year must pass an ordinance to readopt a tax rate in~~  
17 ~~accordance with IC 6-3.6-3-3.3. This subsection applies regardless of~~  
18 ~~whether there is a modification in the tax rate or the rate is unchanged~~  
19 ~~from the previous year.~~

20 **(e) Notwithstanding any other provision of law, the fiscal body**  
21 **of a municipality may adopt an ordinance after June 30, 2027, and**  
22 **before October 1, 2027, to impose a local income tax rate under**  
23 **this section as set forth in subsection (b).**

24 SECTION 31. IC 6-3.6-6-23, AS ADDED BY P.L.68-2025,  
25 SECTION 148, IS AMENDED TO READ AS FOLLOWS  
26 [EFFECTIVE JULY 1, 2027]: Sec. 23. (a) This section applies in  
27 determining the population of a city or town for the purposes of this  
28 chapter.

29 (b) The following apply:

30 (1) Except as provided in subdivisions (2) and (3), the population  
31 of a city or town is the population of the city or town that is  
32 reported by the 2020 federal decennial census **or, if applicable,**  
33 **any federal special census (as defined in IC 1-1-3.5-2) issued**  
34 **for the city or town in the year succeeding the federal**  
35 **decennial census.**

36 (2) Beginning after 2030, if the population of a city or town:

37 (A) increases from a population of less than three thousand  
38 five hundred (3,500), as reported by the immediately  
39 preceding federal decennial census, to a population of three  
40 thousand five hundred (3,500) or more, as reported by the  
41 most recent federal decennial census, or, if applicable, any  
42 corrected population count (as defined in IC 1-1-3.5-1.5)





1 issued for the city or town in the year succeeding the most  
2 recent federal decennial census; or

3 (B) decreases from a population of three thousand five  
4 hundred (3,500) or more, as reported by the immediately  
5 preceding federal decennial census, to a population of less  
6 than three thousand five hundred (3,500), as reported by the  
7 most recent federal decennial census, or, if applicable, any  
8 corrected population count (as defined in IC 1-1-3.5-1.5)  
9 issued for the city or town in the year succeeding the most  
10 recent federal decennial census;

11 the fiscal body of the city or town may adopt an ordinance on or  
12 before September 1 of the calendar year immediately succeeding  
13 the most recent federal decennial census to continue to use the  
14 population of the city or town as reported by the immediately  
15 preceding federal decennial census and the resulting  
16 determination for the city or town under section 22 of this chapter,  
17 notwithstanding the increase or decrease in its population as  
18 reported by the most recent federal decennial census as described  
19 in this subdivision. An ordinance adopted under this subdivision  
20 shall take effect on January 1 of the calendar year that  
21 immediately succeeds the year in which the ordinance is adopted.  
22 The fiscal officer of the city or town shall provide a certified copy  
23 of an ordinance adopted under this subdivision to the department  
24 of local government finance.

25 (3) This subdivision applies only to cities and towns with a  
26 population of more than ~~three thousand five hundred (3,500)~~ **two**  
27 **thousand (2,000)** but less than ~~seven thousand (7,000)~~  
28 **thirty-four thousand (34,000)**. Notwithstanding any other  
29 provision, a fiscal body of a city or town may adopt an ordinance  
30 to elect to be treated as if the city's or town's population is less  
31 than three thousand five hundred (3,500) for purposes of a county  
32 local income tax rate and distribution under this chapter. An  
33 ordinance adopted under this subdivision shall take effect on  
34 January 1 of the calendar year that immediately succeeds the year  
35 in which the ordinance is adopted. The fiscal officer of the city or  
36 town shall provide a certified copy of an ordinance adopted under  
37 this subdivision to the department of local government finance.  
38 An ordinance adopted by a city or town under this subdivision is  
39 not revocable and shall not expire following the next federal  
40 decennial census.

41 SECTION 32. IC 6-3.6-7-27, AS AMENDED BY P.L.197-2016,  
42 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JANUARY 1, 2028]: Sec. 27. (a) This section applies only to an eligible county, as defined in IC 8-25-1-4.

(b) If the voters of the county approve a local public question under IC 8-25-2, the fiscal body of the county may adopt an ordinance to provide for the use of local income tax revenues attributable to an additional tax rate imposed under IC 6-3.6-6 to fund a public transportation project under IC 8-25. However, a county fiscal body shall adopt an ordinance under this subsection if required by IC 8-25-6-10 to impose an additional tax rate on the county taxpayers (as defined in IC 8-24-1-10) who reside in a township in which the voters approve a public transportation project in a local public question held under IC 8-25-6. An ordinance adopted under this subsection must specify an additional tax rate to be imposed in the county (or township in the case of an additional rate required by IC 8-25-6-10) of at least one-tenth percent (0.1%), but not more than twenty-five hundredths percent (0.25%). If an ordinance is adopted under this subsection, the amount of the certified distribution attributable to the additional tax rate imposed under this subsection must be:

- (1) retained by the county auditor;
- (2) deposited in the county public transportation project fund established under IC 8-25-3-7; and
- (3) used for the purpose provided in this subsection instead of as a property tax replacement distribution.

(c) ~~The tax rate under this section plus the tax rate under IC 6-3.6-6 may not exceed the tax rate specified in IC 6-3.6-6-2.~~

SECTION 33. IC 6-3.6-9-4, AS AMENDED BY P.L.68-2025, SECTION 156, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2027]: Sec. 4. (a) Revenue derived from the imposition of the tax shall, in the manner prescribed by this chapter, be distributed to the **county adopting body** that imposed it. The amount that is to be distributed to a **county an adopting body** during an ensuing calendar year equals the amount of tax revenue that the budget agency determines has been:

- (1) attributed to that **county adopting body** for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and
- (2) reported on an annual return or amended return filed by or for a **county an adopting body** taxpayer and processed by the department in the state fiscal year ending before July 1, or for a federal income tax deadline set after July 1, a date set by the department for a period of not more than sixty (60) days beyond the federal deadline, of the calendar year in which the



determination is made;

**(b) The distribution under subsection (a) shall be adjusted**  
~~without adjustment~~ based on the enactment of a tax rate change under  
 IC 6-3.6-6-2 or IC 6-3.6-6-22 in the first preceding calendar year it  
 becomes effective.

**(c) Before December 31, 2027, the budget agency shall make a  
 special distribution from the trust account maintained for the  
 county under section 1 of this chapter (before its expiration on  
 December 31, 2027). The budget agency shall determine the greater  
 of zero (0) or the result of the difference between:**

**(1) the county's trust account balance as of December 31,  
 2026; minus**

**(2) the county's certified distribution amount for 2028;  
 and distribute to each county a special distribution equal to eighty  
 percent (80%) of the amount determined for the county.**

SECTION 34. IC 6-3.6-9-5, AS AMENDED BY P.L.68-2025,  
 SECTION 158, IS AMENDED TO READ AS FOLLOWS  
 [EFFECTIVE JULY 1, 2027]: Sec. 5. (a) Before October 1 of each  
 calendar year, the budget agency shall certify to the department of local  
 government finance and the county auditor of each adopting ~~county~~  
**body** the amount determined under sections 4 and 4.1 of this chapter.  
 The amount certified is the ~~county's~~ **adopting body's** certified  
 distribution for the immediately succeeding calendar year. The amount  
 certified shall be adjusted, as necessary, under sections 6 and 7 of this  
 chapter. Subject to subsection (b), not later than thirty (30) days after  
 receiving the amount of the certified distribution, the department of  
 local government finance shall determine for each taxing unit and  
 notify the county auditor of the certified amount that will be distributed  
 to the taxing unit under this chapter during the ensuing calendar year.  
 Not later than thirty (30) days after receiving the department's estimate,  
 the county auditor shall notify each taxing unit of the certified amounts  
 for the taxing unit.

**(b) This subsection applies to Lake County. When the department  
 of local government finance notifies the county auditor of the certified  
 amount that will be distributed to the taxing unit under this chapter  
 during the ensuing calendar year, the department of local government  
 finance shall also determine the amount of general purpose revenue  
 allocated for economic development purposes that will be distributed  
 to each civil taxing unit, reduced by an amount that is equal to the  
 following percentages of the tax revenue that would otherwise be  
 allocated for economic development purposes and distributed to the  
 civil taxing unit:**



- (1) For Lake County, an amount equal to twenty-five percent (25%).
- (2) For Crown Point, an amount equal to ten percent (10%).
- (3) For Dyer, an amount equal to fifteen percent (15%).
- (4) For Gary, an amount equal to seven and five-tenths percent (7.5%).
- (5) For Hammond, an amount equal to fifteen percent (15%).
- (6) For Highland, an amount equal to twelve percent (12%).
- (7) For Hobart, an amount equal to eighteen percent (18%).
- (8) For Lake Station, an amount equal to twenty percent (20%).
- (9) For Lowell, an amount equal to fifteen percent (15%).
- (10) For Merrillville, an amount equal to twenty-two percent (22%).
- (11) For Munster, an amount equal to thirty-four percent (34%).
- (12) For New Chicago, an amount equal to one percent (1%).
- (13) For Schererville, an amount equal to ten percent (10%).
- (14) For Schneider, an amount equal to twenty percent (20%).
- (15) For Whiting, an amount equal to twenty-five percent (25%).
- (16) For Winfield, an amount equal to fifteen percent (15%).

The department of local government finance shall notify the county auditor of the remaining amounts to be distributed and the amounts of the reductions that will be withheld under IC 6-3.6-11-5.5.

SECTION 35. IC 6-3.6-9-7, AS AMENDED BY P.L.68-2025, SECTION 160, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2027]: Sec. 7. The budget agency shall adjust the certified distribution of a ~~county~~ **an adopting body** to correct for any clerical or mathematical errors made in any previous certification under this section. The budget agency may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(b) The budget agency may not reduce, adjust, or modify a certified distribution of a ~~county~~ **an adopting body** after it has been presented as part of the report to the budget committee for the immediately succeeding calendar year under section 21 of this chapter, except in the case of clerical and mathematical errors.

SECTION 36. IC 6-3.6-9-12, AS AMENDED BY P.L.68-2025, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2027]: Sec. 12. One-twelfth (1/12) of each adopting ~~county's~~ **body's** certified distribution for a calendar year shall be distributed:

- (1) before January 1, 2028, from its trust account established



1 under this chapter; and  
 2 (2) after December 31, 2027, from the state and local income tax  
 3 holding account established under this chapter;  
 4 to the appropriate county ~~treasurer~~ **fiscal officer** on the first regular  
 5 business day of each month of that calendar year.

6 SECTION 37. IC 6-3.6-9-16, AS AMENDED BY P.L.68-2025,  
 7 SECTION 170, IS AMENDED TO READ AS FOLLOWS  
 8 [EFFECTIVE JULY 1, 2027]: Sec. 16. Upon receipt, each monthly  
 9 payment of ~~a county's~~ **an adopting body's** certified distribution shall  
 10 be allocated and distributed to the appropriate entities in accordance  
 11 with this article and the allocation ordinances adopted under this  
 12 article.

13 SECTION 38. IC 6-3.6-9-17.5, AS ADDED BY P.L.68-2025,  
 14 SECTION 171, IS AMENDED TO READ AS FOLLOWS  
 15 [EFFECTIVE JULY 1, 2027]: Sec. 17.5. After December 31, 2027, ~~the~~  
 16 ~~county's~~ **an adopting body's** certified distribution amount for 2028  
 17 shall be maintained in the accounting for the ~~county~~ **adopting body**  
 18 under section 21 of this chapter and transferred as set forth in section  
 19 21 of this chapter.

20 SECTION 39. IC 6-3.6-9-20, AS ADDED BY P.L.68-2025,  
 21 SECTION 172, IS AMENDED TO READ AS FOLLOWS  
 22 [EFFECTIVE JULY 1, 2027]: Sec. 20. (a) The state and local income  
 23 tax holding account is established within the state general fund for the  
 24 purposes of this chapter. **The local income tax holding account shall**  
 25 **include a subaccount for each county that imposes a tax rate under**  
 26 **IC 6-3.6-6-2 and municipality that imposes a tax rate under**  
 27 **IC 6-3.6-6-22.** The budget agency shall administer the account. The  
 28 account consists of the following:

- 29 (1) Money transferred to the account under section 21 of this  
 30 chapter.
- 31 (2) Money transferred to the account from any other source.
- 32 (3) Interest that accrues from money in the account.
- 33 (b) The treasurer of state shall invest the money in the account not  
 34 currently needed for the purposes of the account in the same manner as  
 35 other public funds may be invested.
- 36 (c) Money in the account is continuously appropriated for the  
 37 purposes of this chapter.
- 38 (d) Money in the account at the end of a state fiscal year does not  
 39 revert to the state general fund.
- 40 (e) Money transferred to the account shall be distributed and  
 41 allocated as set forth in this chapter.
- 42 (f) The budget director shall have the discretion to manage transfers



of money into and out of the account based on the current process used for continuous assessment of revenue flows and reconciliation based on the latest data.

SECTION 40. IC 6-3.6-9-21, AS ADDED BY P.L.68-2025, SECTION 173, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2027]: Sec. 21. (a) The budget agency shall maintain an accounting for each county **and municipality** imposing a tax based on annual returns filed by or for county **or municipality** taxpayers, **as applicable**. Beginning after December 31, 2027, any undistributed amounts so accounted shall be held for purposes of the state and local income tax holding account, **in each respective subaccount of an adopting body**.

(b) After December 1 but before December 31 of each year, the budget agency shall present to the budget committee a report of the following:

(1) An estimate of the monthly certified distribution amounts for the immediately succeeding calendar year.

(2) A description of the method used to determine the monthly estimates under subdivision (1).

(c) Beginning in 2028, and in each calendar year thereafter, the budget agency shall each month transfer to the state and local income tax holding account the amount determined for the month under subsection (b)(1) for distribution under this chapter.

(d) In the case of a county that imposes a tax rate under IC 6-3.6-6-2 or a municipality that imposes a tax rate under IC 6-3.6-6-22 beginning after December 31, 2027, the budget agency shall withhold, from each of the first three (3) annual certified distributions resulting from the tax rate, an amount equal to five percent (5%) of the county's or municipality's, as applicable, annual certified distribution resulting from the tax rate. The amounts withheld under this subsection shall be credited to the respective county's or municipality's trust account.

SECTION 41. IC 6-3.6-11-5 IS REPEALED [EFFECTIVE JANUARY 1, 2028]. Sec. 5: (a) ~~This section applies to Marion County's allocation of the tax revenue under IC 6-3.6-6 that is dedicated to certified shares:~~

~~(b) The consolidated city, the county, all special taxing districts, special service districts, included towns (as defined in IC 36-3-1-7); and all other political subdivisions except:~~

~~(1) townships;~~

~~(2) excluded cities (as defined in IC 36-3-1-7); and~~

~~(3) school corporations;~~

~~are considered to comprise one (1) civil taxing unit whose fiscal body~~



1 is the fiscal body of the consolidated city:

2 (c) For purposes of subsection (d), the following amounts are  
3 referred to as the subsection (c) ratio:

4	Center Township	.0251
5	Decatur Township	.00217
6	Franklin Township	.0023
7	Lawrence Township	.01177
8	Perry Township	.01130
9	Pike Township	.01865
10	Warren Township	.01359
11	Washington Township	.01346
12	Wayne Township	.01307
13	Lawrence-City	.00858
14	Beech Grove	.00845
15	Southport	.00025
16	Speedway	.00722
17	Indianapolis/Marion County	.86409

18 (d) The distributive shares that each civil taxing unit in the county  
19 is entitled to receive during a month equals the total amount of  
20 revenues that are to be distributed as distributive shares during that  
21 month calculated as follows:

22 STEP ONE: Determine the total amount of revenues that were  
23 distributed as distributive shares during that month in calendar  
24 year 1995:

25 STEP TWO: Determine the total amount of revenue that the  
26 department has certified as distributive shares for that month  
27 under IC 6-3.6-6 for the calendar year:

28 STEP THREE: Subtract the STEP ONE result from the STEP  
29 TWO result:

30 STEP FOUR: If the STEP THREE result is less than or equal  
31 to zero (0); multiply the STEP TWO result by the applicable  
32 subsection (c) ratio for the civil taxing unit:

33 STEP FIVE: Determine the ratio of:

34 (A) the maximum permissible property tax levy under  
35 IC 6-1.1-18.5 for each civil taxing unit for the calendar year  
36 in which the month falls, plus, for a county, the welfare  
37 allocation amount; divided by

38 (B) the sum of the maximum permissible property tax levies  
39 under IC 6-1.1-18.5 for all civil taxing units of the county  
40 during the calendar year in which the month falls; and an  
41 amount equal to the welfare allocation amount:

42 STEP SIX: If the STEP THREE result is greater than zero (0);



the STEP ONE amount shall be distributed by multiplying the STEP ONE amount by the subsection (c) ratio:

STEP SEVEN: For each taxing unit determine the STEP FIVE ratio multiplied by the STEP TWO amount:

STEP EIGHT: For each civil taxing unit determine the difference between the STEP SEVEN amount minus the product of the STEP ONE amount multiplied by the subsection (c) ratio. The STEP THREE excess shall be distributed as provided in STEP NINE only to the civil taxing units that have a STEP EIGHT difference greater than or equal to zero (0):

STEP NINE: For the civil taxing units qualifying for a distribution under STEP EIGHT, each civil taxing unit's share equals the STEP THREE excess multiplied by the ratio of:

- (A) the maximum permissible property tax levy under IC 6-1.1-18.5 for the qualifying civil taxing unit during the calendar year in which the month falls; plus, for a county, an amount equal to the welfare allocation amount; divided by
- (B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 for all qualifying civil taxing units of the county during the calendar year in which the month falls; and an amount equal to the welfare allocation amount:

SECTION 42. IC 20-46-8-3, AS AMENDED BY P.L.68-2025, SECTION 224, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 3. (a) This section applies to property tax levies imposed before January 1, 2026:

(b) (a) Subject to subsection (c); (b), a school corporation may appeal to the department of local government finance under IC 6-1.1-19 to increase the school corporation's maximum permissible operations fund levy. The appeal must be filed with the department of local government finance before October 20 of the year before the increase is proposed to take effect. To be granted an increase by the department of local government finance, the school corporation must establish that the increase is necessary because of either or both of the following:

- (1) A cost increase of at least ten percent (10%) over the preceding year for at least one (1) of the following:
  - (A) A fuel expense increase.
  - (B) A cost increase due to an increase in the number of students enrolled in the school corporation who need transportation or an increase in the mileage traveled by the school corporation's buses compared with the previous year.
  - (C) A cost increase due to an increase in the number of





1 students enrolled in special education who need transportation  
 2 or an increase in the mileage traveled by the school  
 3 corporation's buses due to students enrolled in special  
 4 education as compared with the previous year.

5 (D) Increased transportation operating costs due to compliance  
 6 with a court ordered desegregation plan.

7 (E) A cost increase due to the closure of a school building  
 8 within the school corporation that results in a significant  
 9 increase in the distances that students must be transported to  
 10 attend another school building.

11 (F) A cost increase due to restructuring or redesigning  
 12 transportation services due to a need for additional, expanded,  
 13 consolidated, or modified routes.

14 (G) A labor cost increase due to a labor shortage affecting the  
 15 school corporation's ability to hire qualified transportation  
 16 employees.

17 To obtain the increase, the school corporation must establish that  
 18 it will be unable to provide transportation services without an  
 19 increase.

20 (2) A cost increase associated with the school corporation's bus  
 21 replacement plan adopted or amended under IC 20-40-18-9 (after  
 22 December 31, 2018). To obtain the increase, the school  
 23 corporation must show that the school corporation must incur  
 24 reasonable and necessary expenses to acquire additional buses  
 25 under the plan.

26 The department of local government finance may grant a levy increase  
 27 that is less than the increase requested by the school corporation. If the  
 28 department of local government finance determines that a permanent  
 29 increase in the maximum permissible levy is necessary, the increase  
 30 granted under this section shall be added to the school corporation's  
 31 maximum permissible operations fund levy as provided in section 1 of  
 32 this chapter.

33 ~~(c)~~ (b) This subsection applies to a school corporation whose budget  
 34 for the upcoming year is subject to review by a fiscal body under  
 35 IC 6-1.1-17-20. A school corporation described in this subsection may  
 36 not submit an appeal under this section unless the school corporation  
 37 receives approval from the fiscal body to submit the appeal.

38 ~~(d) This section expires December 31, 2026.~~

39 SECTION 43. IC 36-1-15 IS REPEALED [EFFECTIVE UPON  
 40 PASSAGE]. (Debt Limitation).

41 SECTION 44. IC 36-3-8-6, AS ADDED BY P.L.52-2025,  
 42 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JANUARY 1, 2028]: Sec. 6. ~~Notwithstanding IC 6-3-6-11-5,~~ The  
2 department of local government finance shall adjust the distributive  
3 shares of the consolidated city and county and the town ~~under~~  
4 ~~IC 6-3-6-11-5~~ as necessary to account for the town becoming an  
5 excluded city.

6 SECTION 45. [EFFECTIVE UPON PASSAGE] **(a) The legislative**  
7 **services agency shall prepare, as directed by the legislative council,**  
8 **legislation for introduction in the 2027 regular session of the**  
9 **general assembly to correct cross-references and make other**  
10 **changes to the Indiana Code, as necessary, relating to the repeal of**  
11 **IC 36-1-15.**

12 **(b) This SECTION expires July 1, 2027.**

13 SECTION 46. **An emergency is declared for this act.**

