

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

LS 6497
BILL NUMBER: SB 127

NOTE PREPARED: Dec 8, 2025
BILL AMENDED:

SUBJECT: Landlord-Tenant Matters.

FIRST AUTHOR: Sen. Niezgodski
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that a landlord may not sell a residential rental property that is subject to an unexpired written lease unless the landlord gives written notice to the tenant not less than 60 days before the landlord lists the property for sale, unless certain exceptions apply.

It requires a buyer of a residential rental property to honor an unexpired written lease between the previous owner and a tenant unless the buyer of the residential rental property:

- (1) gives to the tenant, not less than 30 days before the lease is terminated, written notice that the buyer intends to terminate the lease; and
- (2) pays the tenant an amount equal to one monthly rental payment plus the full security deposit.

For purposes of a residential rental unit, the bill defines:

- (1) "essential services" as certain utility services needed for the safe and habitable occupation by a tenant of the tenant's rental unit; and
- (2) "essential systems" as certain systems used to deliver essential services to a rental unit.

The bill requires a landlord to repair or replace an essential system not later than 48 hours after being notified by a tenant that the tenant's rental unit is without essential services as a result of:

- (1) a malfunction in the essential system; or
- (2) the landlord's failure to maintain the system in good and safe working condition.

It also provides that, during the pendency of a court action brought by a tenant to enforce a statutory obligation of a landlord, the court may order the tenant to make the regular rental payments otherwise due to the landlord under the rental agreement to:

- (1) the clerk of the court; or
- (2) an attorney trust account; to be held in trust for disbursement to the prevailing party, as ordered by the court.

For purposes of the rights of tenants who are victims of certain crimes, the bill provides that evidence showing a tenant engaged in a protected activity not more than six months before the landlord's alleged

retaliatory conduct creates a rebuttable presumption that the purpose of the landlord's conduct was retaliation. It also specifies the evidence a landlord may show to rebut the presumption.

It also requires a landlord to pay all penalties or fines imposed by a political subdivision for violation of the landlord's obligations with regard to a rental premises. It requires a landlord to pay all penalties or fines and make all repairs required by a political subdivision before the landlord may deliver the rental premises to a tenant.

Effective Date: July 1, 2026.

Explanation of State Expenditures:

Explanation of State Revenues: If additional civil cases occur and court fees are collected, revenue to the state General Fund will increase. The total revenue per case would range between \$100 and \$122. The amount deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases.](#)

Explanation of Local Expenditures: The proposed language may result in an increased administrative workload for county clerks since tenants whose claims are pending resolution may be ordered by the court to make regular rental payments to the clerk of the court, who shall hold the payments in trust for the parties.

Explanation of Local Revenues: If additional cases occur, revenue will be collected by certain local units. If the case is filed in a court of record, the county will receive \$32 and qualifying municipalities will receive a share of \$3. If the case is filed in a municipal court, the county receives \$20, and the municipality will receive \$37. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases.](#)

Political subdivisions might also experience an increase in revenue collected from fines and penalties related to rental properties. The actual fiscal impact will vary by jurisdiction and will be contingent on the amount of fines and penalties a political subdivision imposes on rental properties.

State Agencies Affected:

Local Agencies Affected: Trial courts, city and town courts; county clerks; political subdivisions.

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual.

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