

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

LS 6760
BILL NUMBER: SB 163

NOTE PREPARED: Dec 22, 2025
BILL AMENDED:

SUBJECT: Various Property Tax Matters.

FIRST AUTHOR: Sen. Rogers
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *County Option Circuit Breaker Credit:* This bill repeals the sunset for the county option circuit breaker tax credit, which is set to expire January 1, 2028.

Disabled Veteran Deduction: The bill eliminates the assessed value cap that applies to the property tax deduction for a veteran who: (1) has a total disability; or (2) is at least 62 years of age and has at least a 10% disability.

First Time Home Buyer Credit: The bill establishes a county option first time home buyer's circuit breaker tax credit.

Property Appeals: It provides that a county assessor who uses the contract services of a professional appraiser for assessment purposes may not, anytime after the real property assessment date for the given assessment year, request, receive, consider, or use any additional advisory information provided to the county assessor from the professional appraiser for the purposes of a property tax appeal.

Taxpayer Portal: The bill requires the Department of Local Government Finance (DLGF) to develop and provide to each county a standard Internet user portal through which taxpayers may make property tax payments on at least a monthly basis by electronic payment to the county treasurer. It requires each county treasurer to maintain the portal on the treasurer's website and make it available for taxpayer use.

Homestead Property Assessment Automation: The bill requires the DLGF to prepare a report regarding the creation of an automated valuation system for local assessors to use for the assessment of homestead and residential property values and to present the report to the Interim Study Committee on Fiscal Policy.

Affordable and Workforce Housing Tax Credit: The bill extends the expiration of the Affordable and Workforce Housing Tax Credit by five years from July 1, 2028, to July 1, 2033.

The bill makes corresponding changes.

Effective Date: Upon passage; July 1, 2026.

Explanation of State Expenditures: *Taxpayer Portal:* This provision represents an additional workload and expenditure on the DLGF outside of the agency's routine administrative functions. Existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

Affordable and Workforce Housing Tax Credit - Department of State Revenue (DOR): The DOR will experience additional workload and expenses to put the bill's changes in place. The DOR should be able to make these changes within current resource levels.

Affordable and Workforce Housing Tax Credit - Indiana Housing and Community Development Authority (IHCDA): The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Homestead Property Assessment Automation: This provision will result in a temporary increase in the workload for the DLGF.

Additional Information - Taxpayer Portal: Though the scope of the DOR's Indiana Tax System (ITS) and INTIME is much broader than the taxpayer portal referenced in this bill, ITS/INTIME includes a component that allows taxpayers to make payments to the state. The cost of the four-year implementation of this project was \$65.75 M. It's likely that the implementation of a taxpayer portal designed for just property tax payments would be significantly less than the implementation for ITS/INTIME since its scope would be more limited.

Explanation of State Revenues: *First Time Home Buyer Credit:* The DLGF will receive 1% of any civil penalty a county imposes on a taxpayer for receiving a credit while not meeting qualifications. The DLGF would use the money in establishing and maintaining the homestead property database. Any money remaining may be used for other purposes of the DLGF.

Affordable and Workforce Housing Tax Credit: Extending the Affordable and Workforce Housing Tax Credit for five years could reduce state General Fund revenue beginning in FY 2029. The bill will allow the IHCDA to award up to \$30 M in tax credits annually in FY 2029 through FY 2033. The annual revenue impact of extending the credit will be split over several years after the credits are awarded and cannot exceed the total amount of credit awards.

Additional Information - Affordable and Workforce Housing Tax Credit: The state tax credit is awarded to the developer of a qualified project to build low income housing. Projects must also be awarded a federal affordable housing tax credit awarded using a 30% present value of the qualified basis of the building. Developers sell the credits to investors to help finance the project. Once the project is complete and is placed in service, the tax credit may be claimed over a period of five taxable years.

The credit may be applied to a taxpayer's tax liability for the following taxes:

- Income tax,
- Financial institutions tax,
- Insurance premiums tax,

- Insurance premiums retaliatory tax.

The credit may be carried forward for up to nine taxable years following the first taxable year of the credit holder's state tax credit period.

Explanation of Local Expenditures: *Taxpayer Portal:* This provision will result in an increased, ongoing cost for county treasurers to pay for the maintenance of the property taxpayer payment portal starting in CY 2027. The actual cost may vary from county to county and will depend on the size and scope of the portal.

Property Appeals: This provision should not have any significant impact on the workload for local assessors.

Explanation of Local Revenues: *Disabled Veteran Deduction:* Beginning with taxes payable in CY 2028, this provision could result in an additional 24,000 disabled veterans deductions worth about \$7 M in net property tax. The additional deductions will cause tax rates to rise, resulting in tax shifts to other taxpayers to the extent that tax bills do not exceed the tax cap. Some of the tax shift will result in revenue losses to taxing units through higher tax cap credits.

First Time Home Buyer Credit: If a county fiscal body establishes both a designated area in the county and the credit, taxing units that serve the parcels receiving the credit will experience a reduction in property tax revenue.

The amount of revenue reduction in a particular county will depend on the following:

- 1) The income thresholds of first time home buyers adopted by the county;
- 2) The eligible territory of the established/designated area as adopted by the county;
- 3) The assessed value limit of the properties adopted by the county;
- 4) The number of first time home buyers who buy a home in the designated area; and
- 5) The amount of the credit percentage, which ranges from 2% to 5%, depending on the number of years the credit is being claimed.

Ultimately, the fiscal impact depends on the actions of the county fiscal body.

County Option Circuit Breaker Credit: This credit is currently set to expire by the end of CY 2027, meaning that any properties receiving this credit will be subject to a higher property tax liability starting in CY 2028. This bill will result in a further reduction of property tax revenue for those taxing units that serve the parcels receiving the credit since it keeps the credit in place for CY 2028 and beyond.

Additional Information - County Option Circuit Breaker Credit: For taxes payable in CY 2025, two counties have enacted a county option circuit breaker credit: Marion and St. Joseph. In Marion County, 131 homestead property owners have claimed the credit, for a total credit amount of approximately \$19,800. In St. Joseph County, 6,639 homestead property owners have claimed the credit, for a total credit amount of approximately \$2.67 M.

State Agencies Affected: Department of Local Government Finance; Department of State Revenue; Indiana Housing and Community Development Authority.

Local Agencies Affected: County fiscal bodies; County auditors; County treasurers; Local assessors; Civil taxing units and school corporation.

Information Sources: Pay 2025 county property tax data; Department of State Revenue; Indiana Housing and Community Development Authority, 2024 Annual Report. IHCD. (2025, September 26.) Affordable and Workforce Housing Tax Credit.

<https://storymaps.arcgis.com/stories/2ae29e4ea6b34fc3b077684ede7f986f>.

ACS 1-Year Estimates Public Use Microdata Sample (2024).

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