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

LS 6760
BILL NUMBER: SB 163

NOTE PREPARED: Jan 27, 2026
BILL AMENDED: Jan 27, 2026

SUBJECT: Various Property Tax Matters.

FIRST AUTHOR: Sen. Rogers
FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *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.

Orders to Enter Property: The bill adds provisions to: (1) limit the entry onto a taxpayer's property by local assessing officials, the county property tax assessment board of appeals (county board), and the Indiana Board of Tax Review (Indiana board) in property tax appeals without first receiving the permission of the taxpayer to enter the property; and (2) prohibit the issuance of orders by a county board or the Indiana board authorizing entry onto property without taxpayer permission.

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

Property Appeals: The bill provides, for property tax appeals involving residential property, limits on additional information that may be introduced by a county assessor during the appeal. The bill also modifies a procedure pertaining to individuals who may serve as a tax representative of any taxpayer concerning property subject to property taxes.

DLGF Reporting Requirements: The bill requires the Department of Local Government Finance (DLGF) to prepare certain reports regarding property tax assessment topics and the creation of a standard Internet user portal and present these reports 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: *Orders to Enter Property*: These provisions may potentially lead to a minor increase in the workload for the Indiana board.

DLGF Reporting Requirements: These provisions will result in a temporary increase in the workload for the DLGF.

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.

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: *Orders to Enter Property*: These provisions may potentially lead to a minor increase in the workload for local assessors and county boards.

Property Appeals: These provisions 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 the serve the parcels receiving the credit since it keeps the credit in place for CY 2028 and beyond.

<u>*Additional Information*</u> - *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; Indiana Board of Tax Review.

Local Agencies Affected: County fiscal bodies; County auditors; County treasurers; Local assessors; County property tax assessment boards of appeals; 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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