

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

LS 6935

BILL NUMBER: SB 255

NOTE PREPARED: Jan 6, 2026

BILL AMENDED:

SUBJECT: Property Tax Streamline.

FIRST AUTHOR: Sen. Alexander

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

SUMMARY of Estimated Local Net Revenue (\$ Millions)			
	CY 2027	CY 2028	CY 2029
Current Law	11,896.7	12,201.9	12,732.7
Proposed	N/A	10,550.5	10,856.4
Revenue Change From Current Law	N/A	-1,651.4	-1,876.3
% Change From Current Law	N/A	-13.5%	-14.7%

Summary of Legislation: *Local Assessors and Trustees*: This bill abolishes the offices of county assessor and township assessor and transfers the duties of the assessor to the county auditor. It also abolishes the office of township trustee and transfers the duties of the township trustee to the board of county commissioners.

AVM System: The bill requires the Department of Local Government Finance (DLGF) to develop an automated valuation model system (AVM system) to be used by the DLGF to conduct the assessment of all tangible property statewide, except for agricultural land. It requires the DLGF to conduct all assessments for tangible property, excluding agricultural land, using the AVM system beginning with the first assessment date that an AVM system is operational for use, but not later than 2037.

This bill requires the DLGF to present a plan of implementation for an AVM system to the Interim Study Committee on Fiscal Policy before November 1, 2026, and present an update on the AVM system before November 1 in subsequent years until the AVM system is operational for use.

Except for agricultural land, the bill provides that tangible property shall not be subject to assessment beginning with assessments in 2027 through the first assessment date for which the AVM system is applied. It freezes the assessed value (AV) of all taxable property, except agricultural land, during this time period at the AV determined for the property for the 2028 assessment date.

Property Tax Growth Cap: This bill caps the property tax liability for all taxable property for taxes first due

and payable in 2028 through the first date that taxes are first due and payable based on assessments under the AVM system to not more than: (1) for taxes first due and payable in 2028, the property tax liability imposed on the taxpayer's property for taxes first due and payable in 2026; and (2) for taxes first due and payable in 2029 and thereafter, the property tax liability for the calendar year not to exceed a 3% increase from the taxpayer's property tax liability from the previous year.

Transportation: This bill also requires the Department of Transportation (department) to develop and implement inspection criteria for local bridge inspections throughout the state with timelines, inspection standards, and milestones that ensure public safety, comply with state and federal inspection standards, and have the goal of reducing the cost of local bridge inspections within a county. It requires the department to exempt certain inspection regulations that the department determines will reduce costs while complying with state and federal inspection standard. It also repeals a provision in current law requiring the department to ensure that Indiana's local bridge conditions are in the top quarter compared to other states (retains the requirement for state bridges).

LSA: The bill requires the Legislative Services Agency to prepare legislation for introduction in the 2027 regular session of the General Assembly to make appropriate required changes in statutes. It makes corresponding changes.

Effective Date: Upon passage; June 30, 2026; July 1, 2026; January 1, 2027.

Explanation of State Expenditures: *DLGF:* Beginning as early as FY 2027 and most likely over several fiscal years, the DLGF will incur significant costs to develop an AVM system. The DLGF must also make presentations regarding the AVM system to the Interim Study Committee on Fiscal Policy annually before November 1.

Upon implementation, the DLGF will incur significant annual costs to operate the AVM system. The DLGF will be required to conduct cyclical reassessments and annual adjustments beginning the with the first date that the AVM system is operational or by the 2037 assessment date at the latest.

INDOT: Any changes that would be required to INDOT's Bridge Manual and bridge inspection protocols could be completed within existing resource and funding levels.

Explanation of State Revenues:

Explanation of Local Expenditures: *Local Assessors:* On July 1, 2026, the powers, duties, employment positions, real and personal property, obligations, and funds of the assessor will be transferred to the county auditor. Effective January 1, 2027, there will no longer be any cyclical reassessments or annual adjustments made to real property assessed values until the new AVM system is in place. However, agricultural land will continue to be revalued each year. [The DLGF annually calculates the base assessment rate for agricultural land.]

The elimination of reassessments and annual adjustments under the current system will reduce the expenses currently associated with the assessors' offices. According to the CY 2024 budget download for county units on Gateway, county assessors and township assessors (for the approximate dozen that remain) had a total budget of \$67.4 M. Much of this expense will be eliminated with the elimination of the current property tax assessment system and the offices of the county and township assessors.

Township Trustees: Beginning in CY 2027, the board of county commissioners will administer township assistance on a countywide basis. The commissioners will propose uniform standards for the issuance of township assistance throughout the county and must prepare a plan for delivery of township assistance. Any change in local expenses for township assistance will depend on each county's plan and on any savings realized from consolidation of administration.

Transportation: This provision could reduce local expenditures for bridge inspections to the extent a county's bridge does not receive state or federal funds for maintenance. As a prerequisite for receiving state and federal funds, bridges must adhere to state and federal inspection requirements.

Explanation of Local Revenues: *Reassessment Fund Levy:* The bill requires a reduction in the county reassessment fund levy in CY 2027. The reduction will equal (1) the amount of any prior increase imposed to pay for processing annual adjustments before 2027, less (2) the amount of the increase attributable to processing agricultural land annual adjustments. In CY 2025, county reassessment fund levies totaled \$37.5 M, statewide. The reassessment fund levy reduction will equal an indeterminable portion of the \$37.5 M. The bill, however, does not reduce the county's overall maximum levy limit.

Effect on Assessments and Tax Revenue: Individual real property assessments may be higher, lower, or the same under the AVM system as they are under the current system. Any departure from current assessments may vary by location and property type.

Higher assessments for one or more property types may shift taxes to those properties from other property types. Lower assessments in one or more property types may shift taxes from those properties to others. Changes in total assessments will impact the tax rate. Overall higher assessments will reduce tax rates and tax cap losses, increasing local revenue. Overall lower assessments will increase tax rates and tax cap losses, reducing local revenue.

Township Assistance: This provision will move the amount levied by townships for township assistance into a dedicated maximum levy at the county level. There would be no change in the maximum amount that could be levied.

Property Tax Growth Cap: Under this provision, CY 2028 property tax bills for all real and personal property taxpayers will be capped at the net tax billed in CY 2026. Beginning in CY 2029, and until the new AVM system is in place, tax bills may increase by no more than 3% per year. The difference between the uncapped, calculated tax amount and the cap under the bill will be applied as a credit on the tax bill. The credit represents both a tax reduction for the taxpayer and a revenue reduction for local taxing units. Compared to current law, local revenues will decline by an estimated \$1.65 B in CY 2028 and \$1.88 B in CY 2029.

The following table shows the estimated net tax changes for CY 2028 and CY 2029 by property type.

Estimated Net Tax Change (\$ Millions) and Percent Change from Current Law				
Property Type	CY 2028		CY 2029	
Homesteads	-677.3	-13.9%	-762.4	-15.0%
Farmland	2.3	0.6%	25.6	7.0%
Other Residential	-181.0	-11.7%	-198.2	-12.3%
Apartments	-64.8	-9.0%	-66.8	-9.0%
Ag Business	-30.8	-14.8%	-35.4	-16.2%
Other Real	-514.9	-16.6%	-622.4	-18.9%
Personal Property	-184.9	-12.3%	-216.7	-13.7%
Total	-1,651.4	-13.5%	-1,876.3	-14.7%

Note: Totals may not sum due to rounding.

The following table shows the estimated revenue changes for CY 2027 and CY 2028 by taxing unit type. [Total estimated local revenue changes by county appear in Appendix A.]

Estimated Net Revenue Change (\$ Millions) and Percent Change from Current Law				
Unit Type	CY 2028		CY 2029	
Counties	-369.8	-18.1%	-415.0	-19.2%
Townships	-69.9	-17.5%	-78.4	-18.6%
Cities and Towns	-458.5	-18.8%	-535.6	-20.7%
School Corporations	-813.8	-16.8%	-897.7	-17.8%
Libraries	-71.9	-16.8%	-82.0	-18.1%
Special Units	-142.1	-17.4%	-166.0	-19.1%
TIF	274.5	22.4%	298.3	24.9%
Total	-1,651.4	-13.5%	-1,876.3	-14.7%
Total Without TIF	-1,925.9	-17.5%	-2,174.7	-18.8%

Note: Totals may not sum due to rounding.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Civil taxing units and school corporations.

Information Sources: LSA Property Tax Database;

<https://www.in.gov/indot/doing-business-with-indot/consultants/bridges/bridge-inspection/>;

https://www.in.gov/dot/div/contracts/standards/bridge_inspection/inspector_manual/index.htm

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Appendix A.

County	Estimated Change in Total Revenue for All Units (\$ Millions)			
	CY 2028		CY 2029	
Adams	-6.49	-13.8%	-7.16	-14.7%
Allen	-114.64	-16.9%	-139.92	-19.4%
Bartholomew	-19.95	-12.1%	-22.69	-13.2%
Benton	-2.94	-13.1%	-3.35	-14.4%
Blackford	-2.22	-12.3%	-3.02	-15.9%
Boone	-12.33	-5.1%	-10.41	-4.3%
Brown	-5.43	-24.2%	-5.65	-24.4%
Carroll	-7.24	-24.4%	-7.77	-25.1%
Cass	-10.23	-20.4%	-11.55	-21.9%
Clark	-39.68	-16.3%	-50.48	-19.4%
Clay	-7.13	-30.5%	-7.75	-31.7%
Clinton	-9.83	-16.0%	-10.82	-17.0%
Crawford	-1.71	-13.7%	-2.04	-15.6%
Daviess	-6.64	-16.1%	-7.56	-17.5%
Dearborn	-7.08	-10.0%	-7.96	-10.8%
Decatur	-4.57	-10.9%	-4.69	-11.0%
DeKalb	-13.37	-18.9%	-15.17	-20.5%
Delaware	-25.64	-17.2%	-30.32	-19.3%
Dubois	-8.40	-11.8%	-9.66	-13.0%
Elkhart	-58.48	-14.3%	-71.01	-16.5%
Fayette	-5.65	-20.0%	-6.68	-22.4%
Floyd	-14.03	-13.2%	-15.52	-14.0%
Fountain	-2.88	-11.8%	-3.45	-13.7%
Franklin	-2.72	-10.1%	-3.10	-11.2%
Fulton	-5.58	-21.0%	-6.08	-22.1%
Gibson	-7.02	-11.0%	-8.37	-12.6%
Grant	-13.29	-16.0%	-14.97	-17.3%
Greene	-4.01	-13.2%	-4.76	-15.1%
Hamilton	-64.37	-6.5%	-55.00	-5.5%
Hancock	-23.62	-14.1%	-25.71	-14.7%
Harrison	-3.59	-10.4%	-4.26	-11.8%
Hendricks	-49.46	-11.4%	-56.12	-12.5%
Henry	-7.27	-12.9%	-8.57	-14.5%
Howard	-25.15	-17.0%	-31.61	-20.1%
Huntington	-8.45	-15.4%	-10.34	-17.8%
Jackson	-11.22	-17.6%	-12.61	-18.9%
Jasper	-15.88	-32.3%	-16.46	-32.4%
Jay	-5.22	-16.9%	-5.70	-17.9%
Jefferson	-4.73	-10.9%	-5.56	-12.3%
Jennings	-4.07	-13.2%	-4.47	-14.0%
Johnson	-32.18	-10.5%	-34.33	-10.8%
Knox	-6.20	-11.0%	-7.30	-12.4%
Kosciusko	-12.94	-9.2%	-13.82	-9.5%

Appendix A.

County	Estimated Change in Total Revenue for All Units (\$ Millions) and Percent Change from Current Law			
	CY 2028		CY 2029	
LaGrange	-6.55	-14.2%	-7.19	-15.0%
Lake	-166.81	-16.6%	-190.14	-18.1%
LaPorte	-19.94	-11.3%	-22.15	-12.1%
Lawrence	-9.76	-17.4%	-11.32	-19.1%
Madison	-25.67	-14.6%	-30.54	-16.5%
Marion	-280.67	-13.8%	-330.12	-15.4%
Marshall	-8.39	-11.0%	-9.67	-12.2%
Martin	-1.83	-17.5%	-2.07	-19.0%
Miami	-7.46	-19.6%	-8.68	-21.8%
Monroe	-18.31	-7.6%	-19.23	-7.8%
Montgomery	-11.58	-17.4%	-12.59	-18.2%
Morgan	-33.17	-31.8%	-34.54	-32.0%
Newton	-2.92	-11.8%	-3.51	-13.7%
Noble	-9.37	-14.9%	-10.28	-15.7%
Ohio	-0.52	-8.1%	-0.59	-8.9%
Orange	-2.15	-8.3%	-2.31	-8.7%
Owen	-2.05	-10.4%	-2.49	-12.2%
Parke	-4.78	-25.4%	-5.04	-25.8%
Perry	-2.06	-10.0%	-2.62	-12.2%
Pike	-2.74	-12.3%	-3.41	-14.5%
Porter	-42.52	-12.8%	-47.47	-13.7%
Posey	-5.82	-10.7%	-6.71	-11.9%
Pulaski	-5.43	-26.4%	-5.72	-26.8%
Putnam	-6.57	-13.6%	-7.56	-15.1%
Randolph	-5.98	-17.1%	-6.43	-17.8%
Ripley	-4.44	-14.6%	-4.95	-15.7%
Rush	-3.29	-12.3%	-3.71	-13.3%
St. Joseph	-88.20	-18.8%	-101.86	-20.6%
Scott	-3.20	-12.0%	-3.60	-13.1%
Shelby	-8.32	-11.2%	-9.64	-12.4%
Spencer	-4.33	-12.0%	-4.93	-13.1%
Starke	-3.21	-11.3%	-3.90	-13.1%
Steuben	-9.26	-15.1%	-9.91	-15.6%
Sullivan	-4.33	-15.1%	-5.24	-17.6%
Switzerland	-1.23	-12.9%	-1.47	-14.8%
Tippecanoe	-26.48	-8.4%	-24.28	-7.5%
Tipton	-3.12	-12.1%	-3.60	-13.5%
Union	-0.99	-10.4%	-1.14	-11.5%
Vanderburgh	-35.51	-12.2%	-41.34	-13.5%
Vermillion	-3.30	-12.5%	-4.08	-14.8%
Vigo	-23.12	-14.8%	-27.64	-16.9%
Wabash	-9.35	-20.1%	-10.57	-21.8%
Warren	-2.80	-17.3%	-2.91	-17.4%

Appendix A.

Estimated Change in Total Revenue for All Units (\$ Millions)				
County	CY 2028		CY 2029	
Warrick	-7.68	-8.8%	-8.76	-9.7%
Washington	-3.50	-11.5%	-4.23	-13.4%
Wayne	-13.40	-14.4%	-15.45	-15.9%
Wells	-6.14	-14.6%	-6.44	-14.8%
White	-5.05	-11.4%	-5.89	-12.8%
Whitley	-4.57	-9.8%	-4.68	-9.8%
Total	-1,651.38	-13.5%	-1,876.34	-14.7%

Note: Totals may not sum due to rounding.