

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

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FISCAL IMPACT STATEMENT

LS 6798

BILL NUMBER: SB 306

NOTE PREPARED: Dec 27, 2022

BILL AMENDED:

SUBJECT: Homestead Property Tax Liability Cap.

FIRST AUTHOR: Sen. Buchanan

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill provides a credit against an individual's homestead property tax liability equal to the amount by which the property tax liability increases by more than 10% from the prior year. The bill requires the county auditor to apply the credit against an individual's homestead property tax liability without the need to file an application.

Effective Date: July 1, 2023.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: County auditors will have additional one-time programming expenses to implement the net tax growth caps.

Explanation of Local Revenues: Beginning with taxes payable in CY 2024, this bill will result in reduced property tax bills for some homestead owners and corresponding revenue reductions for taxing units. The tax savings for homesteads is estimated at \$23.5 M in CY 2024, \$7.0 M in CY 2025, and \$8.3 M in CY 2026. The tax reduction will likely grow each year after CY 2026.

Large property tax bill increases may have several causes including a large assessed value (AV) increase for the home, an AV reduction or slower growth for other properties (tax shift), a large levy increase, or a change in the amount or allocation of local income tax (LIT) revenues used for property tax relief. Unusual changes that are unknown at this time in any of these factors will have a direct effect on property tax bills and on the

amount of taxpayer credits granted and local revenue lost under this bill. The credit and revenue estimates shown assume estimated annual changes in these factors that are based on currently known data and conditions.

The following table summarizes the estimated net revenue change by taxing unit type. *[Total estimated local revenue changes by county appear in Appendix A.]*

Estimated Change in Net Revenue (\$M)			
Unit Type	CY 2024	CY 2025	CY 2026
Counties	-4.0	-1.2	-1.3
Townships	-0.8	-0.2	-0.3
Cities and Towns	-6.8	-2.6	-3.2
School Corporations	-8.1	-2.2	-2.5
Libraries	-1.0	-0.3	-0.4
Special Units	-2.6	-0.5	-0.6
TIF	-0.2	-0.04	-0.05
Total	-23.5	-7.0	-8.3
Total Without TIF	-23.3	-7.0	-8.2

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: County auditors; Local civil taxing units and school corporations.

Information Sources: LSA Property Tax Database.

Fiscal Analyst: Bob Sigalow, 317-232-9859.

Appendix A.

Estimated Revenue Change				
Cnty	County	CY 2024	CY 2025	CY 2026
01	Adams	-62,000	-24,000	-18,000
02	Allen	-948,000	-321,000	-628,000
03	Bartholomew	-95,000	-27,000	-37,000
04	Benton	-57,000	-14,000	-18,000
05	Blackford	-149,000	-80,000	-78,000
06	Boone	-237,000	-13,000	-15,000
07	Brown	-3,000	-2,000	-2,000
08	Carroll	-26,000	-8,000	-9,000
09	Cass	-86,000	-57,000	-69,000
10	Clark	-691,000	-67,000	-99,000
11	Clay	-60,000	-21,000	-13,000
12	Clinton	-418,000	-105,000	-72,000
13	Crawford	-69,000	-35,000	-38,000
14	Daviess	-56,000	-26,000	-27,000
15	Dearborn	-40,000	-18,000	-24,000
16	Decatur	-47,000	-12,000	-13,000
17	DeKalb	-143,000	-26,000	-40,000
18	Delaware	-373,000	-266,000	-301,000
19	Dubois	-94,000	-26,000	-23,000
20	Elkhart	-166,000	-77,000	-162,000
21	Fayette	-117,000	-75,000	-97,000
22	Floyd	-111,000	-49,000	-61,000
23	Fountain	-13,000	-3,000	-6,000
24	Franklin	-55,000	-12,000	-12,000
25	Fulton	-43,000	-17,000	-26,000
26	Gibson	-171,000	-59,000	-59,000
27	Grant	-341,000	-204,000	-209,000
28	Greene	-108,000	-60,000	-57,000
29	Hamilton	-590,000	-16,000	-24,000
30	Hancock	-528,000	-23,000	-29,000
31	Harrison	-48,000	-16,000	-20,000
32	Hendricks	-111,000	-14,000	-23,000
33	Henry	-200,000	-104,000	-85,000
34	Howard	-432,000	-251,000	-314,000
35	Huntington	-142,000	-81,000	-99,000
36	Jackson	-44,000	-14,000	-12,000
37	Jasper	-18,000	-5,000	-6,000
38	Jay	-61,000	-31,000	-29,000
39	Jefferson	-88,000	-42,000	-31,000
40	Jennings	-72,000	-38,000	-34,000
41	Johnson	-1,005,000	-52,000	-61,000
42	Knox	-219,000	-130,000	-116,000
43	Kosciusko	-225,000	-41,000	-40,000
44	LaGrange	-48,000	-28,000	-26,000
45	Lake	-1,019,000	-823,000	-1,098,000
46	LaPorte	-166,000	-93,000	-147,000
47	Lawrence	-159,000	-84,000	-91,000
48	Madison	-399,000	-263,000	-357,000
49	Marion	-6,534,000	-974,000	-1,177,000
50	Marshall	-157,000	-49,000	-41,000
51	Martin	-7,000	-4,000	-6,000
52	Miami	-133,000	-82,000	-110,000
53	Monroe	-30,000	-12,000	-15,000
54	Montgomery	-138,000	-46,000	-63,000
55	Morgan	-67,000	-21,000	-25,000

Estimated Revenue Change				
Cnty	County	CY 2024	CY 2025	CY 2026
56	Newton	-42,000	-17,000	-15,000
57	Noble	-57,000	-19,000	-24,000
58	Ohio	-11,000	-4,000	-5,000
59	Orange	-64,000	-25,000	-24,000
60	Owen	-55,000	-18,000	-19,000
61	Parke	-39,000	-15,000	-14,000
62	Perry	-36,000	-23,000	-25,000
63	Pike	-51,000	-22,000	-21,000
64	Porter	-106,000	-30,000	-38,000
65	Posey	-93,000	-36,000	-32,000
66	Pulaski	-12,000	-4,000	-5,000
67	Putnam	-96,000	-32,000	-22,000
68	Randolph	-79,000	-48,000	-46,000
69	Ripley	-23,000	-10,000	-12,000
70	Rush	-35,000	-15,000	-17,000
71	St. Joseph	-2,390,000	-334,000	-419,000
72	Scott	-81,000	-45,000	-43,000
73	Shelby	-89,000	-32,000	-50,000
74	Spencer	-78,000	-30,000	-25,000
75	Starke	-124,000	-55,000	-55,000
76	Steuben	-36,000	-10,000	-18,000
77	Sullivan	-94,000	-50,000	-45,000
78	Switzerland	-24,000	-11,000	-6,000
79	Tippecanoe	-146,000	-31,000	-38,000
80	Tipton	-36,000	-15,000	-19,000
81	Union	-14,000	-7,000	-7,000
82	Vanderburgh	-968,000	-526,000	-414,000
83	Vermillion	-98,000	-59,000	-66,000
84	Vigo	-192,000	-111,000	-125,000
85	Wabash	-94,000	-52,000	-53,000
86	Warren	-17,000	-4,000	-5,000
87	Warrick	-318,000	-70,000	-68,000
88	Washington	-75,000	-36,000	-29,000
89	Wayne	-283,000	-174,000	-150,000
90	Wells	-11,000	-2,000	-5,000
91	White	-49,000	-14,000	-16,000
92	Whitley	-73,000	-15,000	-15,000
	Total	-23,516,000	-7,043,000	-8,285,000