

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

**LS 6977**  
**BILL NUMBER: HB 1427**

**NOTE PREPARED:** Feb 17, 2025  
**BILL AMENDED:** Feb 17, 2025

**SUBJECT:** Department of Local Government Finance.

**FIRST AUTHOR:** Rep. Snow  
**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
                          X DEDICATED  
                          FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Online Personal Property Filings:* This bill provides that the only permissible method of filing a personal property return is by using the personal property online submission portal. It establishes a \$5 filing fee and an exception.

*Land Order Petitions:* This bill adds requirements for the filing of a petition for review of land value.

*State Assessed Distributable Property Assessments:* This bill, for purposes of public utility companies, specifies that the period of time that a taxpayer may file an objection with the Department of Local Government Finance (DLGF) is not later than 15 days after the notice is postmarked.

*Industrial Facility Assessments:* This bill, for purposes of the assessment of industrial facilities in Lake County, changes the minimum population for a qualifying county from 400,000 to 450,000.

*Personal Property Exemption Rule Making:* This bill, for purposes of property of an exempt organization used in a nonexempt trade or business, provides that the DLGF may (as opposed to shall in current law) adopt certain rules.

*Nonprofit Health Care or Residential Care Facility Exemption:* This bill provides that all or part of a building is deemed to serve a charitable purpose and thus is exempt from property taxation if it is owned by a nonprofit entity and is: (1) registered as a continuing care retirement community; (2) defined as a small house health facility; or (3) licensed as a health care or residential care facility. It also adds continuing care retirement communities and small house health facilities to the list of exempt entities.

*Amended CNAVs:* This bill clarifies the deadline for submitting amended certified net assessed value amounts.

*PTABOA Member Terms:* This bill provides that property tax assessment board of appeals (PTABOA) members' terms must be staggered for a two year period and begin on January 1.

*Cultural Institutions Tax:* This bill provides for funding for cultural institutions.

*EED Lodging Fees:* This bill allows a person who is: (1) engaged in the business of renting or furnishing for periods of less than 30 days, any lodgings in any hotel, motel, inn, tourist camp, tourist cabin, or any other place in which lodgings are regularly furnished for a consideration that is located within an economic enhancement district (EED); and (2) liable for a special benefits assessment for the property; to charge a fee of not more than \$1.

*Tax Sales:* This bill provides that a tract or item of real property owned by a political subdivision may not be sold at a tax sale.

*Local Contracts Upload:* This bill provides that a political subdivision must upload a digital copy of every contract entered into after December 31, 2026, to the Indiana transparency website. It also requires the DLGF to develop and implement an application programming interface that would allow a political subdivision to upload multiple contracts at once directly from the political subdivision's network to the website.

*Negotiated Sale:* This bill changes the sunset date for the procedure for selling certain bonds to July 1, 2027, and makes corresponding changes.

*Property Tax Bills for Exempt Properties:* This bill provides that the county treasurer is not required to mail or transmit a statement for property that is exempt from taxation and does not have a reported assessed value.

*Deduction Information on TS-1:* This bill requires the DLGF, in a manner determined by the DLGF, to include on the coupon page of each property tax statement educational information regarding the eligibility and procedures for the over 65 property tax deduction and for various property tax deductions available to veterans.

*Maximum Levy for Certain Units in Shelby County:* This bill provides temporary one-time increases for the maximum permissible ad valorem property tax levies for Shelby County and the Shelby County Solid Waste Management District.

*County Population Parameters:* This bill specifies that a minimum population for application of certain provisions concerning: (1) the general government of counties; and (2) the division of powers of certain counties; is 450,000 (instead of 400,000).

*NIRDA Reimbursement:* This bill provides that the Northwest Indiana Regional Development Authority must be reimbursed for amounts deposited in the Blighted Property Demolition Fund not later than July 1, 2027 (instead of July 1, 2026).

*Maximum Levies for Non-Compliant Units:* This bill specifies the calculation of the maximum permissible property tax levy for certain units that fail to comply with certain budget and tax levy review and adoption procedures.

*Tax Sale Report:* This bill removes a provision requiring the county executive to provide an annual report to the Legislative Council concerning certain tax sales.

**Effective Date:** (Amended) Upon passage; January 1, 2025 (retroactive); July 1, 2025; January 1, 2026.

**Explanation of State Expenditures:** *Land Order Petitions, State Assessed Distributable Property Assessments, Industrial Facility Assessments, Amended CNAVs, and Deduction Information on TS-1:* These provisions should not create any significant fiscal impact and are within the DLGF's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

*Personal Property Exemption Rule Making:* This bill's provision may result in a minor decrease in the administrative workload for the DLGF since the current requirement of the agency adopting rules pertaining to personal property exemptions would be changed to granting the DLGF the discretion to adopt rules instead of requiring them to do so.

*Cultural Institutions Tax:* This bill's provision may result in a minor increase in the administrative workload for the DLGF to the extent that the agency would have to consider an additional property tax levy and rate as part of its budget review and certification process of those eligible school corporations that decide to impose a cultural institutions tax.

*Local Contracts Upload:* These provisions will result in an increase in both the administrative workload and fiscal expenditures for the DLGF. The DLGF would be required to develop and implement an application programming interface (API) that would allow political subdivisions to upload multiple contracts at once directly to the Indiana transparency website. The DLGF has estimated that it would cost \$50,000 to develop and implement this API.

*NIRDA Reimbursement:* This bill's provision should not have any significant fiscal impact since it simply extends the date for when the Northwest Indiana Regional Development Authority must be reimbursed for amounts deposited in the Blighted Property Demolition Fund from the current deadline of July 1, 2026, to July 1, 2027.

**Explanation of State Revenues:** *Online Personal Property Filings:* This bill's provision will result in an increase in revenue for the DLGF since it would require all personal property filers, who are not eligible for the current \$80,000 personal property de minimis exemption, to pay a \$5 per filing fee when using the state's personal property online portal for filing their return. Currently, personal property filers may file a physical copy of their return directly with their local assessor's office *or* may file their return electronically on the state's personal property online portal. Starting with the January 1, 2026, assessment date, the state's personal property online portal would become the only available option for filing a personal property return. Revenue collected from this fee would be deposited into the state's Personal Property Online Submission Portal Fund and would be used by the DLGF to help support and maintain the personal property online portal.

**Additional Information:** Since the January 1, 2022, assessment date, which is the first cycle when the current \$80,000 personal property de minimis exemption went into effect, there have been approximately 162,500 non-exempt personal property returns filed statewide per year on average. If this average were to stay constant and a \$5 filing were assessed on these returns, approximately \$812,500 could be generated from a filing fee.

**Explanation of Local Expenditures:** *Online Personal Property Filings:* This bill's provision may result in a decrease in the administrative workload for local assessors since it would effectively end the need for assessors to handle multiple options for personal property taxpayers to file their annual returns. Starting with the January 1, 2026, assessment date, personal property taxpayers would only be able to file their returns

using the state's personal property online portal.

*Land Order Petitions:* This provision may result in a minor increase in the administrative workload for county auditors since the auditor's office would become the initial recipient of a petition to review a county's land order rather than the DLGF being the initial recipient. After reviewing the petition and verifying that it meets the requirements specified in statute, the county auditor would then certify a copy of the petition to the DLGF.

*Amended CNAVs:* This provision should have little to no fiscal impact for county auditors since county auditors currently have the ability to submit an amended certification of net assessed values (CNAV). The current deadline for submitting an amended CNAV is September 1. This bill's provision edits the deadline slightly to include a time frame of 15 days for re-submitting the CNAV after the DLGF has notified the county auditor of an error in the original submission that needs to be corrected.

*PTABOA Member Terms:* This provision should have little to no fiscal impact for county PTABOAs.

*Cultural Institutions Tax:* This provision may result in an increase in the administrative workload for those eligible school corporations that decide to impose a cultural institutions tax since they would be required to oversee and administer a Cultural Institution Fund that would be separate and distinct from the school's Operations and Education Fund.

*Local Contracts Upload:* These provisions will result in an increase in the administrative workload for the fiscal officers of political subdivisions since any contract entered into after December 31, 2026, with the exception of employment contracts pertaining to individual employees of the political subdivision, would need to be uploaded to the Indiana transparency website within 60 days after the date the contract is executed. Currently, the political subdivisions only need to upload contracts if they exceed \$50,000, with the exception of contracts related to the provision of fire services or emergency medical services or contracts entered into with another unit or entity that provides fire services or emergency medical services. (Those particular contracts do not have a cost threshold requirement currently.)

Additionally, this bill's provisions require the fiscal officers of the political subdivisions to submit a statement of attestation to the DLGF on an annual basis by no later than March 2, verifying that any contract entered into during the immediately preceding year has been uploaded to the Indiana transparency website. Failure to submit the statement of attestation will result in the DLGF not approving a political subdivision's budget or a supplemental appropriation until the political subdivision files the attestation.

*Negotiated Sale:* The bill extends the use of negotiated sale for the process of issuing certain bonds. To the extent that negotiated sale is used for offering bonds where the public sale method does not provide the lowest financing cost, it would lower the cost for the local unit. Use of negotiated sale in cases where a lower interest rate bid and fees could have been achieved by using the competitive bids under public sale method would increase the financing cost for the local unit. Any fiscal impact from the change is indeterminable.

Extending this option will allow the eligible political subdivisions to take advantage of this alternative selling method. Current law allows a county, township, city or town to use the method of negotiated sale in the process of issuing certain bonds. The provision allowing this alternate method expires on July 1, 2025. The bill extends the provisions to remain in effect until June 30, 2027.

*Property Tax Bills for Exempt Properties:* This bill's provisions may result in a decrease in fiscal

expenditures for counties since county treasurers would not be required to mail or transmit a property tax statement for property that is exempt from taxation and does not have a reported assessed value. The actual fiscal impact will vary by county and will be contingent on the number of property tax bills that pertain to properties that are exempt from taxation and do not have a reported assessed value during a particular pay year.

[Using property tax data submitted by the county auditors for the Pay 2024 cycle, there were a total of approximately 423,000 property tax records statewide that had \$0 in net tax liability, penalties, and other special assessments and charges.]

*County Population Parameters:* This bill's provisions should not have any significant impact for local units since the updated population parameters of counties with a population of at least 450,000 (instead of 400,000) and less than 700,000 are designed to maintain the status quo of having certain county general government and division of powers requirements continue to apply to only Lake County.

(Revised) *Tax Sale Report:* This bill's provision will result in a minor decrease in the administrative workload for county executives since they will no longer be required to provide an annual report to the Legislative Council concerning tax sales of real properties that are acquired by an eligible nonprofit entity for purposes of a project for the development of low or moderate income housing.

(Revised) *Starke County Special Purpose LIT:* This bill's provision permits the county unit of government in Starke County to use the revenue generated from its LIT special purpose rate to operate and maintain its county jail complex. [For CY 2025, Starke County has a LIT special purpose rate of 0.6500% and a certified distribution (from the special purpose rate) of approximately \$3.66 M.]

**Explanation of Local Revenues:** *Nonprofit Health Care or Residential Care Facility Exemption:* This bill provides that all or part of a building that is defined as a small house health facility is included with the current property tax exemption for nonprofits that own/operate a continuing care retirement community facility. It also adds that the personal property equipment associated with these facilities is exempt from property taxes.

The exemption would result in a shift of property taxes from those nonprofit healthcare or residential care property owners eligible to receive the exemption to all other properties starting with taxes payable in CY 2027. Additionally, assuming that property tax levies are either static or increase, local units of government could potentially experience an increase in property tax cap circuit breaker losses as a result of the assessed value base being reduced from this exemption. The magnitude of the shift, as well as any potential increase in property tax cap circuit breaker losses, would vary from county to county and would be contingent on several factors, including the total assessed value of the eligible facilities and personal property equipment properties in each county that are currently subject to property tax.

*Cultural Institutions Tax:* This bill provides that school corporations in a county that contains either a consolidated city or has a population of more than 175,000 but less than 700,000 can enact a tax to help fund public cultural institutions in their community. The governing body of the school corporation can impose a tax of not more than \$0.005 on each \$100 of the school corporation's net assessed value. This tax - if imposed - would be considered outside of the maximum property tax levy for the school corporation's operations fund. The revenue collected from the tax would be deposited into the school corporation's Cultural Institution Fund and could only be used for the purposes of helping to fund the cultural institution(s).

The imposition of this tax would result in an overall higher tax rate and an increased property tax levy for the school corporations, meaning that taxpayers in those taxing districts could potentially experience an increase in property tax bills if they are not already at their circuit breaker cap limit. The magnitude of any potential increase in property tax bills would vary by eligible school corporation and would be contingent on several factors, including the total assessed value of the school corporation and the tax rate that the governing body of the school corporation decides to impose.

*EED Lodging Fees:* This bill makes a change to the EED permitted under current law by allowing persons who are both engaged in the business of renting or furnishing lodging (located within the EED) for periods of less than 30 days and who are subject to paying the EED special benefits assessment to charge a fee of not more than \$1 to each person who rents a lodging after June 30, 2025. The revenue generated from this fee is to be used to help pay the special benefits assessment. The actual fiscal impact will depend on whether these entities located in the EED decide to impose a fee and the level of lodging activities each of these entities experience after June 30, 2025.

*Tax Sales:* This provision should have little to no fiscal impact for political subdivisions since property owned by political subdivisions is generally exempt from property taxation, and therefore, would not typically be subject to tax sale since there would not be any delinquent property taxes for these properties. However, in the rare instance that any other special assessment or charge applied to a property owned by a political subdivision goes unpaid, this provision would prevent the property from being subject to tax sale.

*Maximum Levies for Non-Compliant Units:* These provisions pertain to local units that have a governing body that is not comprised of a majority of officials who are elected to serve on the governing body, as well as the applicable cities, towns, or counties that are tasked with reviewing these local units' proposed budgets and property tax levies. If the local units fail to submit the required information to the applicable county or municipal fiscal body before September 2 (of the year immediately preceding the proposed budget year), the local unit's maximum permissible property tax levy for the proposed budget year will be 80% of what it would have been had the local unit submitted all required information in a timely manner. Similarly, if the applicable county or municipal fiscal body fails to review the local unit's proposed budget and property tax levy by the adoption deadline, then, the county or municipality's maximum permissible property tax levy for the proposed budget year will be 80% of what it would have been had the county or municipality acted on the local unit's proposed budget and property levy by the adoption deadline. Noncompliance would result in the local units or the applicable county or municipality receiving less property tax revenue for the proposed budget year than what the local unit (or applicable county or municipality) was anticipating.

*Maximum Levy for Certain Units in Shelby County:* These provisions permit the county unit in Shelby County and the Shelby County Solid Waste Management District to petition the DLGF for a one-time increase in their maximum levy, effective for taxes payable in CY 2026. Based on the formula used to determine the maximum levy adjustment in the bill, the county unit would receive a temporary, one-time increase of approximately \$1.4 M to its maximum levy in CY 2026. Similarly, the Shelby County Solid Waste Management District would receive a temporary, one-time increase of approximately \$1,500 to its maximum levy in CY 2026.

Increased property tax levies provide a revenue increase for the adopting units but may reduce revenue for intersecting taxing units due to tax cap losses.

*Additional Information - Cultural Institutions Tax:* Using county population counts from the U.S. Census Bureau's 2020 Census and the Pay 2025 certified net assessed value data provided by the county auditors,

a total of 55 school corporations would be eligible to impose a cultural institutions tax. The table at the end of this fiscal note in Appendix A shows the estimated tax revenue that could potentially be generated from a cultural institutions tax, assuming each school corporation imposes the maximum rate of \$0.005, using Pay 2025 certified net assessed value. A total of approximately \$10.5 M could be generated statewide from the tax. Actual revenue generated will be dependent on the certified net assessed value of the school corporation for the applicable pay year.

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Local assessors; County auditors; County treasurers; County commissioners; Civil taxing units and school corporations; Northwest Indiana Regional Development Authority; Shelby County; Shelby County Solid Waste Management District; Economic Enhancement District; Starke County.

**Information Sources:** Pay 2023 - Pay 2025 County Personal Property Assessment Data; Pay 2025 County Certified Net Assessed Value Data; Pay 2024 County Property Tax Data; US Census Bureau 2020 Census Data.

**Fiscal Analyst:** James Johnson, 317-232-9869.

<b>Appendix A: Estimated Cultural Institution Tax by Eligible School Corporation</b> <b>(Using Pay 2025 Net Assessed Values and \$0.005 Tax Rate)</b>		
<b>School Corporation Name</b>	<b>2025 Certified Net Assessed Value</b>	<b>Estimated Amount of Cultural Institution Tax</b>
Baugo Community School Corp	765,592,704	38,280
Beech Grove City School Corp	687,142,964	34,357
Benton Community School Corp	1,661,544,246	83,077
Carmel-Clay School Corp	11,970,731,120	598,537
Concord Community School Corp	1,678,895,490	83,945
Crown Point Community School Corp	4,288,945,341	214,447
East Allen County School Corp	4,632,506,835	231,625
East Chicago City School Corp	2,252,531,422	112,627
Elkhart Community School Corp	4,850,994,514	242,550
Evansville-Vanderburgh School Corp	9,304,033,583	465,202
Fairfield Community School Corp	1,222,515,653	61,126
Fort Wayne Community School Corp	12,632,471,682	631,624
Franklin Township Community School Corp	4,554,624,119	227,731
Gary Community School Corp	2,263,889,088	113,194
Goshen Community School Corp	1,998,073,879	99,904
Griffith Public School Corp	956,461,305	47,823
Hamilton Heights School Corp	1,356,535,189	67,827
Hamilton Southeastern School Corp	11,521,301,653	576,065
Hammond City School Corp	3,590,041,096	179,502
Hanover Community School Corp	1,818,880,118	90,944
Highland Town School Corp	1,656,395,658	82,820
Indianapolis Public School Corp	16,730,871,418	836,544
John Glenn School Corp	906,249,727	45,312
Lafayette School Corp	3,208,940,903	160,447
Lake Central School Corp	6,183,374,949	309,169
Lake Ridge School Corp	314,646,961	15,732
Lake Station School Corp	259,581,175	12,979
M.S.D. Decatur Township School Corp	2,602,864,230	130,143
M.S.D. Lawrence Township School Corp	7,119,108,011	355,955
M.S.D. Perry Township School Corp	5,576,852,927	278,843
M.S.D. Pike Township School Corp	6,541,197,747	327,060
M.S.D. Southwest Allen County School Corp	4,941,574,529	247,079
M.S.D. Warren Township School Corp	3,961,610,383	198,081



<b>Appendix A: Estimated Cultural Institution Tax by Eligible School Corporation (Using Pay 2025 Net Assessed Values and \$0.005 Tax Rate)</b>		
<b>School Corporation Name</b>	<b>2025 Certified Net Assessed Value</b>	<b>Estimated Amount of Cultural Institution Tax</b>
M.S.D. Washington Township School Corp	7,762,943,753	388,147
M.S.D. Wayne Township School Corp	4,274,787,273	213,739
Merrillville School Corp	3,568,452,562	178,423
Middlebury Community School Corp	2,234,325,694	111,716
Mishawaka City School Corp	1,063,945,075	53,197
Munster Community School Corp	2,201,439,591	110,072
New Prairie United School Corp	1,207,207,021	60,360
Noblesville School Corp	5,350,930,880	267,547
Northwest Allen County School Corp	4,264,512,361	213,226
Penn-Harris-Madison-School Corp	4,022,780,032	201,139
River Forest Community School Corp	248,450,160	12,423
School City Of Hobart School Corp	1,094,887,698	54,744
Sheridan Community Schools	609,347,913	30,467
South Bend Community School Corp	7,232,250,994	361,613
Speedway City School Corp	861,979,999	43,099
Tippecanoe School Corp	6,944,537,003	347,227
Tri Creek School Corp	1,965,469,336	98,273
Union-North United School Corp	492,395,044	24,620
Wa-Nee Community School Corp	1,708,134,889	85,407
West Lafayette Community School Corp	1,278,165,060	63,908
Westfield-Washington School Corp	6,573,570,915	328,679
Whiting City School Corp	500,700,183	25,035
<b>Total</b>	<b>209,472,194,055</b>	<b>10,473,610</b>