

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

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FISCAL IMPACT STATEMENT

LS 6723

BILL NUMBER: HB 1234

NOTE PREPARED: Dec 28, 2023

BILL AMENDED:

SUBJECT: Property Tax Limits on Agricultural Real Property.

FIRST AUTHOR: Rep. Prescott

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill applies the 2% limitation on property taxes applicable to agricultural land to all agricultural real property, including buildings.

Effective Date: July 1, 2024.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Beginning with taxes payable in CY 2025, this bill moves all agricultural real property that is not already capped at 2% from the 3% to the 2% property tax cap. While tax rates are not affected, some tax shifting occurs in counties where LIT-funded property tax credits are allocated to property capped at 2%.

Tax bills and local revenues will be reduced by an estimated \$3.2 M in CY 2025 and \$2.8 M in CY 2026. The estimated effect on net taxes by taxpayer class is summarized in the following table for CY 2025 and CY 2026.

Estimated Net Tax Change (\$ M)		
Property Type	CY 2025	CY 2026
Homesteads	0.0	0.0
Farmland	0.1	0.1
Other Residential	0.2	0.2
Apartments	0.0	0.0
Ag Business	-3.5	-3.1
Other Real	0.0	0.0
Personal Property	0.0	0.0
Total	-3.2	-2.8

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 Revenue (\$ M)		
Unit Type	CY 2025	CY 2026
Counties	-0.6	-0.6
Townships	-0.3	-0.3
Cities and Towns	-0.4	-0.3
School Corporations	-1.2	-1.0
Libraries	-0.1	-0.1
Special Units	-0.3	-0.2
TIF	-0.4	-0.3
Total	-3.2	-2.8
Total Without TIF	-2.8	-2.5

State Agencies Affected:

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 Change in Revenue							
Cnty	County	CY 2025	CY 2026	Cnty	County	CY 2025	CY 2026
01	Adams	-52,000	-51,000	47	Lawrence	-26,000	-22,000
02	Allen	-11,000	-9,000	48	Madison	-176,000	-149,000
03	Bartholomew	-2,000	-2,000	49	Marion	-968,000	-901,000
04	Benton	-1,000	-1,000	50	Marshall	-1,000	-1,000
05	Blackford	-9,000	-3,000	51	Martin	0	0
06	Boone	-24,000	-18,000	52	Miami	-48,000	-46,000
07	Brown	0	0	53	Monroe	0	0
08	Carroll	-3,000	-2,000	54	Montgomery	-13,000	-12,000
09	Cass	-10,000	-7,000	55	Morgan	0	0
10	Clark	-47,000	-40,000	56	Newton	-5,000	-4,000
11	Clay	-1,000	-1,000	57	Noble	-2,000	-2,000
12	Clinton	-41,000	-42,000	58	Ohio	0	0
13	Crawford	-73,000	-63,000	59	Orange	0	0
14	Daviess	-2,000	-2,000	60	Owen	-1,000	-1,000
15	Dearborn	-15,000	-2,000	61	Parke	-1,000	-1,000
16	Decatur	0	0	62	Perry	-6,000	-6,000
17	DeKalb	-14,000	-13,000	63	Pike	-166,000	-156,000
18	Delaware	-21,000	-17,000	64	Porter	-39,000	-34,000
19	Dubois	-3,000	-3,000	65	Posey	-1,000	-1,000
20	Elkhart	-78,000	-77,000	66	Pulaski	0	0
21	Fayette	-1,000	-1,000	67	Putnam	-1,000	-1,000
22	Floyd	-1,000	-1,000	68	Randolph	-8,000	-8,000
23	Fountain	0	0	69	Ripley	-2,000	-1,000
24	Franklin	0	0	70	Rush	0	0
25	Fulton	-1,000	-1,000	71	St. Joseph	-27,000	-17,000
26	Gibson	-31,000	-28,000	72	Scott	-2,000	-2,000
27	Grant	-82,000	-73,000	73	Shelby	-4,000	-4,000
28	Greene	-66,000	-57,000	74	Spencer	-1,000	-1,000
29	Hamilton	-3,000	-1,000	75	Starke	-2,000	-2,000
30	Hancock	-90,000	-52,000	76	Steuben	0	0
31	Harrison	-1,000	-1,000	77	Sullivan	-1,000	-1,000
32	Hendricks	-75,000	-42,000	78	Switzerland	0	0
33	Henry	-93,000	-80,000	79	Tippecanoe	-2,000	-2,000
34	Howard	-32,000	-21,000	80	Tipton	-2,000	-2,000
35	Huntington	-2,000	-2,000	81	Union	0	0
36	Jackson	-93,000	-90,000	82	Vanderburgh	-71,000	-72,000
37	Jasper	0	0	83	Vermillion	-26,000	-22,000
38	Jay	-36,000	-19,000	84	Vigo	-153,000	-153,000
39	Jefferson	-14,000	-13,000	85	Wabash	-30,000	-31,000
40	Jennings	-1,000	-1,000	86	Warren	0	0
41	Johnson	-14,000	-5,000	87	Warrick	-27,000	-29,000
42	Knox	0	0	88	Washington	-5,000	-5,000
43	Kosciusko	-2,000	-2,000	89	Wayne	-225,000	-215,000
44	LaGrange	-6,000	-6,000	90	Wells	-1,000	-1,000
45	Lake	-23,000	-18,000	91	White	0	0
46	LaPorte	-82,000	-78,000	92	Whitley	0	0
					Total	-3,201,000	-2,849,000