

HOUSE BILL No. 1250

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-6.4.

Synopsis: Assessment of prime farmland. Provides a reduced property tax assessment classification for prime farmland.

Effective: January 1, 2026.

Culp

January 9, 2025, read first time and referred to Committee on Ways and Means.



First Regular Session of the 124th General Assembly (2025)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2024 Regular Session of the General Assembly.

HOUSE BILL No. 1250

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-6.4 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2026]:

4 **Chapter 6.4. Assessment of Prime Farmland**

5 **Sec. 1. This chapter applies to assessment dates beginning after**
6 **December 31, 2025.**

7 **Sec. 2. As used in this chapter, "prime farmland" refers to land**
8 **that is assessed as agricultural land and that meets the**
9 **qualifications under section 3 of this chapter. The term does not**
10 **include land on which renewable energy projects are located,**
11 **including projects under lease or contract, or land enrolled in a**
12 **conservation reserve program under the National Resources**
13 **Conservation Service.**

14 **Sec. 3. A parcel of agricultural land shall be categorized as**
15 **prime farmland if it:**

- 16 (1) **is classified as tillable land;**
- 17 (2) **is currently devoted to agricultural use;**



1 (3) is used as part of an agricultural operation; and
 2 (4) has a soil productivity factor of at least 1.0 within fifty
 3 percent (50%) or more of the parcel.
 4 **Sec. 4. Notwithstanding any other provision of this article, land**
 5 **that is categorized under this chapter as prime farmland shall be**
 6 **assessed as follows:**
 7 (1) For the January 1, 2026, assessment date, at eighty-five
 8 percent (85%) of the amount per acre determined for the
 9 January 1, 2025, assessment date for general property
 10 taxation purposes.
 11 (2) For an assessment date occurring after December 31,
 12 2026, at the amount per acre determined in the following
 13 **STEPS for general property taxation purposes:**
 14 **STEP ONE: Determine the amount per acre under this**
 15 **section for the immediately preceding assessment date.**
 16 **STEP TWO: Multiply the STEP ONE amount by the result**
 17 **of:**
 18 (A) one (1); plus
 19 (B) the annual percentage change in the Consumer Price
 20 Index for All Urban Consumers published by the federal
 21 Bureau of Labor Statistics for the calendar year
 22 preceding the calendar year before the assessment date.
 23 **Sec. 5. (a) An owner of farmland assessed under this chapter**
 24 **must use the farmland in accordance with section 3 of this chapter**
 25 **for at least ten (10) years. If the owner of farmland assessed under**
 26 **this chapter commences using the land for a purpose other than the**
 27 **purposes described in section 3 of this chapter before the**
 28 **expiration of the ten (10) year period, the owner of the farmland is**
 29 **subject to a penalty determined under subsection (b).**
 30 (b) The amount of a penalty imposed under this section is equal
 31 to the amount determined under **STEP FOUR** of the following
 32 **formula:**
 33 **STEP ONE: Determine for each year that the owner paid**
 34 **property taxes based upon the assessment of the farmland**
 35 **under this chapter, the difference between:**
 36 (A) the amount of property taxes that the owner would
 37 have paid if the farmland had not been assessed under this
 38 chapter; minus
 39 (B) the amount of property taxes that the owner of the
 40 farmland actually paid based on the assessment of the
 41 farmland under this chapter.
 42 **STEP TWO: Determine the sum of the STEP ONE results.**



- 1 **STEP THREE: Determine the amount of interest due on the**
2 **STEP TWO result using an interest rate equal to one hundred**
3 **fifty percent (150%) of the bank prime loan interest rate**
4 **reported by the Board of Governors of the Federal Reserve**
5 **System as of the first day of the month in which the interest is**
6 **determined.**
- 7 **STEP FOUR: Determine the sum of:**
8 **(A) the STEP TWO result; plus**
9 **(B) the amount of interest determined under STEP**
10 **THREE.**
- 11 **(c) An owner of farmland charged a penalty under this section**
12 **shall pay the penalty to the county treasurer of the county in which**
13 **the farmland was assessed under this chapter. The county**
14 **treasurer shall deposit the penalty in the county general fund for**
15 **distribution among the respective funds of the taxing units located**
16 **in the county in the same manner and at the same time as property**
17 **taxes are apportioned and distributed.**

