

SENATE BILL No. 265

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-3-2-6; IC 6-3.6-4-4; IC 20-46.

Synopsis: Elimination of property tax on homesteads. Changes the credit for excessive property taxes for homesteads from the amount by which a person's property tax liability attributable to the person's homestead exceeds 1% of the gross assessed value of the property that is the basis for determination of property taxes for the calendar year to an amount equal to the person's property tax liability attributable to the person's homestead. Excludes from the credit any portion of a person's property tax liability that was approved by voters in a referendum and that would not ordinarily be subject to a credit for excessive property taxes. Allows a county's adopting body to adjust the tax rate imposed on the adjusted gross income of local taxpayers in the county based on the actual property taxes that were due and payable during 2024 to compensate for the amount of any tax revenue shortfall incurred as a result of the reduction in tax revenue attributable to the increase in the credit amount. For years beginning after December 31, 2024, requires the department of local government finance (department) to, before July 1 of the year in which property taxes are first due and payable, estimate the amount of any tax revenue shortfall incurred by the county in the year in which the property taxes are first due and payable as a result of the reduction in tax revenue attributable to the increase in the credit amount. For years beginning after December 31, 2024, allows a county's adopting body to adjust the tax rate imposed on the adjusted gross income of local taxpayers in the county in accordance with the estimate to compensate for the amount of any property tax revenue shortfall incurred by the county in the year in which the property taxes are first due and payable as a result of the reduction in tax revenue
(Continued next page)

Effective: July 1, 2024; January 1, 2025.

Bassler

January 16, 2024, read first time and referred to Committee on Tax and Fiscal Policy.



Digest Continued

attributable to the increase in the credit amount. Provides that the maximum tax rate that may be imposed on the adjusted gross income of local taxpayers in a county after an adjustment may not exceed 2.9% in addition to: (1) the maximum allowed property tax relief rate in the county; (2) the maximum allowed local income tax expenditure rate in the county; and (3) the maximum allowed special purpose tax rate in the county. Provides that a county's adopting body, at its discretion, may increase the adjustment by an additional rate of 0.25%. Requires the revenue collected as a result of the adjustment to the tax rate imposed on the adjusted gross income of local taxpayers in the county to be treated as property taxes for all purposes. Requires the department to approve, in a manner determined by the department, the estimate, the corresponding adjustment, and the use of the revenue for each county. Increases, from \$3,000 to \$9,000, the amount an individual who rents a dwelling for use as the individual's principal place of residence may deduct from the individual's adjusted gross income. Makes conforming changes.



Second Regular Session of the 123rd General Assembly (2024)

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 2023 Regular Session of the General Assembly.

SENATE BILL No. 265



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 6-1.1-20-3.6, AS AMENDED BY P.L.239-2023,
2 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2025]: Sec. 3.6. (a) Except as provided in sections 3.7
4 and 3.8 of this chapter, this section applies only to a controlled project
5 described in section 3.5(a) of this chapter.
6 (b) In the case of a controlled project:
7 (1) described in section 3.5(a)(1)(A) through 3.5(a)(1)(C) of this
8 chapter, if a sufficient petition requesting the application of the
9 local public question process has been filed as set forth in section
10 3.5 of this chapter; or
11 (2) described in section 3.5(a)(1)(D) of this chapter (before its
12 expiration);
13 a political subdivision may not impose property taxes to pay debt
14 service on bonds or lease rentals on a lease for a controlled project
15 unless the political subdivision's proposed debt service or lease rental



1 is approved in an election on a local public question held under this
2 section.

3 (c) Except as provided in subsection (k), the following question
4 shall be submitted to the eligible voters at the election conducted under
5 this section:

6 "Shall _____ (insert the name of the political subdivision)
7 increase property taxes paid to the _____ (insert the type of
8 taxing unit) by homeowners and businesses? If this public
9 question is approved by the voters, the average property tax paid
10 to the _____ (insert the type of taxing unit) per year on a
11 residence would increase by _____% (insert the estimated
12 average percentage of property tax increase paid to the political
13 subdivision on a residence within the political subdivision as
14 determined under subsection (n)) and the average property tax
15 paid to the _____ (insert the type of taxing unit) per year on a
16 business property would increase by _____% (insert the
17 estimated average percentage of property tax increase paid to the
18 political subdivision on a business property within the political
19 subdivision as determined under subsection (o)). The political
20 subdivision may issue bonds or enter into a lease to _____
21 (insert a brief description of the controlled project), which is
22 estimated to cost _____ (insert the total cost of the project)
23 over _____ (insert number of years to bond maturity or
24 termination of lease) years. The most recent property tax
25 referendum within the boundaries of the political subdivision for
26 which this public question is being considered was proposed by
27 _____ (insert name of political subdivision) in _____ (insert
28 year of most recent property tax referendum) and _____
29 (insert whether the measure passed or failed)."

30 The public question must appear on the ballot in the form approved by
31 the county election board. If the political subdivision proposing to issue
32 bonds or enter into a lease is located in more than one (1) county, the
33 county election board of each county shall jointly approve the form of
34 the public question that will appear on the ballot in each county. The
35 form approved by the county election board may differ from the
36 language certified to the county election board by the county auditor.
37 If the county election board approves the language of a public question
38 under this subsection, the county election board shall submit the
39 language and the certification of the county auditor described in
40 subsection (p) to the department of local government finance for
41 review.

42 (d) The department of local government finance shall review the



1 language of the public question to evaluate whether the description of
 2 the controlled project is accurate and is not biased against either a vote
 3 in favor of the controlled project or a vote against the controlled
 4 project. The department of local government finance shall post the
 5 estimated average percentage of property tax increases to be paid to a
 6 political subdivision on a residence and business property that are
 7 certified by the county auditor under subsection (p) on the department's
 8 ~~Internet web site.~~ **website.** The department of local government finance
 9 may either approve the ballot language as submitted or recommend that
 10 the ballot language be modified as necessary to ensure that the
 11 description of the controlled project is accurate and is not biased. The
 12 department of local government finance shall certify its approval or
 13 recommendations to the county auditor and the county election board
 14 not more than ten (10) days after the language of the public question is
 15 submitted to the department for review. If the department of local
 16 government finance recommends a modification to the ballot language,
 17 the county election board shall, after reviewing the recommendations
 18 of the department of local government finance, submit modified ballot
 19 language to the department for the department's approval or
 20 recommendation of any additional modifications. The public question
 21 may not be certified by the county auditor under subsection (e) unless
 22 the department of local government finance has first certified the
 23 department's final approval of the ballot language for the public
 24 question.

25 (e) The county auditor shall certify the finally approved public
 26 question under IC 3-10-9-3 to the county election board of each county
 27 in which the political subdivision is located. The certification must
 28 occur not later than noon:

29 (1) seventy-four (74) days before a primary election if the public
 30 question is to be placed on the primary or municipal primary
 31 election ballot; or

32 (2) August 1 if the public question is to be placed on the general
 33 or municipal election ballot.

34 Subject to the certification requirements and deadlines under this
 35 subsection and except as provided in subsection (j), the public question
 36 shall be placed on the ballot at the next primary election, general
 37 election or municipal election in which all voters of the political
 38 subdivision are entitled to vote. However, if a primary election, general
 39 election, or municipal election will not be held during the first year in
 40 which the public question is eligible to be placed on the ballot under
 41 this section and if the political subdivision requests the public question
 42 to be placed on the ballot at a special election, the public question shall



1 be placed on the ballot at a special election to be held on the first
 2 Tuesday after the first Monday in May or November of the year. The
 3 certification must occur not later than noon seventy-four (74) days
 4 before a special election to be held in May (if the special election is to
 5 be held in May) or noon on August 1 (if the special election is to be
 6 held in November). The fiscal body of the political subdivision that
 7 requests the special election shall pay the costs of holding the special
 8 election. The county election board shall give notice under IC 5-3-1 of
 9 a special election conducted under this subsection. A special election
 10 conducted under this subsection is under the direction of the county
 11 election board. The county election board shall take all steps necessary
 12 to carry out the special election.

13 (f) The circuit court clerk shall certify the results of the public
 14 question to the following:

15 (1) The county auditor of each county in which the political
 16 subdivision is located.

17 (2) The department of local government finance.

18 (g) Subject to the requirements of IC 6-1.1-18.5-8, the political
 19 subdivision may issue the proposed bonds or enter into the proposed
 20 lease rental if a majority of the eligible voters voting on the public
 21 question vote in favor of the public question.

22 (h) If a majority of the eligible voters voting on the public question
 23 vote in opposition to the public question, both of the following apply:

24 (1) The political subdivision may not issue the proposed bonds or
 25 enter into the proposed lease rental.

26 (2) Another public question under this section on the same or a
 27 substantially similar project may not be submitted to the voters
 28 earlier than:

29 (A) except as provided in clause (B), seven hundred (700)
 30 days after the date of the public question; or

31 (B) three hundred fifty (350) days after the date of the election,
 32 if a petition that meets the requirements of subsection (m) is
 33 submitted to the county auditor.

34 (i) IC 3, to the extent not inconsistent with this section, applies to an
 35 election held under this section.

36 (j) A political subdivision may not divide a controlled project in
 37 order to avoid the requirements of this section and section 3.5 of this
 38 chapter. A person that owns property within a political subdivision or
 39 a person that is a registered voter residing within a political subdivision
 40 may file a petition with the department of local government finance
 41 objecting that the political subdivision has divided a controlled project
 42 into two (2) or more capital projects in order to avoid the requirements



1 of this section and section 3.5 of this chapter. The petition must be filed
2 not more than ten (10) days after the political subdivision gives notice
3 of the political subdivision's decision under section 3.5 of this chapter
4 or a determination under section 5 of this chapter to issue bonds or
5 enter into leases for a capital project that the person believes is the
6 result of a division of a controlled project that is prohibited by this
7 subsection. If the department of local government finance receives a
8 petition under this subsection, the department shall not later than thirty
9 (30) days after receiving the petition make a final determination on the
10 issue of whether the political subdivision divided a controlled project
11 in order to avoid the requirements of this section and section 3.5 of this
12 chapter. If the department of local government finance determines that
13 a political subdivision divided a controlled project in order to avoid the
14 requirements of this section and section 3.5 of this chapter and the
15 political subdivision continues to desire to proceed with the project, the
16 political subdivision may appeal the determination of the department
17 of local government finance to the Indiana board of tax review. A
18 political subdivision shall be considered to have divided a capital
19 project in order to avoid the requirements of this section and section
20 3.5 of this chapter if the result of one (1) or more of the subprojects
21 cannot reasonably be considered an independently desirable end in
22 itself without reference to another capital project. This subsection does
23 not prohibit a political subdivision from undertaking a series of capital
24 projects in which the result of each capital project can reasonably be
25 considered an independently desirable end in itself without reference
26 to another capital project.

27 (k) This subsection applies to a political subdivision for which a
28 petition requesting a public question has been submitted under section
29 3.5 of this chapter. The legislative body (as defined in IC 36-1-2-9) of
30 the political subdivision may adopt a resolution to withdraw a
31 controlled project from consideration in a public question. If the
32 legislative body provides a certified copy of the resolution to the county
33 auditor and the county election board not later than sixty-three (63)
34 days before the election at which the public question would be on the
35 ballot, the public question on the controlled project shall not be placed
36 on the ballot and the public question on the controlled project shall not
37 be held, regardless of whether the county auditor has certified the
38 public question to the county election board. If the withdrawal of a
39 public question under this subsection requires the county election
40 board to reprint ballots, the political subdivision withdrawing the
41 public question shall pay the costs of reprinting the ballots. If a political
42 subdivision withdraws a public question under this subsection that



1 would have been held at a special election and the county election
 2 board has printed the ballots before the legislative body of the political
 3 subdivision provides a certified copy of the withdrawal resolution to
 4 the county auditor and the county election board, the political
 5 subdivision withdrawing the public question shall pay the costs
 6 incurred by the county in printing the ballots. If a public question on a
 7 controlled project is withdrawn under this subsection, a public question
 8 under this section on the same controlled project or a substantially
 9 similar controlled project may not be submitted to the voters earlier
 10 than three hundred fifty (350) days after the date the resolution
 11 withdrawing the public question is adopted.

12 (l) If a public question regarding a controlled project is placed on
 13 the ballot to be voted on at an election under this section, the political
 14 subdivision shall submit to the department of local government finance,
 15 at least thirty (30) days before the election, the following information
 16 regarding the proposed controlled project for posting on the
 17 department's ~~Internet web site:~~ **website:**

18 (1) The cost per square foot of any buildings being constructed as
 19 part of the controlled project.

20 (2) The effect that approval of the controlled project would have
 21 on the political subdivision's property tax rate.

22 (3) The maximum term of the bonds or lease.

23 (4) The maximum principal amount of the bonds or the maximum
 24 lease rental for the lease.

25 (5) The estimated interest rates that will be paid and the total
 26 interest costs associated with the bonds or lease.

27 (6) The purpose of the bonds or lease.

28 (7) In the case of a controlled project proposed by a school
 29 corporation:

30 (A) the current and proposed square footage of school building
 31 space per student;

32 (B) enrollment patterns within the school corporation; and

33 (C) the age and condition of the current school facilities.

34 (m) If a majority of the eligible voters voting on the public question
 35 vote in opposition to the public question, a petition may be submitted
 36 to the county auditor to request that the limit under subsection
 37 (h)(2)(B) apply to the holding of a subsequent public question by the
 38 political subdivision. If such a petition is submitted to the county
 39 auditor and is signed by the lesser of:

40 (1) five hundred (500) persons who are either owners of property
 41 within the political subdivision or registered voters residing
 42 within the political subdivision; or



1 (2) five percent (5%) of the registered voters residing within the
 2 political subdivision;
 3 the limit under subsection (h)(2)(B) applies to the holding of a second
 4 public question by the political subdivision and the limit under
 5 subsection (h)(2)(A) does not apply to the holding of a second public
 6 question by the political subdivision.

7 (n) At the request of a political subdivision that proposes to impose
 8 property taxes to pay debt service on bonds or lease rentals on a lease
 9 for a controlled project, the county auditor of a county in which the
 10 political subdivision is located shall determine the estimated average
 11 percentage of property tax increase on a homestead to be paid to the
 12 political subdivision that must be included in the public question under
 13 subsection (c) as follows:

14 STEP ONE: Determine the average assessed value of a homestead
 15 located within the political subdivision.

16 STEP TWO: For purposes of determining the net assessed value
 17 of the average homestead located within the political subdivision,
 18 subtract:

19 (A) an amount for the homestead standard deduction under
 20 IC 6-1.1-12-37 as if the homestead described in STEP ONE
 21 was eligible for the deduction; and

22 (B) an amount for the supplemental homestead deduction
 23 under IC 6-1.1-12-37.5 as if the homestead described in STEP
 24 ONE was eligible for the deduction;

25 from the result of STEP ONE.

26 STEP THREE: Divide the result of STEP TWO by one hundred
 27 (100).

28 STEP FOUR: Determine the overall average tax rate per one
 29 hundred dollars (\$100) of assessed valuation for the current year
 30 imposed on property located within the political subdivision.

31 STEP FIVE: For purposes of determining net property tax liability
 32 of the average homestead located within the political subdivision,

33 ~~(A) multiply the result of STEP THREE by the result of STEP~~
 34 ~~FOUR. and~~

35 ~~(B) as appropriate, apply any currently applicable county~~
 36 ~~property tax credit rates and the credit for excessive property~~
 37 ~~taxes under IC 6-1.1-20.6-7.5(a)(1).~~

38 STEP SIX: Determine the amount of the political subdivision's
 39 part of the result determined in STEP FIVE.

40 STEP SEVEN: Determine the estimated tax rate that will be
 41 imposed if the public question is approved by the voters.

42 STEP EIGHT: Multiply the result of STEP SEVEN by the result



- 1 of STEP THREE.
- 2 STEP NINE: Divide the result of STEP EIGHT by the result of
- 3 STEP SIX, expressed as a percentage.
- 4 (o) At the request of a political subdivision that proposes to impose
- 5 property taxes to pay debt service on bonds or lease rentals on a lease
- 6 for a controlled project, the county auditor of a county in which the
- 7 political subdivision is located shall determine the estimated average
- 8 percentage of property tax increase on a business property to be paid
- 9 to the political subdivision that must be included in the public question
- 10 under subsection (c) as follows:
- 11 STEP ONE: Determine the average assessed value of business
- 12 property located within the political subdivision.
- 13 STEP TWO: Divide the result of STEP ONE by one hundred
- 14 (100).
- 15 STEP THREE: Determine the overall average tax rate per one
- 16 hundred dollars (\$100) of assessed valuation for the current year
- 17 imposed on property located within the political subdivision.
- 18 STEP FOUR: For purposes of determining net property tax
- 19 liability of the average business property located within the
- 20 political subdivision:
- 21 (A) multiply the result of STEP TWO by the result of STEP
- 22 THREE; and
- 23 (B) as appropriate, apply any currently applicable county
- 24 property tax credit rates and the credit for excessive property
- 25 taxes under IC 6-1.1-20.6-7.5 as if the applicable percentage
- 26 was three percent (3%).
- 27 STEP FIVE: Determine the amount of the political subdivision's
- 28 part of the result determined in STEP FOUR.
- 29 STEP SIX: Determine the estimated tax rate that will be imposed
- 30 if the public question is approved by the voters.
- 31 STEP SEVEN: Multiply the result of STEP TWO by the result of
- 32 STEP SIX.
- 33 STEP EIGHT: Divide the result of STEP SEVEN by the result of
- 34 STEP FIVE, expressed as a percentage.
- 35 (p) The county auditor shall certify the estimated average
- 36 percentage of property tax increase on a homestead to be paid to the
- 37 political subdivision determined under subsection (n), and the
- 38 estimated average percentage of property tax increase on a business
- 39 property to be paid to the political subdivision determined under
- 40 subsection (o), in a manner prescribed by the department of local
- 41 government finance, and provide the certification to the political
- 42 subdivision that proposes to impose property taxes. The political



1 subdivision shall provide the certification to the county election board
 2 and include the estimated average percentages in the language of the
 3 public question at the time the language of the public question is
 4 submitted to the county election board for approval as described in
 5 subsection (c).

6 SECTION 2. IC 6-1.1-20.6-7.5, AS AMENDED BY P.L.205-2013,
 7 SECTION 77, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JANUARY 1, 2025]: Sec. 7.5. (a) A person is entitled to a credit
 9 against the person's property tax liability for property taxes first due
 10 and payable after ~~2009~~ **2024 as follows:**

11 **(1) For a homestead, the amount of the credit is equal to the**
 12 **amount of the person's property tax liability attributable to**
 13 **the person's homestead. However, any portion of a person's**
 14 **property tax liability that was approved by voters in a**
 15 **referendum and that would not ordinarily be subject to a**
 16 **credit for excessive property taxes shall not be included in the**
 17 **credit under this subdivision.**

18 **(2) For types of property other than a homestead, the**
 19 amount of the credit is the amount by which the person's property
 20 tax liability attributable to the person's:

21 ~~(1) homestead exceeds one percent (1%);~~

22 ~~(2) (A) residential property exceeds two percent (2%);~~

23 ~~(3) (B) long term care property exceeds two percent (2%);~~

24 ~~(4) (C) agricultural land exceeds two percent (2%);~~

25 ~~(5) (D) nonresidential real property exceeds three percent~~
 26 ~~(3%); or~~

27 ~~(6) (E) personal property exceeds three percent (3%);~~

28 of the gross assessed value of the property that is the basis for
 29 determination of property taxes for that calendar year.

30 (b) This subsection applies to property taxes first due and payable
 31 after 2009. Property taxes imposed after being approved by the voters
 32 in a referendum or local public question shall not be considered for
 33 purposes of calculating a person's credit under this section.

34 (c) This subsection applies to property taxes first due and payable
 35 after 2009. As used in this subsection, "eligible county" means only a
 36 county for which the general assembly determines in 2008 that limits
 37 to property tax liability under this chapter are expected to reduce in
 38 2010 the aggregate property tax revenue that would otherwise be
 39 collected by all units of local government and school corporations in
 40 the county by at least twenty percent (20%). Property taxes imposed in
 41 an eligible county:

42 (1) to pay debt service:



- 1 (A) on bonds issued before July 1, 2008; or
 2 (B) on bonds that:
 3 (i) are issued to refund bonds originally issued before July
 4 1, 2008; and
 5 (ii) have a maturity date that is not later than the maturity
 6 date of the bonds refunded;
 7 (2) to make lease payments on leases entered into before July 1,
 8 2008, to secure bonds;
 9 (3) to make lease payments on leases:
 10 (A) that are amended to refund bonds secured by leases
 11 entered into before July 1, 2008; and
 12 (B) that have a term that is not longer than the term of the
 13 leases amended; or
 14 (4) to make lease payments on leases:
 15 (A) that secure bonds:
 16 (i) issued to refund bonds originally issued before July 1,
 17 2008; and
 18 (ii) that have a maturity date that is not later than the
 19 maturity date of the bonds refunded; and
 20 (B) that have a term that ends not later than the maturity date
 21 of the bonds refunded;

22 shall not be considered for purposes of calculating a person's credit
 23 under this section.

24 SECTION 3. IC 6-3-2-6, AS AMENDED BY P.L.146-2020,
 25 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JANUARY 1, 2025]: Sec. 6. (a) Each taxable year, an individual who
 27 rents a dwelling for use as the individual's principal place of residence
 28 may deduct from the individual's adjusted gross income (as defined in
 29 IC 6-3-1-3.5(a)), the lesser of:

- 30 (1) the amount of rent paid by the individual with respect to the
 31 dwelling during the taxable year; or
 32 (2) ~~three thousand dollars (\$3,000)~~; **nine thousand dollars**
 33 **(\$9,000)**.
 34 (b) Notwithstanding subsection (a):
 35 (1) a married couple filing a joint return for a particular taxable
 36 year may not claim a deduction under this section of more than
 37 ~~three thousand dollars (\$3,000)~~; **nine thousand dollars (\$9,000)**;
 38 and
 39 (2) a married individual filing a separate return for a particular
 40 taxable year may not claim a deduction under this section of more
 41 than ~~one thousand five hundred dollars (\$1,500)~~; **four thousand**
 42 **five hundred dollars (\$4,500)**.



1 (c) The deduction provided by this section does not apply to an
2 individual who rents a dwelling that is exempt from Indiana property
3 tax.

4 (d) For purposes of this section, a "dwelling" includes a single
5 family dwelling and unit of a multi-family dwelling.

6 SECTION 4. IC 6-3.6-4-4 IS ADDED TO THE INDIANA CODE
7 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
8 1, 2024]: **Sec. 4. (a) A county's adopting body may adjust the tax
9 rate imposed on the adjusted gross income of local taxpayers in the
10 county based on the actual property taxes that were due and
11 payable during 2024 to compensate for the amount of any tax
12 revenue shortfall that will be incurred in 2025 as a result of the
13 reduction in tax revenue attributable to the increase in the credit
14 amount under IC 6-1.1-20.6-7.5(a)(1).**

15 (b) For years beginning after December 31, 2024, the
16 department of local government finance shall, each year, before
17 July 1 of the year in which property taxes are first due and
18 payable, estimate the amount of any tax revenue shortfall incurred
19 by the county in the year in which the property taxes are first due
20 and payable as a result of the reduction in tax revenue attributable
21 to the increase in the credit amount under IC 6-1.1-20.6-7.5(a)(1).

22 (c) For years beginning after December 31, 2024, a county's
23 adopting body may, each year, adjust the tax rate imposed on the
24 adjusted gross income of local taxpayers in the county in
25 accordance with the estimate under subsection (b) to compensate
26 for the amount of any property tax revenue shortfall incurred by
27 the county in the year in which the property taxes are first due and
28 payable as a result of the reduction in tax revenue attributable to
29 the increase in the credit amount under IC 6-1.1-20.6-7.5(a)(1).

30 (d) The maximum tax rate that may be imposed on the adjusted
31 gross income of local taxpayers in a county after an adjustment
32 under subsection (c) may not exceed two and nine-tenths percent
33 (2.9%) in addition to:

- 34 (1) the maximum allowed property tax relief rate in the
35 county under IC 6-3.6-5;
- 36 (2) the maximum allowed local income tax expenditure rate in
37 the county under IC 6-3.6-6; and
- 38 (3) the maximum allowed special purpose tax rate in the
39 county under IC 6-3.6-7.

40 (e) Subject to the limitation described in subsection (d), a
41 county's adopting body, at its discretion, may increase the
42 adjustment under subsection (c) by an additional rate of



1 twenty-five hundredths percent (0.25%) over the estimate
2 calculated under subsection (b).

3 (f) The revenue collected as a result of the adjustment to the tax
4 rate imposed on the adjusted gross income of local taxpayers in the
5 county under subsection (c) shall be treated as property taxes for
6 all purposes.

7 (g) The department of local government finance shall approve,
8 in a manner determined by the department of local government
9 finance, the:

10 (1) calculation of the estimate of the amount of any tax
11 revenue shortfall incurred by a county described in subsection
12 (b);

13 (2) adjustment of the tax rate imposed on the adjusted gross
14 income of local taxpayers in a county described in subsection
15 (c); and

16 (3) use of the revenue described in subsection (f).

17 SECTION 5. IC 20-46-1-10, AS AMENDED BY P.L.189-2023,
18 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
19 JANUARY 1, 2025]: Sec. 10. (a) This section does not apply to a
20 referendum on a resolution certified to the department of local
21 government finance after March 15, 2016, to extend a referendum levy.

22 (b) The question to be submitted to the voters in the referendum
23 must read as follows:

24 "Shall the school corporation increase property taxes paid to
25 schools by homeowners and businesses for ____ (insert number
26 of years) years immediately following the holding of the
27 referendum for the purpose of funding _____ (insert short
28 description of purposes)? If this public question is approved by
29 the voters, the average property tax paid to schools per year on a
30 residence would increase by ____% (insert the estimated
31 average percentage of property tax increase paid to schools on a
32 residence within the school corporation as determined under
33 subsection (c)) and the average property tax paid to schools per
34 year on a business property would increase by ____% (insert
35 the estimated average percentage of property tax increase paid to
36 schools on a business property within the school corporation as
37 determined under subsection (d)). The most recent property tax
38 referendum proposed by the school corporation was held in
39 _____ (insert year) and _____ (insert whether the measure
40 passed or failed)."

41 (c) At the request of the governing body of a school corporation that
42 proposes to impose property taxes under this chapter, the county



1 auditor of the county in which the school corporation is located shall
 2 determine the estimated average percentage of property tax increase on
 3 a homestead to be paid to schools that must be included in the public
 4 question under subsection (b) as follows:

5 STEP ONE: Determine the average assessed value of a homestead
 6 located within the school corporation.

7 STEP TWO: For purposes of determining the net assessed value
 8 of the average homestead located within the school corporation,
 9 subtract:

10 (A) an amount for the homestead standard deduction under
 11 IC 6-1.1-12-37 as if the homestead described in STEP ONE
 12 was eligible for the deduction; and

13 (B) an amount for the supplemental homestead deduction
 14 under IC 6-1.1-12-37.5 as if the homestead described in STEP
 15 ONE was eligible for the deduction;

16 from the result of STEP ONE.

17 STEP THREE: Divide the result of STEP TWO by one hundred
 18 (100).

19 STEP FOUR: Determine the overall average tax rate per one
 20 hundred dollars (\$100) of assessed valuation for the current year
 21 imposed on property located within the school corporation.

22 STEP FIVE: For purposes of determining net property tax liability
 23 of the average homestead located within the school corporation,

24 ~~(A) multiply the result of STEP THREE by the result of STEP~~
 25 ~~FOUR. and~~

26 ~~(B) as appropriate, apply any currently applicable county~~
 27 ~~property tax credit rates and the credit for excessive property~~
 28 ~~taxes under IC 6-1.1-20.6-7.5(a)(1).~~

29 STEP SIX: Determine the amount of the school corporation's part
 30 of the result determined in STEP FIVE.

31 STEP SEVEN: Multiply:

32 (A) the tax rate that will be imposed if the public question is
 33 approved by the voters; by

34 (B) the result of STEP THREE.

35 STEP EIGHT: Divide the result of STEP SEVEN by the result of
 36 STEP SIX, expressed as a percentage.

37 (d) At the request of the governing body of a school corporation that
 38 proposes to impose property taxes under this chapter, the county
 39 auditor of the county in which the school corporation is located shall
 40 determine the estimated average percentage of property tax increase on
 41 a business property to be paid to schools that must be included in the
 42 public question under subsection (b) as follows:



- 1 STEP ONE: Determine the average assessed value of business
- 2 property located within the school corporation.
- 3 STEP TWO: Divide the result of STEP ONE by one hundred
- 4 (100).
- 5 STEP THREE: Determine the overall average tax rate per one
- 6 hundred dollars (\$100) of assessed valuation for the current year
- 7 imposed on property located within the school corporation.
- 8 STEP FOUR: For purposes of determining net property tax
- 9 liability of the average business property located within the school
- 10 corporation:
- 11 (A) multiply the result of STEP TWO by the result of STEP
- 12 THREE; and
- 13 (B) as appropriate, apply any currently applicable county
- 14 property tax credit rates and the credit for excessive property
- 15 taxes under IC 6-1.1-20.6-7.5 as if the applicable percentage
- 16 was three percent (3%).
- 17 STEP FIVE: Determine the amount of the school corporation's
- 18 part of the result determined in STEP FOUR.
- 19 STEP SIX: Multiply:
- 20 (A) the result of STEP TWO; by
- 21 (B) the tax rate that will be imposed if the public question is
- 22 approved by the voters.
- 23 STEP SEVEN: Divide the result of STEP SIX by the result of
- 24 STEP FIVE, expressed as a percentage.
- 25 (e) The county auditor shall certify the estimated average percentage
- 26 of property tax increase on a homestead to be paid to schools
- 27 determined under subsection (c), and the estimated average percentage
- 28 of property tax increase on a business property to be paid to schools
- 29 determined under subsection (d), in a manner prescribed by the
- 30 department of local government finance, and provide the certification
- 31 to the governing body of the school corporation that proposes to impose
- 32 property taxes.
- 33 SECTION 6. IC 20-46-1-10.1, AS AMENDED BY P.L.236-2023,
- 34 SECTION 154, IS AMENDED TO READ AS FOLLOWS
- 35 [EFFECTIVE JANUARY 1, 2025]: Sec. 10.1. (a) This section applies
- 36 only to a referendum to allow a school corporation to extend a
- 37 referendum levy.
- 38 (b) The question to be submitted to the voters in the referendum
- 39 must read as follows:
- 40 "Shall the school corporation continue to impose increased
- 41 property taxes paid to the school corporation by homeowners and
- 42 businesses for _____ (insert number of years) years immediately



1 following the holding of the referendum for the purpose of
 2 funding _____ (insert short description of purposes)? The
 3 property tax increase requested in this referendum was originally
 4 approved by the voters in _____ (insert the year in which the
 5 referendum tax levy was approved) and if extended will increase
 6 the average property tax paid to the school corporation per year on
 7 a residence within the school corporation by _____% (insert the
 8 estimated average percentage of property tax increase on a
 9 residence within the school corporation) and if extended will
 10 increase the average property tax paid to the school corporation
 11 per year on a business property within the school corporation by
 12 _____% (insert the estimated average percentage of property tax
 13 increase on a business within the school corporation)."

14 (c) The number of years for which a referendum tax levy may be
 15 extended if the public question under this section is approved may not
 16 exceed eight (8) years.

17 (d) At the request of the governing body of a school corporation that
 18 proposes to impose property taxes under this chapter, the county
 19 auditor of the county in which the school corporation is located shall
 20 determine the estimated average percentage of property tax increase on
 21 a homestead to be paid to the school corporation that must be included
 22 in the public question under subsection (b) as follows:

23 STEP ONE: Determine the average assessed value of a homestead
 24 located within the school corporation.

25 STEP TWO: For purposes of determining the net assessed value
 26 of the average homestead located within the school corporation,
 27 subtract:

28 (A) an amount for the homestead standard deduction under
 29 IC 6-1.1-12-37 as if the homestead described in STEP ONE
 30 was eligible for the deduction; and

31 (B) an amount for the supplemental homestead deduction
 32 under IC 6-1.1-12-37.5 as if the homestead described in STEP
 33 ONE was eligible for the deduction;

34 from the result of STEP ONE.

35 STEP THREE: Divide the result of STEP TWO by one hundred
 36 (100).

37 STEP FOUR: Determine the overall average tax rate per one
 38 hundred dollars (\$100) of assessed valuation for the current year
 39 imposed on property located within the school corporation.

40 STEP FIVE: For purposes of determining net property tax liability
 41 of the average homestead located within the school corporation,

42 (~~A~~) multiply the result of STEP THREE by the result of STEP



- 1 **FOUR. and**
 2 **(B) as appropriate, apply any currently applicable county**
 3 **property tax credit rates and the credit for excessive property**
 4 **taxes under IC 6-1.1-20.6-7.5(a)(1).**
 5 STEP SIX: Determine the amount of the school corporation's part
 6 of the result determined in STEP FIVE.
 7 STEP SEVEN: Multiply:
 8 (A) the tax rate that will be imposed if the public question is
 9 approved by the voters; by
 10 (B) the result of STEP THREE.
 11 STEP EIGHT: Divide the result of STEP SEVEN by the result of
 12 STEP SIX, expressed as a percentage.
 13 (e) At the request of the governing body of a school corporation that
 14 proposes to impose property taxes under this chapter, the county
 15 auditor of the county in which the school corporation is located shall
 16 determine the estimated average percentage of property tax increase on
 17 a business property to be paid to the school corporation that must be
 18 included in the public question under subsection (b) as follows:
 19 STEP ONE: Determine the average assessed value of business
 20 property located within the school corporation.
 21 STEP TWO: Divide the result of STEP ONE by one hundred
 22 (100).
 23 STEP THREE: Determine the overall average tax rate per one
 24 hundred dollars (\$100) of assessed valuation for the current year
 25 imposed on property located within the school corporation.
 26 STEP FOUR: For purposes of determining net property tax
 27 liability of the average business property located within the school
 28 corporation:
 29 (A) multiply the result of STEP TWO by the result of STEP
 30 THREE; and
 31 (B) as appropriate, apply any currently applicable county
 32 property tax credit rates and the credit for excessive property
 33 taxes under IC 6-1.1-20.6-7.5 as if the applicable percentage
 34 was three percent (3%).
 35 STEP FIVE: Determine the amount of the school corporation's
 36 part of the result determined in STEP FOUR.
 37 STEP SIX: Multiply:
 38 (A) the result of STEP TWO; by
 39 (B) the tax rate that will be imposed if the public question is
 40 approved by the voters.
 41 STEP SEVEN: Divide the result of STEP SIX by the result of
 42 STEP FIVE, expressed as a percentage.



1 (f) The county auditor shall certify the estimated average percentage
2 of property tax increase on a homestead to be paid to the school
3 corporation determined under subsection (d), and the estimated average
4 percentage of property tax increase on a business property to be paid
5 to the school corporation determined under subsection (e), in a manner
6 prescribed by the department of local government finance, and provide
7 the certification to the governing body of the school corporation that
8 proposes to impose property taxes.

9 SECTION 7. IC 20-46-9-9, AS AMENDED BY P.L.189-2023,
10 SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JANUARY 1, 2025]: Sec. 9. (a) The question to be submitted to the
12 voters in the referendum must read as follows:

13 "Shall the school corporation increase property taxes paid to
14 schools by homeowners and businesses for ____ (insert number
15 of years) years immediately following the holding of the
16 referendum for the purpose of funding _____ (insert short
17 description of purposes)? If this public question is approved by
18 the voters, the average property tax paid to schools per year on a
19 residence would increase by ____% (insert the estimated
20 average percentage of property tax increase paid to schools on a
21 residence within the school corporation as determined under
22 subsection (b)) and the average property tax paid to schools per
23 year on a business property would increase by ____% (insert
24 the estimated average percentage of property tax increase paid to
25 schools on a business property within the school corporation as
26 determined under subsection (c)). The most recent property tax
27 referendum proposed by the school corporation was held in
28 _____ (insert year) and _____ (insert whether the measure
29 passed or failed)."

30 (b) At the request of the governing body of a school corporation that
31 proposes to impose property taxes under this chapter, the county
32 auditor of the county in which the school corporation is located shall
33 determine the estimated average percentage of property tax increase on
34 a homestead to be paid to the school corporation that must be included
35 in the public question under subsection (a) as follows:

36 STEP ONE: Determine the average assessed value of a homestead
37 located within the school corporation.

38 STEP TWO: For purposes of determining the net assessed value
39 of the average homestead located within the school corporation,
40 subtract:

41 (A) an amount for the homestead standard deduction under
42 IC 6-1.1-12-37 as if the homestead described in STEP ONE



1 was eligible for the deduction; and
 2 (B) an amount for the supplemental homestead deduction
 3 under IC 6-1.1-12-37.5 as if the homestead described in STEP
 4 ONE was eligible for the deduction;
 5 from the result of STEP ONE.
 6 STEP THREE: Divide the result of STEP TWO by one hundred
 7 (100).
 8 STEP FOUR: Determine the overall average tax rate per one
 9 hundred dollars (\$100) of assessed valuation for the current year
 10 imposed on property located within the school corporation.
 11 STEP FIVE: For purposes of determining net property tax liability
 12 of the average homestead located within the school corporation,
 13 ~~(A) multiply the result of STEP THREE by the result of STEP~~
 14 ~~FOUR. and~~
 15 ~~(B) as appropriate, apply any currently applicable county~~
 16 ~~property tax credit rates and the credit for excessive property~~
 17 ~~taxes under IC 6-1.1-20-6-7.5(a)(1);~~
 18 STEP SIX: Determine the amount of the school corporation's part
 19 of the result determined in STEP FIVE.
 20 STEP SEVEN: Multiply:
 21 (A) the tax rate that will be imposed if the public question is
 22 approved by the voters; by
 23 (B) the result of STEP THREE.
 24 STEP EIGHT: Divide the result of STEP SEVEN by the result of
 25 STEP SIX, expressed as a percentage.
 26 (c) At the request of the governing body of a school corporation that
 27 proposes to impose property taxes under this chapter, the county
 28 auditor of the county in which the school corporation is located shall
 29 determine the estimated average percentage of property tax increase on
 30 a business property to be paid to the school corporation that must be
 31 included in the public question under subsection (a) as follows:
 32 STEP ONE: Determine the average assessed value of business
 33 property located within the school corporation.
 34 STEP TWO: Divide the result of STEP ONE by one hundred
 35 (100).
 36 STEP THREE: Determine the overall average tax rate per one
 37 hundred dollars (\$100) of assessed valuation for the current year
 38 imposed on property located within the school corporation.
 39 STEP FOUR: For purposes of determining net property tax
 40 liability of the average business property located within the school
 41 corporation:
 42 (A) multiply the result of STEP TWO by the result of STEP



1 THREE; and
2 (B) as appropriate, apply any currently applicable county
3 property tax credit rates and the credit for excessive property
4 taxes under IC 6-1.1-20.6-7.5 as if the applicable percentage
5 was three percent (3%).
6 STEP FIVE: Determine the amount of the school corporation's
7 part of the result determined in STEP FOUR.
8 STEP SIX: Multiply:
9 (A) the result of STEP TWO; by
10 (B) the tax rate that will be imposed if the public question is
11 approved by the voters.
12 STEP SEVEN: Divide the result of STEP SIX by the result of
13 STEP FIVE, expressed as a percentage.
14 (d) The county auditor shall certify the estimated average
15 percentage of property tax increase on a homestead to be paid to
16 schools determined under subsection (b), and the estimated average
17 percentage of property tax increase on a business property to be paid
18 to schools determined under subsection (c), in a manner prescribed by
19 the department of local government finance, and provide the
20 certification to the governing body of the school corporation that
21 proposes to impose property taxes.
22 SECTION 8. IC 20-46-9-10, AS AMENDED BY P.L.236-2023,
23 SECTION 156, IS AMENDED TO READ AS FOLLOWS
24 [EFFECTIVE JANUARY 1, 2025]: Sec. 10. (a) This section applies
25 only to a referendum to allow a school corporation to extend a
26 referendum tax levy.
27 (b) The question to be submitted to the voters in the referendum
28 must read as follows:
29 "Shall the school corporation continue to impose increased
30 property taxes paid to the school corporation by homeowners and
31 businesses for _____ (insert number of years) years immediately
32 following the holding of the referendum for the purpose of
33 funding _____ (insert short description of purposes)? The
34 property tax increase requested in this referendum was originally
35 approved by the voters in _____ (insert the year in which the
36 referendum tax levy was approved) and if extended will increase
37 the average property tax paid to the school corporation per year on
38 a residence within the school corporation by _____% (insert the
39 estimated average percentage of property tax increase on a
40 residence within the school corporation) and if extended will
41 increase the average property tax paid to the school corporation
42 per year on a business property within the school corporation by



1 _____%(insert the estimated average percentage of property tax
 2 increase on a business within the school corporation).".
 3 (c) The number of years for which a referendum tax levy may be
 4 extended if the public question under this section is approved may not
 5 exceed the number of years for which the expiring referendum tax levy
 6 was imposed.
 7 (d) At the request of the governing body of a school corporation that
 8 proposes to impose property taxes under this chapter, the county
 9 auditor of the county in which the school corporation is located shall
 10 determine the estimated average percentage of property tax increase on
 11 a homestead to be paid to the school corporation that must be included
 12 in the public question under subsection (b) as follows:
 13 STEP ONE: Determine the average assessed value of a homestead
 14 located within the school corporation.
 15 STEP TWO: For purposes of determining the net assessed value
 16 of the average homestead located within the school corporation,
 17 subtract:
 18 (A) an amount for the homestead standard deduction under
 19 IC 6-1.1-12-37 as if the homestead described in STEP ONE
 20 was eligible for the deduction; and
 21 (B) an amount for the supplemental homestead deduction
 22 under IC 6-1.1-12-37.5 as if the homestead described in STEP
 23 ONE was eligible for the deduction;
 24 from the result of STEP ONE.
 25 STEP THREE: Divide the result of STEP TWO by one hundred
 26 (100).
 27 STEP FOUR: Determine the overall average tax rate per one
 28 hundred dollars (\$100) of assessed valuation for the current year
 29 imposed on property located within the school corporation.
 30 STEP FIVE: For purposes of determining net property tax liability
 31 of the average homestead located within the school corporation,
 32 ~~(A) multiply the result of STEP THREE by the result of STEP~~
 33 ~~FOUR. and~~
 34 ~~(B) as appropriate, apply any currently applicable county~~
 35 ~~property tax credit rates and the credit for excessive property~~
 36 ~~taxes under IC 6-1.1-20.6-7.5(a)(1).~~
 37 STEP SIX: Determine the amount of the school corporation's part
 38 of the result determined in STEP FIVE.
 39 STEP SEVEN: Multiply:
 40 (A) the tax rate that will be imposed if the public question is
 41 approved by the voters; by
 42 (B) the result of STEP THREE.



- 1 STEP EIGHT: Divide the result of STEP SEVEN by the result of
2 STEP SIX, expressed as a percentage.
- 3 (e) At the request of the governing body of a school corporation that
4 proposes to impose property taxes under this chapter, the county
5 auditor of the county in which the school corporation is located shall
6 determine the estimated average percentage of property tax increase on
7 a business property to be paid to the school corporation that must be
8 included in the public question under subsection (b) as follows:
- 9 STEP ONE: Determine the average assessed value of business
10 property located within the school corporation.
- 11 STEP TWO: Divide the result of STEP ONE by one hundred
12 (100).
- 13 STEP THREE: Determine the overall average tax rate per one
14 hundred dollars (\$100) of assessed valuation for the current year
15 imposed on property located within the school corporation.
- 16 STEP FOUR: For purposes of determining net property tax
17 liability of the average business property located within the school
18 corporation:
- 19 (A) multiply the result of STEP TWO by the result of STEP
20 THREE; and
- 21 (B) as appropriate, apply any currently applicable county
22 property tax credit rates and the credit for excessive property
23 taxes under IC 6-1.1-20.6-7.5 as if the applicable percentage
24 was three percent (3%).
- 25 STEP FIVE: Determine the amount of the school corporation's
26 part of the result determined in STEP FOUR.
- 27 STEP SIX: Multiply:
- 28 (A) the result of STEP TWO; by
- 29 (B) the tax rate that will be imposed if the public question is
30 approved by the voters.
- 31 STEP SEVEN: Divide the result of STEP SIX by the result of
32 STEP FIVE, expressed as a percentage.
- 33 (f) The county auditor shall certify the estimated average percentage
34 of property tax increase on a homestead to be paid to the school
35 corporation determined under subsection (d), and the estimated average
36 percentage of property tax increase on a business property to be paid
37 to the school corporation determined under subsection (e), in a manner
38 prescribed by the department of local government finance, and provide
39 the certification to the governing body of the school corporation that
40 proposes to impose property taxes.
- 41 **SECTION 9. [EFFECTIVE JULY 1, 2024] (a) IC 6-3-2-6, as**
42 **amended by this act, and IC 6-3.6-4-4, as added by this act, apply**



1 to taxes first due and payable after December 31, 2024.
2 (b) This SECTION expires January 1, 2027.

