



Accelerate Indiana
Municipalities

PROPERTY TAX RELIEF (SB 1 – Sen. Holdman)

OPPOSE: Changes to MLGQ

Summary

- Caps the MLGQ at:
 - 0% in 2026
 - 1% in 2027
 - 2% in 2028
- Starting in 2029, the new MLGQ will be calculated as follows:
 - Creates a new MLGQ calculation for each county. The calculation uses a composite of the following four economic metrics which would target the MLGQ to around 4% going forward.

Aim Comments

- The fiscal impact on the MLGQ freeze is expected to start out at over \$300M statewide in the first year and grow to over \$800M in the third year of the freeze.
- Changes in the MLGQ not only have an immediate fiscal impact but the impact grows over time as levies are permanently adjusted down from how they would normally grow, reducing the base for growth in perpetuity.
- Fast-growing communities are already greatly limited in their ability to grow their tax levies along with their assessed value and service needs and SB 1 would greatly exacerbate that problem.

OPPOSE: New Referendum Requirements

Summary

- Moves local referenda to even numbered years in line with the general election.
- Eliminates the excess levy 3-year growth appeals.
- Creates a new 1-year operating referendum for cities, towns, and counties:
 - A school cannot place a controlled project referendum on the ballot the year a current referendum is expiring.

Aim Comments

- Eliminating excess levy appeals for growth removes one of the few release valves for fast-growing communities to right-size their tax levies with their actual service needs.
- Replacing this with a 1-year referendum will not solve the problem. Requiring local units to consistently go through referenda to cover the needs of growing communities will substantially burden the municipalities and the taxpayers. Referenda are already the cause of significant levy growth.

SUPPORT: Targeted Property Tax Relief

Summary

- Updates the threshold for the over 65 and veterans' property tax deductions and credits so that more property owners qualify.
- Adds a new property tax deferral program as an option for counties that want to participate
- Lowers the agricultural base rate for farm tax relief
- Adds a new property tax credit for first-time homebuyers

Aim Comments

- Aim supports targeted property tax relief for taxpayers that need it most.
- Strategic relief directly benefits taxpayers and municipalities at a more sustainable and realistic pace than large-scale reforms accompanied by necessary service cuts.

FINAL REMARKS

- Aim appreciates the effort of Chairman Travis Holdman and the members of the Senate Tax and Fiscal Policy Committee for the improvements in SB 1 from the introduced version of the bill. While the bill as amended is certainly a step in the right direction, more work remains.
- A comprehensive, state-implemented replacement revenue sources for municipal government must be considered when making large-scale changes to the property tax formula and is not currently included in SB 1.
- We look forward to continuing to work with Senate and House leadership, as well as Governor Braun and his legislative team, to craft a workable, balanced solution that supports both Hoosier taxpayers and Indiana's municipal governments.