

# 2025 SENATE ENROLLED ACT 1: **PROPERTY TAX DEDUCTIONS AND CREDITS**

Senate Enrolled Act (SEA) 1 brings sweeping changes to Indiana's property tax and local government finance systems. The legislation significantly alters how deductions and credits are applied, reshapes Local Income Tax (LIT) distributions, and places new limitations on the use of debt service levies. Aim is developing resources to help local officials navigate these changes, with focused guidance on deductions, credits, LIT, and debt service.

## **BUSINESS PERSONAL PROPERTY TAX EXEMPTIONS**

- Increases the de minimis BPPT exemption over several years (currently set at \$80,000) to \$2 Million in 2026.
- After January 1, 2025, exempts new business personal property from the 30% depreciation floor.
- Protects TIF bonds by requiring that all BPP placed into effect in existing allocation areas as of July 1, 2025, will still be subject to the 30% floor for the life of the TIF area.
- The new de minimis exemption will exempt most tax payers from having to pay the business personal property tax while keeping around 85% of the assessed value on the tax rolls.

## **PROPERTY TAX DEDUCTIONS**

- Phases down the standard homestead deduction (currently \$48,000 or 60%, whichever is less):
  - \$40,000 in 2026
  - \$30,000 in 2027
  - \$20,000 in 2028
  - \$10,000 in 2029
  - Eliminated in 2030
- Phases up the supplemental homestead deduction (currently 35%):
  - 43% in 2026
  - 48% in 2027
  - 53% in 2028
  - 58% in 2029
  - 62% in 2030
  - 66.7% in 2031 and going forward
- Adds a new property tax deduction for all property in the 2% property tax bucket (agriculture land and non-homestead residential property):
  - 7% in 2026
  - 14% in 2027
  - 21% in 2028
  - 26% in 2029
  - 30% in 2030
  - 33.3% in 2031 and going forward
- These new property tax deductions will ensure that all properties in a taxing district will hit the caps when the aggregate tax rate is \$3 per \$100.

## **PROPERTY TAX CREDITS**

- Adds a new property tax credit of \$150 for all homeowners aged 65 or over with income \$60,000 (\$70,000 if filing jointly) or less.
- Adds a new property tax credit of \$125 for blind or disabled homeowners.
- Creates a new homestead tax credit 10% or \$300.
- All new property tax credits are stackable, and the homestead tax credit is applied to the final tax bill after the circuit breaker tax credits and all other tax credits and deductions have been applied.

For the complete text of SEA 1, visit the Indiana General Assembly's [webpage](#) on the bill.