STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

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TO: **Assessing Officials & County Auditors**

FROM: **Jason Cockerill, Commissioner**

RE: **Legislation Affecting Deductions, Exemptions, and Credits**

DATE: **June 12, 2025**

The Department of Local Government Finance ("Department") issues this memorandum to inform the public of legislative changes concerning property tax deductions, exemptions, and credits. Please note that this memorandum is for informational purposes only and is not a substitute for reading the law. Except as otherwise stated, all provisions are effective July 1, 2025.

I. Over 65 Deduction Converted to Over 65 Credit

On April 15, 2025, Governor Braun signed into law Senate Enrolled Act 1-2025 ("SEA 1"). SEA 1 converts a number of existing property tax deductions into property tax credits, including the Over 65 Deduction.

Sections 20 and 21 of SEA 1, retroactively effective January 1, 2025, amend Ind. Code § 6-1.1-12-9 and Ind. Code § 6-1.1-12-10.1, which together provided for the Over 65 Deduction and its eligibility and filing requirements. SEA 1 states that these two code sections only apply to property taxes imposed for an assessment date before January 1, 2025, essentially repealing the deduction as of the January 1, 2025 assessment date.

Section 84 of SEA 1, retroactively effective January 1, 2025, adds Ind. Code § 6-1.1-51.3 as a new chapter of code regarding local property tax credits. Ind. Code § 6-1.1-51.3-1 provides for a new Over 65 Credit as described below:

MAX AMOUNT	ELIGIBILITY REQUIREMENTS	RESTRICTIONS
$150 **Note:** If any of the applicant's joint tenants or tenants in common (other than a spouse) are not at least 65, the credit allowed must be reduced.	1) Applicant must own or be buying under contract the real property or mobile or manufactured home not assessed as real property on the date the application is filed; 2) Applicant is at least 65 on or before December 31 of the year preceding the year in which the credit is claimed; 3) For the calendar year preceding by two (2) years the calendar year in which the property taxes are first due and payable, the federal adjusted gross income of: (1) an individual who filed a single return, does not exceed $60,000; (2) an individual who filed a joint return, does not exceed $70,000; or (3) an individual and all other individuals that share ownership as joint tenants or tenants in common, does not exceed $70,000; 4) Applicant has owned or has been buying under contract the real property, mobile home, or manufactured home for at least one (1) year before claiming the credit; or the applicant has been buying the real property, mobile home, or manufactured home under a contract that provides that the individual is to pay the property taxes on the real property, mobile home, or manufactured home for at least one (1) year before claiming the credit, and the contract or a memorandum of the contract is recorded in the county recorder's office; 5) Surviving, un-remarried spouse at least 60 on or before December 31 of the year preceding the year in which the credit is claimed if the deceased was 65 at the time of death may qualify; 6) Individual may not be denied the credit because the individual is absent from the real property or mobile or manufactured home while in a nursing home or hospital; 7) Complete, sign, and file application with the county auditor on or before January 15 of the calendar year in which the property taxes are first due and payable.	An individual who has sold real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property may not claim the credit against that real property. If real property, a mobile home, or a manufactured home is owned by: 1) tenants by the entirety; 2) joint tenants; or 3) tenants in common; only one Over 65 Credit may be allowed.

Like the deduction, the new credit will have an income limit. An individual may not have adjusted gross income ("AGI") over $60,000 in the case of an individual who filed a single income tax return, AGI over $70,000 in the case of an individual who filed a joint income tax return with the individual's spouse, or a combined AGI over $70,000 with others with whom the individual shares ownership as joint tenants or tenants in common. The applicant must not exceed the income limit for the calendar year preceding by two (2) years the calendar year in which the property taxes are first due and payable. More simply, a person applying for the deduction in 2025 for property taxes first due and payable in 2026 would need to show that the person's 2024 AGI did not exceed the relevant limit.

Please note that, unlike the now repealed Over 65 Deduction, the requirements for the Over 65 Credit under Ind. Code § 6-1.1-51.3-1 do not include:

(1) a residency requirement;
(2) an annual adjustment of the income limits based on Social Security cost-of-living increases; or
(3) a limit on the assessed value of the property.

Indiana Code § 6-1.1-51.3-0.5 states that the credit should be applied to an individual's property tax liability for the given year after the application of any credit under Ind. Code § 6-1.1-20.6-7.5 (property tax cap credits) but before application of any other credits under Ind. Code § 6-1.1 (Property Taxes) or Ind. Code § 6-3.6 (Local Income Taxes).

Individuals wishing to claim the new credit must apply on the form prescribed by the Department, even if they previously received the Over 65 Deduction. However, counties may instead opt to automatically transfer individuals currently receiving the Over 65 Deduction to the new credit. The Department will be making necessary updates to its Application for Senior Citizen Property Tax Benefits form to reflect the requirements for the credit.

Indiana Code § 6-1.1-51.3-1 states that an individual who remains eligible for the credit in the following year is not required to file a statement to apply for the credit in the following year. However, an individual who receives the credit in a particular year and who becomes ineligible for the credit in the following year must notify the county auditor not later than 60 days after the individual becomes ineligible.

II. Over 65 Circuit Breaker Credit

Section 75 of SEA 1, retroactively effective January 1, 2025, amends Ind. Code § 6-1.1-20.6-8.5 by modifying the eligibility requirements for the Over 65 Circuit Breaker Credit.

SEA 1 increases the maximum amount of income a person can earn while still qualifying for the credit. Ind. Code § 6-1.1-20.6-8.5 now provides that an applicant's federal adjusted gross income must not exceed $60,000 for an individual who filed a single income tax return and must not exceed $70,000 in the case of an individual who filed a joint income tax return with the individual's spouse (an increase from base amounts of $30,000 and $40,000, respectively). The income limits of $60,000 and $70,000 will apply for the 2025 Pay 2026 tax year. Starting in 2026 Pay 2027, these income thresholds will be adjusted annually by an amount equal to the cost-of-living increase applied for Social Security benefits for the preceding year. The Department will continue to issue a guidance memorandum each year to announce the Over 65 Circuit Breaker Credit income threshold amount.

SEA 1 also removes the assessed value limitation of $240,000 that was previously applied to the credit. An applicant who applies for the credit on or after January 1, 2025, is no longer disqualified if the assessed value of the individual's Indiana real property is $240,000 or higher.

The Department will be making necessary updates to its Application for Senior Citizen Property Tax Benefits form to reflect the revised requirements for the credit.

III. Blind/Disabled Deduction Converted to Blind/Disabled Credit

Sections 22 and 23 of SEA 1, retroactively effective January 1, 2025, amend Ind. Code § 6-1.1-12-11 and Ind. Code § 6-1.1-12-12, which together provided for the Blind/Disabled Deduction and its eligibility and filing requirements. SEA 1 states that these two code sections only apply to

property taxes imposed for an assessment date before January 1, 2025, essentially repealing the deduction as of the January 1, 2025 assessment date.

As noted above, Section 84 of SEA 1, retroactively effective January 1, 2025, adds Ind. Code § 6-1.1-51.3 as a new chapter of code regarding local property tax credits. Ind. Code § 6-1.1-51.3-2 provides for a new Blind/Disabled Credit as described below:

MAX AMOUNT	ELIGIBILITY REQUIREMENTS	RESTRICTIONS
$125	1) **Blind:** Applicant is blind as defined in Ind. Code § 12-7-2-21(1); or **Disabled:** Applicant is "disabled" if unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months; 2) The real property or mobile or manufactured home not assessed as real property is principally used and occupied by the applicant as the applicant's residence; 3) Applicant must own or be buying under contract the real property or mobile or manufactured home on the date the application is filed (and contract or a memorandum of contract is recorded in the county recorder's office); 4) Complete, sign, and file application with the county auditor on or before January 15 of the calendar year in which the property taxes are first due and payable.	An individual who has sold real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property may not claim the credit against that real property.

Please note that the requirements for the Blind/Disabled Credit under Ind. Code § 6-1.1-51.3-2 do not include an income limitation.

Indiana Code § 6-1.1-51.3-0.5 states that the credit should be applied to an individual's property tax liability for the given year after the application of any credit under Ind. Code § 6-1.1-20.6-7.5 (property tax cap credits) but before application of any other credits under Ind. Code § 6-1.1 (Property Taxes) or Ind. Code § 6-3.6 (Local Income Taxes).

Individuals wishing to claim the new credit must apply on the form prescribed by the Department, even if they previously received the Blind/Disabled Deduction. However, counties may instead opt to automatically transfer individuals currently receiving the Blind/Disabled Deduction to the new credit. The Department will be making necessary updates to its forms to reflect the requirements for the credit and to facilitate applications.

Indiana Code § 6-1.1-51.3-2 states that an individual who remains eligible for the credit in the following year is not required to file a statement to apply for the credit in the following year. However, an individual who receives the credit in a particular year and who becomes ineligible for the credit in the following year must notify the county auditor not later than 60 days after the individual becomes ineligible.

IV. Deductions for Veterans

The deductions for totally disabled veterans or veterans at least age 62 with a disability of 10% or more (under Ind. Code § 6-1.1-12-14) and veterans with a service-connected disability (under Ind. Code § 6-1.1-12-13) were eliminated and replaced by tax credits under SEA 1. However, the new credits were then eliminated, and the deductions were reinstated shortly thereafter when Governor Braun signed House Enrolled Act 1427-2025 ("HEA 1427") into law on May 6, 2025. The reinstatement of these deductions by HEA 1427 is retroactively effective January 1, 2025, meaning that, for practical purposes, these particular deductions remain unchanged by the 2025 legislative session.

V. Expiration of Certain Deductions

SEA 1 eliminates several deductions, effective retroactively as of January 1, 2025. This means that, as of January 1, 2025, individuals will no longer be able to apply for these deductions and county auditors will no longer apply the deductions to property tax bills for the 2025 Pay 2026 cycle. The following sections of SEA 1 eliminate the deductions described below by stating that these deductions apply only to property taxes imposed for an assessment date before January 1, 2025:

Expired Deduction	Ind. Code Cite	SEA 1 Section
Deduction for surviving spouses of World War I veterans	6-1.1-12-16	28
Deduction for rehabilitation of residential real property	6-1.1-12-18	32
Deduction for solar energy heating or cooling systems	6-1.1-12-26	34
Deduction for solar power devices	6-1.1-12-26.1	35
Deduction for resource recovery systems	6-1.1-12-28.5	37
Deduction for wind power devices	6-1.1-12-29	38
Deduction for hydroelectric power devices	6-1.1-12-33	39
Deduction for geothermal devices	6-1.1-12-34	41
Deduction for fertilizer and pesticide storage	6-1.1-12-38	46
Deduction for real property located in an enterprise zone established in Marion County	6-1.1-12-40	47
Deduction for personal property held as inventory	6-1.1-12-42	48

VI. Phase-Out of Homestead Standard Deduction and Increase to Supplemental Homestead Deduction

A. Phase-Out of Homestead Standard Deduction

Section 44 of SEA 1, retroactively effective January 1, 2025, amends Ind. Code § 6-1.1-12-37 by phasing down the Homestead Standard Deduction amount over five (5) years by providing that the deduction amount for the specified years is as follows:

(1) for assessment dates before January 1, 2025 – the lesser of 60% of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property or $48,000;
(2) for the 2025 assessment date, $48,000;
(3) for the 2026 assessment date, $40,000;
(4) for the 2027 assessment date, $30,000;
(5) for the 2028 assessment date, $20,000;
(6) for the 2029 assessment date, $10,000;
(7) for the 2030 assessment date and each assessment date thereafter, $0.

Indiana Code § 6-1.1-12-37 also states that application of the phase-down for assessment dates after December 31, 2024, with regard to mobile homes that are not assessed as real property and manufactured homes not assessed as real property shall be construed and applied in the same manner in terms of timing and consistent with its application for real property.

B. Increase to Supplemental Homestead Deduction

Section 45 of SEA 1, retroactively effective January 1, 2025, amends Ind. Code § 6-1.1-12-37.5 by adding a new subsection (c), which phases in an increase in the Supplemental Homestead Deduction over five (5) years. For taxes first due and payable after December 31, 2025, the amount of the Supplemental Homestead Deduction will be the assessed value of property as reduced by the Homestead Standard Deduction for the particular tax year multiplied by:

(1) 40%, for taxes due and payable in 2026;
(2) 46%, for taxes due and payable in 2027;
(3) 52%, for taxes due and payable in 2028;
(4) 57%, for taxes due and payable in 2029;
(5) 62%, for taxes due and payable in 2030;
(6) 66.7%, for taxes due and payable in 2031 and each year thereafter.

Indiana Code § 6-1.1-12-37.5 also states that the amount of the Supplemental Homestead Deduction may not exceed the amount equal to 75% of the gross assessed value of the property.

VII. TIF Neutralization

Section 5 of SEA 1 adds Ind. Code § 6-1.1-2-11 as a new section, effective upon passage. This section provides that in calendar years 2026 through 2033, the Department shall adjust the base assessed values of the allocation areas established under the statutes below to neutralize the effect of changing tax rates as a result of the application of the following property tax deductions:

(1) The Homestead Standard Deduction (Ind. Code § 6-1.1-12-37).
(2) The Homestead Supplemental Deduction (Ind. Code § 6-1.1-12-37.5).
(3) The Non-Homestead Residential Property Deduction (Ind. Code § 6-1.1-12-47).

The allocation areas affected by this neutralization are those established under the following statutes:

(1) Ind. Code § 6-1.1-39 (economic development districts).
(2) Ind. Code § 8-22-3.5 (airport development zones).
(3) Ind. Code § 36-7-14 (redevelopment of areas needing redevelopment generally).
(4) Ind. Code § 36-7-15.1 (redevelopment of areas in Marion County).
(5) Ind. Code § 36-7-30 (reuse of federal military bases).
(6) Ind. Code § 36-7-30.5 (development of multi-county federal military bases).
(7) Ind. Code § 36-7-32 (certified technology parks).
(8) Ind. Code § 36-7-32.5 (innovation development districts).
(9) Ind. Code § 36-7.5-4.5 (rail transit development districts).

Please note the following statement of intent by the General Assembly in Ind. Code § 6-1.1-2-11:

> It is the intent of the general assembly that an increase in revenue from a change in tax rates resulting from these statutes accrue only to the base assessed value and not to the tax increment financing allocation area. However, in the case of a decrease in revenue from a change in tax rates resulting from these statutes, the [Department] may neutralize the change under [Ind. Code § 6-1.1-2-11] in a positive manner with regard to the tax increment financing allocation area to protect the ability to pay bonds based on incremental revenue, if the tax increment financing allocation area demonstrates to the [Department] that an adjustment is needed before the [Department] calculates a positive neutralization adjustment.

Therefore, the Department's neutralization of assessed values in the above-referenced allocation areas:

(1) May not result in increased TIF revenue being allocated to the redevelopment commission ("RDC"), but must be distributed to the underlying taxing units as a part of the base assessed value. In other words, the TIF district and the RDC are not to benefit from the increase in the tax rates because of the application of these tax deductions.
(2) May be adjusted "in a positive manner" to protect the ability to pay bonds based on incremental revenue, at the request of the TIF district and upon a showing that the adjustment is needed. It is unclear which entity would request on behalf of the TIF district, as the TIF district itself does not have its own governing or fiscal body.

The Department also stresses that although this section is effective upon passage, it requires the Department to take action under "in each year beginning after December 31, 2025, and ending before January 1, 2034." Therefore, the Department will not first take action until calendar year 2026, for 2026 pay 2027 taxes.

The Department will provide additional information following the conclusion of the 2025 pay 2026 budget cycle with regard to this neutralization process.

VIII. Deduction for 2% Circuit Breaker Credit Properties

Section 52 of SEA 1 adds Ind. Code § 6-1.1-12-47 as a new section of code, retroactively effective January 1, 2025. Ind. Code § 6-1.1-12-47 applies to the January 1, 2025 assessment date and to future assessment dates.

Ind. Code § 6-1.1-12-47 (NEW)
[Effective January 1, 2025]
Sec. 47

(a) This section applies to assessment dates beginning after December 31, 2024.

(b) As used in the section, "eligible property" means all property that is subject to the credit for excessive property taxes under IC 6-1.1-20.6-7.5(a)(2) through IC 6-1.1-20.6-7.5(a)(4).

(c) A taxpayer is entitled to a deduction from the assessed value of the taxpayer's eligible property after the application of any other deductions that apply under this article equal to:

(1) six percent (6%) of the taxpayer's assessed value for assessments made in 2025 for property taxes first due and payable in 2026;

(2) twelve percent (12%) of the taxpayer's assessed value for assessments made in 2026 for property taxes first due and payable in 2027;

(3) nineteen percent (19%) of the taxpayer's assessed value for assessments made in 2027 for property taxes first due and payable in 2028;

(4) twenty-five percent (25%) of the taxpayer's assessed value for assessments made in 2028 for property taxes first due and payable in 2029;

(5) thirty percent (30%) of the taxpayer's assessed value for assessments made in 2029 for property taxes first due and payable in 2030; and

(6) thirty-three and four-tenths percent (33.4%) of the taxpayer's assessed value for assessments made in 2030 for property taxes first due and payable in 2031, and for assessments made in each taxable year thereafter.

(d) A taxpayer is not required to file an application to qualify for the deduction established by this section. A county auditor shall apply the deduction to eligible property in the county as set forth in this section.

(e) Application of the phased in deduction under this section for assessment dates after December 31, 2024, with regard to mobile homes that are not assessed as real property and manufactured homes not assessed as real property shall be construed and applied in the same manner in terms of timing and consistent with its application for real property.

Under this new section, “eligible property” is defined as all property that is subject to the credit for excessive property taxes (commonly referred to as circuit breaker credits or property tax caps) under Ind. Code § 6-1.1-20.6-7.5(a)(2) through Ind. Code § 6-1.1-20.6-7.5(a)(4). The properties under these subsections include:

(1) Ind. Code § 6-1.1-20.6-7.5(a)(2) – Residential Property
(2) Ind. Code § 6-1.1-20.6-7.5(a)(3) – Long Term Care Property
(3) Ind. Code § 6-1.1-20.6-7.5(a)(4) – Agricultural Land

Taxpayers with eligible property are entitled to a deduction from the assessed value of their eligible property after the application of any other deductions that apply under Ind. Code § 6-1.1 in an amount equal to:

(1) 6% of AV for 2025-Pay-2026
(2) 12% of AV for 2026-Pay-2027
(3) 19% of AV for 2027-Pay-2028
(4) 25% of AV for 2028-Pay-2029
(5) 30% of AV for 2029-Pay-2030
(6) 33.4% of AV for 2030-Pay-2031 and for assessments made in each taxable year thereafter.

Taxpayers are not required to file an application to receive this deduction, meaning auditors will need to identify an eligible property and apply the deduction to that property at the correct amount for the applicable year.

Indiana Code § 6-1.1-12-47 also states that application of this phased in deduction for assessment dates after December 31, 2024, with regard to mobile homes that are not assessed as real property and manufactured homes not assessed as real property shall be construed and applied in the same manner in terms of timing and consistent with its application for real property.

IX. Supplemental Homestead Credit

Section 74 of SEA 1 adds Ind. Code § 6-1.1-20.6-7.7 as a new section of code, effective upon passage, which applies for property taxes first due and payable in calendar years beginning after December 31, 2025.

Ind. Code § 6-1.1-20.6-7.7 (NEW)
[Effective Upon Passage (April 15, 2025)]
Sec. 7.7

(a) This section applies for property taxes first due and payable in calendar years beginning after December 31, 2025.

(b) A person who qualifies for a standard deduction from the assessed value of the person's homestead under IC 6-1.1-12-37 (or is married at the time of death to a deceased spouse who qualifies for a standard deduction under IC 6-1.1-12-37 for the person's homestead) is also entitled to receive a supplemental homestead credit under this section against the person's property tax liability on the same homestead to which the standard deduction applies.

(c) The amount of the credit is equal to the lesser of:

(1) the result of:

(A) the property tax liability first due and payable on the homestead property for the calendar year; multiplied by

(B) one-tenth (0.1); or

(2) three hundred dollars ($300).

(d) Property taxes imposed after being approved by the voters in a referendum or local public question shall not be considered for purposes of calculating a person's credit under this section.

> **(e)** A person is not required to file an application for the credit under this section. The county auditor shall:
>
> **(1)** identify the property in the county eligible for the credit under this section; and
>
> **(2)** apply the credit under this section to property tax liability on the identified property.

As provided for under Ind. Code § 6-1.1-20.6-7.7, a person who qualifies for the Homestead Standard Deduction (or is married at the time of death to a deceased spouse who qualifies for the Homestead Standard Deduction for the person's homestead) is entitled to receive this new Supplemental Homestead Credit.

Qualifying taxpayers may receive up to $300 as a credit applied to their tax liability on the same homestead to which the Homestead Standard Deduction applies. The amount of the credit is the property tax liability first due and payable on the homestead property for the calendar year multiplied by one-tenth (0.1) or $300, whichever amount is lower.

Taxpayers are not required to file an application to receive this credit. Ind. Code § 6-1.1-20.6-7.7 states that auditors shall identify the property eligible for the credit and apply the credit to the property tax liability on identified properties.

X. Certified Tech Parks

On May 1, 2025, Governor Braun signed into law Senate Enrolled Act 516-2025 ("SEA 516"). Among other actions, SEA 516 amends Ind. Code § 6-1.1-12.7-4 and -5 to transfer oversight responsibilities of certified technology parks from the Indiana Economic Development Corporation ("IEDC") to a newly-created Office of Entrepreneurship and Innovation.

SEA 516 does so by specifying that the Office of Entrepreneurship and Innovation, rather than the IEDC, will: 1) receive certified ordinances adopted under Ind. Code § 6-1.1-12.7-4(a); 2) review those certified ordinances and determine whether it is in the best interest of the development of the certified technology park to permit the deduction granted by the ordinance; and 3) after a hearing, either approve, approve with modifications, or disapprove the ordinances.

XI. Early Childhood Education Centers

Section 26 of HEA 1427, retroactively effective on January 1, 2024, amends Ind. Code § 6-1.1-10-16(p) and adds Ind. Code § 6-1.1-10-16(q) to specify that, as of the January 1, 2026 assessment date, for-profit providers of early childhood education services to children who are less than six (6) years of age may receive the exemption provided for under Ind. Code § 6-1.1-10-16 for property used for educational purposes if the requirements of Ind. Code § 6-1.1-10-46 are met.

Previously, this exemption was only available to qualified for-profit providers of early childhood education services to children who were at least four (4) but less than six (6). If a qualified taxpayer provided services to children younger than four (4) years old, the exemption was prorated based on the number of qualified children compared to the total number of children at the property.

Section 29 of HEA 1427, effective January 1, 2026, amends Ind. Code § 6-1.1-10-46, which contains the requirements for the exemption, in the following ways:

Ind. Code § 6-1.1-10-46
Property tax exemption; for profit early childhood education provider

Sec. 46. ~~(a)~~ Tangible property owned, occupied, or used by a for-profit provider of early childhood education services to children who are ~~at least four (4) but~~ less than six (6) years of age is exempt from property taxation under section 16 of this chapter only if all the following requirements are satisfied:

~~(1) The primary purpose of the provider is educational.~~

~~(2)~~ **(1)** The provider**, or a parent company, subsidiary, or affiliate company of the provider,** is the property owner. ~~and~~

(2) The provider ~~also~~ predominantly occupies and uses the tangible property for providing early childhood education services to children who are ~~at least four (4) but~~ less than six (6) years of age.

(3) The provider meets the standards of quality recognized by a Level 3 or Level 4 Paths to QUALITY program rating under IC 12-17.2-2-14.2 or has a comparable rating from a nationally recognized accrediting body.

(4) The provider offers age appropriate curriculum for all children who are less than six (6) years of age, including infants, who attend the child care facility. The curriculum offered must include reading to the children.

However, the exemption provided by this section does not apply to tangible property that has been granted a homestead standard deduction under IC 6-1.1-12-37.

~~If the property owner provides early childhood education services to children who are at least four (4) but less than six (6) years of age and to children younger than four (4) years of age, the amount of the exemption must be on that part of the assessment of the property that bears the same proportion to the total assessment of the property as the percentage of the property owner's enrollment count of children who are at least four (4) but less than six (6) years of age compared to the property owner's total enrollment count of children of all ages.~~

~~(b) For purposes of this section, the annual assessment date or, if the annual assessment date is not a business day for the property owner, the business day closest to the annual assessment date, must be used for the enrollment count under this section. However, a property owner that believes that the enrollment count on this date for a particular year does not accurately represent the property owner's normal enrollment count for that year may appeal to the county assessor for a change in the date to be used under this section for that year. The appeal must be filed on or before the deadline for filing an exemption under section 16 of this chapter. If the county assessor finds that the property owner's appeal substantiates that the property owner's normal enrollment count is not accurately represented by using the required date, the assessor shall establish an alternate date to be used for that year that represents the property owner's normal enrollment count for that year.~~

As reflected above, the changes to the qualifications under Ind. Code § 6-1.1-10-46 include:

(1) The primary purpose of the provider no longer needs to be educational;
(2) The property may be owned by the provider, or a parent company, subsidiary, or an affiliate company of the provider;

(3) The property must be predominantly used to provide services to children of any age under six (6) years old;
(4) The provider must offer age-appropriate curriculum, including reading, for all children under six years old;
(5) The exemption will not be prorated for providers serving children under four years old; and
(6) The exemption does not apply to homestead property.

XII. Employer Provided Child Care – Partial Property Tax Exemption

Section 30 of HEA 1427 adds Ind. Code § 6-1.1-10-51 as a new section of code, effective January 1, 2026, regarding a partial property tax exemption for employers that provide child care on the employer's property for the employer's employees and certain other employees. The section reads as follows:

Ind. Code § 6-1.1-10-51 (NEW)
[Effective January 1, 2026]
Sec. 51

(a) As used in this section, "child care" has the meaning set forth in IC 12-7-2-28.2.

(b) As used in this section, "early learning advisory committee" refers to the early learning advisory committee established by IC 12-17.2-3.8-5.

(c) As used in this section, "employer" means any person, corporation, limited liability company, partnership, or other entity with employees employed at a physical location in Indiana. The term includes a pass through entity. However, the term does not include an employer who is in the business of operating a child care facility.

(d) As used in this section, "office" refers to the office of the secretary of family and social services established by IC 12-8-1.5-1.

(e) The part of the gross assessed value of tangible property that is attributable to tangible property owned and used by an employer, or a parent company, subsidiary, or affiliate company of an employer, to provide child care for children of the employer's employees and children of the employees of another business in accordance with an agreement entered into under subsection (g) is exempt from property taxation if the following conditions are met:

(1) The child care is provided in a facility located on the employer's property.

(2) Subject to subsection (g), the child care is provided only for children of the employer's employees.

(3) The child care facility is licensed by the division of family resources under IC 12-17.2.

(4) The part of the employer's property used to provide child care meets standards established by the office and the early learning advisory committee for the number of children to be served by the child care facility.

(f) The child care facility may be operated by the employer or under a contract described in Section 45F(c)(1)(A)(iii) of the Internal Revenue Code to provide child care services to the employer's employees.

(g) An employer may provide child care in a facility described in subsection (e)(1) for the children of the employees of another business if the employer and the other business enter into an agreement that outlines the terms under which the child care is to be provided to the children of the employees of the other business.

The exemption provided for under this new section applies to the part of the gross assessed value of tangible property that is attributable to the property used to provide child care which meets the requirements of the statute. Taxpayers applying for the exemption should provide the necessary information in their application to show that they qualify for the exemption. The Department will review the Application for Property Tax Exemption form and make any necessary updates to account for this new exemption.

XIII. Nonprofit Retirement Communities

Section 26 of HEA 1427, retroactively effective on January 1, 2024, adds Ind. Code § 6-1.1-10-16(r) as a new subsection, which states:

> **Ind. Code § 6-1.1-10-16**
> **Exemption of building, land, and personal property used for various purposes; termination of eligibility for exemption**
> …
> **(r)** This subsection applies only to property taxes that are first due and payable in calendar years 2025 and 2026. All or part of a building is deemed to serve a charitable purpose and is exempt from property taxation if it is owned by a nonprofit entity that is:
>
> **(1)** registered as a continuing care retirement community under IC 23-2-4 and charges an entry fee of not more than five hundred thousand dollars ($500,000) per unit;
> **(2)** defined as a small house health facility under IC 16-18-2-331.9;
> **(3)** licensed as a health care or residential care facility under IC 16-28; or
> **(4)** licensed under IC 31-27 and designated as a qualified residential treatment provider that provides services under a contract with the department of child services.
>
> This subsection expires January 1, 2027.

Ind. Code § 6-1.1-10-16(a) states that all or part of a building is exempt from property taxation if it is owned, occupied, and used by a person for educational, literary, scientific, religious, or charitable purposes. This new subsection (r), which applies only to property taxes payable in 2025 and 2026, specifies that the listed nonprofit entities – continuing care retirement communities charging an entry fee of not more than $500,000 per unit, small house health facilities, health care or residential care facilities, and qualified residential treatment providers (registered, licensed, or defined under their respective statutes) – are deemed to serve a charitable purpose and are thus exempt from property taxation.

Section 27 of HEA 1427, retroactively effective January 1, 2024, amends Ind. Code § 6-1.1-10-18.5 to further specify that, for taxes payable in 2025 and 2026, tangible property is exempt from property taxation if it is:

(1) owned by an Indiana nonprofit corporation; and
(2) used by an Indiana nonprofit corporation in the operation of a continuing care retirement community under Ind. Code § 23-2-4 that charges an entry fee of not more than five hundred thousand dollars ($500,000) per unit as described in Ind. Code § 6-1.1-10-16(r)(1), a small house health facility under Ind. Code § 16-18-2-331.9, or a qualified residential treatment provider listed in Ind. Code § 6-1.1-10-16(r)(4).

Section 155 of HEA 1427 urges the Legislative Council to assign the task of studying the effects of the provisions implemented under Ind. Code § 6-1.1-10-16(r) to the appropriate interim study committee.

XIV. Community Land Trusts

Section 58 of HEA 1427 adds Ind. Code § 6-1.1-50.1 as a new chapter (copied below) regarding a property tax credit for community land trust property.

> **Ind. Code § 6-1.1-50.1 (NEW)**
> **[Effective July 1, 2025]**
>
> **Chapter 50.1. Credit for Community Land Trust Property**
>
> **Sec. 1.** The credit provided by this chapter applies to assessment dates occurring after December 31, 2025.
>
> **Sec. 2.** As used in this chapter, "net property tax" means liability for the tax imposed on property under this article determined after the application of all credits and deductions under this article but does not include any interest or penalty imposed under this article.
>
> **Sec. 3.** As used in this chapter, "qualified owner" has the meaning set forth in IC 6-1.1-4-47(g).
>
> **Sec. 4.** A qualified owner whose property is assessed under IC 6-1.1-4-47 is entitled to a credit in an amount equal to thirty percent (30%) of the qualified owner's net property tax due.
>
> **Sec. 5.** The department of local government finance shall prescribe a form on which a qualified owner may claim the credit provided under this chapter.

This new chapter of code references the definition of "qualified owner" from another newly-added portion of code – Ind. Code § 6-1.1-4-47 – which was enacted by Section 21 of HEA 1427.

Under Ind. Code § 6-1.1-4-47(g), "qualified owner" means an individual who is a member of a household with annual household income that is not more than eighty percent (80%) of the median household income in the community land trust land's surrounding area, as determined according to the median household income amounts published by the United States Department of Housing and Urban Development at the time the ground lease (another defined term under Ind. Code § 6-1.1-4-47) is entered into.

Indiana Code § 6-1.1-50.1-4 states that a qualified owner whose property is assessed under Ind. Code § 6-1.1-4-47 is entitled to a property tax credit equal to 30% of the "net property tax due," as defined in Ind. Code § 6-1.1-50.1-2. Please review the Department's memorandum on Legislation Affecting Assessment Matters for a description of Ind. Code § 6-1.1-4-47 and the community land trust property that will be assessed under that section. The Department will release the new credit form referenced in Ind. Code § 6-1.1-50.1-5 in the future.

XV. Quantum Research Tax Incentives

On May 1, 2025, Governor Braun signed into law House Enrolled Act 1601-2025 ("HEA 1601"). HEA 1601 adds Ind. Code § 6-1.1-10-54, effective upon passage, as a new section of code (among other new sections) regarding the ability of local designating bodies to enter into an agreement with an eligible business to grant the eligible business a property tax exemption for quantum safe fiber network equipment.

Definitions for the terms "designating body", "eligible business", "facility", "fiscal body", "municipality", "qualified property", and "quantum safe fiber network equipment" are provided in subsections (b) through (g) below.

Ind. Code § 6-1.1-10-54 (NEW)
[Effective Upon Passage (May 1, 2025)]
Sec. 54

(a) As used in this section, "designating body" means the fiscal body of: (1) a county that does not contain a consolidated city; or (2) a municipality.

(b) As used in this section, "eligible business" means an entity that meets the following requirements:

(1) The entity is engaged in a business that:

(A) operates; or

(B) leases qualified property for use in; one (1) or more facilities.

(2) The entity's qualified property is located at a facility in Indiana.

(3) The entity, the lessor of qualified property (if the entity is a lessee), and all lessees of qualified property invest in the aggregate at least one hundred million dollars ($100,000,000) in real and personal property at one (1) or more facilities in Indiana after May 1, 2025.

(4) The average wage of employees who are located in the county or municipality and engaged in the operation of the facility is at least one hundred twenty-five percent (125%) of the county average wage for the county in which the facility operates.

(c) As used in this section, "facility" has the meaning set forth in IC 6-2.5-15-5.

(d) As used in this section, "fiscal body" has the meaning set forth in IC 36-1-2-6.

(e) As used in this section, "municipality" has the meaning set forth in IC 36-1-2-11.

(f) As used in this section, "qualified property" means quantum safe fiber network equipment purchased after May 1, 2025, and any additions to or replacements to such property.

(g) As used in this section, "quantum safe fiber network equipment" has the meaning set forth in IC 6-2.5-15-13.3.

(h) A designating body may enter into an agreement with an eligible business to grant the eligible business a property tax exemption. In the case of a county, the exemption applies only to qualified property that is located in unincorporated territory of the county. In the case of a municipality, the exemption applies only to qualified property that is located in the municipality. The property tax exemption applies to the qualified property only if the designating body and the eligible business enter into an agreement concerning the property tax exemption. The agreement must specify the duration of the property tax exemption. The agreement may specify that if the ownership of qualified property is transferred by an eligible business, the transferee is entitled to the property tax exemption on the same terms as the transferor. If a designating body enters into an agreement with an

eligible business, the qualified property owned by the eligible business is exempt from property taxation as provided in the resolution and the agreement.

(i) If a designating body enters into an agreement under subsection (h) to provide a property tax exemption, the property tax exemption continues for the period specified in the agreement.

Section 12 of HEA 1601 adds Ind. Code § 6-2.5-15-13.3 as a new section of code, which provides the definition for "quantum safe fiber network equipment". Quantum safe fiber network equipment (as defined) that was purchased after May 1, 2025, and any additions to or replacements to such property is considered "qualified property" that may be exempted from property taxation by a designating body.

Indiana Code § 6-1.1-10-54 states that an agreement between a designating body and an eligible business must specify the duration of the exemption and may specify that if the ownership of qualified property is transferred by an eligible business, the transferee is entitled to the property tax exemption on the same terms as the transferor. Beyond these provisions, the statute does not specify other procedural requirements for a designating body to grant the exemption. However, to help facilitate the granting and implementation of exemptions, the Department will either make updates to existing forms or promulgate a new form for designating bodies to use. Until such forms are made available, the Department encourages designating bodies that wish to enter into an agreement with and grant an exemption to an eligible business to communicate with county assessors and auditors regarding any exemptions granted.

XVI. Business Personal Property Exemption

Section 6 of SEA 1, retroactively effective January 1, 2025, amends Ind. Code § 6-1.1-3-7.2 by increasing the acquisition cost of a taxpayer's total business personal property in a county from $80,000 to $1,000,000 for the 2025 assessment date and to $2,000,000 for the 2026 assessment date and each assessment date thereafter for purposes of receiving a business personal property tax exemption.

However, Section 14 of HEA 1427, retroactively effective January 1, 2025, further amends Ind. Code § 6-1.1-3-7.2. HEA 1427 repeals the increase in the personal property tax exemption threshold for the 2025 assessment date enacted in SEA 1 but retains the increase in the personal property tax exemption threshold to $2,000,000 for the 2026 assessment date and following assessment dates.

Therefore, per HEA 1427, and subject to all other applicable provisions, if the acquisition cost of a taxpayer's total business personal property in a county is less than:

(1) eighty thousand dollars ($80,000) for assessment dates before 2026; and
(2) two million dollars ($2,000,000) for the 2026 assessment date, and each assessment date thereafter;

the taxpayer's business personal property in the county for that assessment date is exempt from taxation.

Additionally, Section 14 of HEA 1427 adds subsection (g) to Ind. Code § 6-1.1-3-7.2, which addresses those taxpayers who filed a business personal property tax return on or after April 15, 2025, if the taxpayer claimed an exemption for the 2025 assessment date for acquisition costs totaling more than $80,000 but less than $1,000,000 under the provisions enacted in SEA 1 but before those same provisions were repealed in HEA 1427. In other words, subsection (g) addresses those taxpayers who filed a business personal property tax return from April 15 to May 6 and claimed an exemption for business personal property in a county with total acquisition costs below $1,000,000.

A taxpayer described by this new subsection (g) is not entitled to an exemption that exceeds the amount as amended in HEA 1427 ($80,000) and should have filed an amended return by no later than May 31, 2025. Taxpayers who filed an amended return under Ind. Code § 6-1.1-3-7.2 by May 31, 2025 are still able to file an amended return under Ind. Code § 6-1.1-3-7.5 by the deadlines specified in that section. If a taxpayer was required to file an amended return under Ind. Code § 6-1.1-3-7.2 by May 31, 2025, but failed to do so, the assessing official should disallow the portion of the claimed exemption that the taxpayer is not entitled to and should notify the taxpayer of the disallowance using Form 113/PP – Notice of Assessment/Change by an Assessing Official.

The Department will be making necessary updates to affected personal property forms to reflect these changes.

XVII. Code List 37 – Adjustment Codes

For purposes of implementing the various new deductions and credits enacted during the 2025 Legislative Session, the Department has also updated the Property Tax Management System Code List Manual for the Supplemental Homestead Credit, the Over 65 Credit, the Blind/Disabled Credit, the Community Land Trust Credit, and the Deduction for 2% Circuit Breaker Credit Properties.

CODE	VALUE	STATUTE	NOT VALID AFTER PAY 200X
46	SUPPLEMENTAL HOMESTEAD CREDIT	6-1.1-20.6-7.7	
47	OVER 65 CREDIT	6-1.1-51.3-1	
48	BLIND/DISABLED CREDIT	6-1.1-51.3-2	
49	COMMUNITY LAND TRUST CREDIT	6-1.1-50.1	
98	2% PROPERTY DEDUCTION	6-1.1-12-47	
99	EMPLOYER PROVIDED CHILD CARE EXEMPTION	6-1.1-10-51	

Please review the Department's memorandum on Update to 50 IAC 26 Code Lists for additional details.

Contact Information

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