

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 974-1629

TO: All Political Subdivisions

FROM: Jason Cockerill, Commissioner

RE: Legislative Changes to Property Tax Referenda and Controlled Projects

DATE: June 10, 2025

The Department of Local Government Finance (“Department”) issues this memorandum to explain the changes to the property tax referendum process found in House Enrolled Act 1427-2025 (“HEA 1427”) and Senate Enrolled Act 1-2025 (“SEA 1”). Governor Mike Braun signed SEA 1 and HEA 1427 into law on April 15 and May 6, 2025, respectively.

This memorandum is issued for informative purposes only and is not a substitute for reading the law or consulting local counsel.

I. Timing of Property Tax Referenda

A. Holding Property Tax Referendum on General Election Only

Section 1 of SEA 1, effective July 1, 2025, amends Ind. Code § 3-10-9-3 and provides that a referendum to impose property taxes may only be held at a general election.

Under current law, a referendum can be held during a primary, municipal, or general election, or a special election if none of the other elections are held in the political subdivision. See Ind. Code § 6-1.1-20-3.6(e); Ind. Code § 6-1.1-20-4.3(c)(5); Ind. Code § 20-46-1-14; and Ind. Code § 20-46-9-14; all before amendments from SEA 1. Sections 68, 70, 220, and 231 of SEA 1 amend these respective statutes to remove provisions that allow a property tax referendum to take place during a primary, municipal, or special election.

Therefore, under SEA 1, all property tax referenda may only be placed on the ballot during a general election. The deadline for certification of the ballot question for a general election remains noon on August 1 immediately preceding the general election, as per current law.

B. Exception for Operating or Operating Extension Referenda in Calendar Year 2025

However, Section 133 of HEA 1427 adds Ind. Code § 20-46-1-23 as a new section, effective upon passage. This statute provides that, notwithstanding any other law, including any amendments to Ind. Code § 3-10-9-3 made by legislation during the 2025 session, an operating

referendum or operating extension referendum may be held in the fall of calendar year 2025 if the school board adopts a resolution under Ind. Code § 20-46-1-8 on or before June 30, 2025.

With respect to Ind. Code § 20-46-1-23, note the following:

- 1) The exception only applies to an operating referendum or operating extension referendum. There is no counterpart statute in Ind. Code § 20-46-9 (for a school safety referendum) or Ind. Code § 6-1.1-20 (for a controlled project referendum). Therefore, the restriction under Ind. Code § 3-10-9-3 as amended by SEA 1 will apply to those referenda.
- 2) This provision does not exempt the ballot question from being reviewed by the Department under Ind. Code § 20-46-1-8(c)(1).
- 3) The resolution must be adopted on or before **June 30, 2025**, in order to appear on the ballot in the fall of 2025. A question proposed in a resolution adopted after that date may not appear on the ballot in the fall of 2025.
- 4) The statute refers to the fall of calendar year 2025. Indiana Code § 20-46-1-14(b) states that if a special election is to be held for the referendum, it must take place “on the first Tuesday after the first Monday in May or November of the year.” Therefore, if a special election is going to be held in the fall of calendar year 2025 for an operating referendum, it must be held on the date required by Ind. Code § 20-46-1-14(b).
- 5) It is not stated whether the amendment to Ind. Code § 20-46-1-10 by SEA 1 (effective July 1, 2025, see Section III, below) affects the ballot question to be used. Indiana Code § 20-46-1-23 provides that the resolution to place the question on the ballot must be adopted no later than June 30, 2025, which is before the amendment to Ind. Code § 20-46-1-10 by SEA 1 goes into effect. The Department believes that although the county auditor is under no obligation to perform the duties assigned under Ind. Code § 20-46-1-10.3 (see Section IV, below) until July 1, 2025, the county auditor would still be required to calculate the estimated average tax impact on an operating referendum pursuant to Ind. Code § 20-46-1-10(e) and (f) (as in effect prior to July 1, 2025). Therefore, the Department will not object to the submission of a ballot question drafted in accordance with the template prescribed by Ind. Code § 20-46-1-10 prior to the statute’s amendment by SEA 1.

II. Conditions for What Constitutes a Controlled Project

A. In General

Sections 65, 66, and 67 of SEA 1 amend Ind. Code §§ 6-1.1-20-1.1, 6-1.1-20-3.1, and 6-1.1-20-3.6, respectively, to add conditions that make a project for which bonds and leases are payable by property tax subject to either a petition and remonstrance or a referendum. These provisions are effective July 1, 2025.

In all cases, these conditions will apply when:

- 1) The preliminary determination to issue bonds or enter into a lease is adopted after June 30, 2025.
- 2) If applicable, the public hearing to issue bonds or enter into a lease has not been conducted under Ind. Code § 20-26-7-37 before July 1, 2025.
- 3) The political subdivision's total tax rate for its debt service funds (excluding debt service approved by voters in a referendum) does not exceed certain rate amounts stated below:

Unit Type	Controlled Project	Subject to Petition and Remonstrance	Subject to a Referendum
School Corporation	$x > \$0.40$	$\$0.40 < x < \0.70	$x > \$0.70$
County or Municipality	$x > \$0.25$	$\$0.25 < x < \0.40	$x > \$0.40$
Any Other Political Subdivision	$x > \$0.05$	$\$0.05 < x < \0.10	$x > \$0.10$

B. Additional Conditions to Make a Project Controlled (Ind. Code § 6-1.1-20-1.1)

Per Section 65 of SEA 1, a project is deemed controlled if the following apply:

- 1) The preliminary determination and public hearing events occur as stated above.
- 2) The project is not a project described in Ind. Code § 6-1.1-20-1.1(a)(1) or Ind. Code § 6-1.1-20-1.1(a)(3) through (a)(9).
- 3) The project does not meet the threshold amounts determined in Ind. Code § 6-1.1-20-1.1(a)(2).
- 4) The political subdivision's total debt service tax rate falls within the range stated in the table above for a controlled project. The existing condition for a project to be classified as controlled, which stipulates that a political subdivision's total debt service tax rate must exceed forty cents (\$0.40) per \$100 assessed valuation, will no longer apply to preliminary determinations adopted after June 30, 2025.

C. Whether a Project is Subject to Petition and Remonstrance (Ind. Code § 6-1.1-20-3.1)

Section 66 of SEA 1 amends Ind. Code § 6-1.1-20-3.1 by adding the following conditions that can make a controlled project subject to a petition and remonstrance:

- 1) The preliminary determination and public hearing events occur as stated above (See Section II.A, above).
- 2) The project is not a project subject to a referendum under the cost thresholds described in Ind. Code § 6-1.1-20-3.5(a)(1).

- 3) The political subdivision's total debt service tax rate falls within the range stated in the table above for a petition and remonstrance. The existing condition that a political subdivision's total debt service tax rate must be between (\$0.40) and (\$0.80) per \$100 assessed valuation to initiate a petition and remonstrance will be eliminated for preliminary determinations adopted after June 30, 2025.

D. Whether a Project is Subject to Referendum (Ind. Code § 6-1.1-20-3.6)

Section 67 of SEA 1 amends Ind. Code § 6-1.1-20-3.6 by adding the following conditions that can make a controlled project subject to a referendum:

- 1) The preliminary determination and public hearing events occur as stated above (See Section II.A, above).
- 2) The political subdivision's total debt service tax rate falls within the range stated above for a referendum. Again, the existing condition that a political subdivision's total debt service tax rate must be between (\$0.40) and (\$0.80) per \$100 assessed valuation to initiate a petition and remonstrance will be eliminated for preliminary determinations adopted after June 30, 2025. In addition, if the political subdivision's total debt service tax rate exceeds the threshold amount, then the project must go to a referendum and a taxpayer petition under Ind. Code § 6-1.1-20-3.5(b) is not required.

III. Changes to Proposed Ballot Question

Sections 68, 70, 217, 218, 228, and 229 of SEA 1, respectively, amend the form of the ballot questions for a proposed property tax referendum found in:

Ind. Code § 6-1.1-20-3.6 (controlled projects);

Ind. Code § 6-1.1-20-4.3 (change in scope of a controlled project);

Ind. Code § 20-46-1-10 (school operations);

Ind. Code § 20-46-1-10.1 (extension for school operations);

Ind. Code § 20-46-9-9 (school safety); and

Ind. Code § 20-46-9-10 (extension of school safety);

Instead of stating an estimated average property tax increase for residences and businesses, the new ballot questions emphasize the maximum allowable property tax rate, the maximum annual levy, and the tax increase that would result for a residence with the median assessed value. Statutes will continue to mandate that the local unit disclose the outcome of its most recent property tax referendum, conducted within the last five (5) years, indicating whether it passed or failed. Additionally, when a referendum pertains to extending the current referendum levy, the ballot question must indicate that a property tax reduction would occur if the referendum does not succeed.

A. Form Referendum Questions

1. Controlled Project Subject to a Referendum (Ind. Code § 6-1.1-20-3.6)

“Shall _____ (insert the name of the political subdivision) increase property taxes paid to the _____ (insert the type of political subdivision) for no more than _____ (insert the number of years immediately following the holding of the referendum) years for the purpose of funding _____ (insert a brief description of the project use or purpose) for which the principal debt amount for the project will cost no more than _____ (insert the total cost of the project principal amount) and the financing cost including interest and fees will cost no more than an additional _____ (insert the total financing costs including interest and fees) and is estimated to increase the property taxes paid to the _____ (insert the type of political subdivision) by imposing a property tax rate that results in a maximum annual amount that does not exceed _____ (insert maximum amount of annual levy). If this capital referendum public question is approved by the voters, for a median residence of _____ (insert the political subdivision’s median household assessed value, rounded up to the next fifty thousand dollars (\$50,000)), the property’s annual property tax bill would increase by _____ (insert dollar amount, rounded up to the next whole dollar) per year.”

2. Change in Scope of a Controlled Project (Ind. Code § 6-1.1-20-4.3)

“Shall _____ (insert the name of the political subdivision) increase property taxes paid to the _____ (insert the type of political subdivision) for no more than _____ (insert the number of years immediately following the holding of the referendum) years for the purpose of funding _____ (insert a brief description of the project use or purpose) for which the principal debt amount for the project will cost no more than _____ (insert the total cost of the project principal amount) and the financing cost including interest and fees will cost no more than an additional _____ (insert the total financing costs including interest and fees) and is estimated to increase the property taxes paid to the _____ (insert the type of political subdivision) by imposing a property tax rate that results in a maximum annual amount that does not exceed _____ (insert maximum amount of annual levy). If this capital referendum public question is approved by the voters, for a median residence of _____ (insert the political subdivision’s median household assessed value, rounded up to the next fifty thousand dollars (\$50,000)), the property’s annual property tax bill would increase by _____ (insert dollar amount, rounded up to the next whole dollar) per year.”

3. School Operating Referendum (Ind. Code § 20-46-1-10)

“Shall _____ (insert the name of the school corporation) increase property taxes paid to the school corporation for no more than _____ (insert the number

of years immediately following the holding of the referendum) years for the purpose of funding _____ (insert a brief description of the purposes) by imposing a property tax rate that does not exceed _____ (insert property tax rate) and results in a maximum annual amount that does not exceed _____ (insert maximum amount of annual levy). If this operating referendum public question is approved by the voters, for a median residence of _____ (insert the school corporation's median household assessed value, rounded up to the next fifty thousand dollars (\$50,000)), the property's annual property tax bill would increase by _____ (insert dollar amount, rounded up to the next whole dollar) per year. (If, in the previous five (5) years, the school corporation has conducted an operating referendum public question, the following shall also be included in the ballot language.) The most recent operating referendum public question proposed by the school corporation was held in _____ (insert year) and _____ (insert whether the measure passed or failed)."

4. Extending an Operating Referendum (Ind. Code § 20-46-1-10.1)

"Shall _____ (insert the name of the school corporation) continue to increase property taxes paid to the school corporation for no more than _____ (insert the number of years immediately following the holding of the referendum) years for the purpose of funding _____ (insert a brief description of the purposes) by imposing a property tax rate that does not exceed _____ (insert property tax rate) and results in a maximum annual amount that does not exceed _____ (insert maximum amount of annual levy). If this operating referendum public question is NOT approved by the voters, for a median residence of _____ (insert the school corporation's median household assessed value, rounded up to the next fifty thousand dollars (\$50,000)), the property's annual tax bill would decrease by _____ (insert dollar amount, rounded up to the next whole dollar) per year. If this operating referendum public question is approved by the voters, it would be a renewal of the most recent operating referendum public question passed in _____ (insert year the original operating referendum public question passed) with a property tax rate of _____ (insert property tax rate of the original operating referendum public question)."

5. School Safety Referendum (Ind. Code § 20-46-9-9)

"Shall _____ (insert the name of the school corporation) increase property taxes paid to the school corporation for no more than _____ (insert the number of years immediately following the holding of the referendum) years for the purpose of funding _____ (insert a brief description of the purposes) by imposing a property tax rate that does not exceed _____ (insert property tax rate) and results in a maximum annual amount that does not exceed _____ (insert maximum amount of annual levy). If this school safety referendum public question is approved by the voters, for a median residence of _____ (insert the school corporation's median household assessed value, rounded up to the next fifty thousand dollars (\$50,000)), the property's annual property tax bill would increase

by _____ (insert dollar amount, rounded up to the next whole dollar) per year. (If, in the previous five (5) years, the school corporation has conducted a school safety referendum public question, the following shall also be included in the ballot language.) The most recent school safety referendum public question proposed by the school corporation was held in _____ (insert year) and _____ (insert whether the measure passed or failed).”

6. Extending a School Safety Referendum (Ind. Code § 20-46-9-10)

“Shall _____ (insert the name of the school corporation) continue to increase property taxes paid to the school corporation for no more than _____ (insert the number of years immediately following the holding of the referendum) years for the purpose of funding _____ (insert brief description of the purposes) by imposing a property tax rate that does not exceed _____ (insert property tax rate) and results in a maximum annual amount that does not exceed _____ (insert maximum amount of annual levy). If this school safety referendum public question is NOT approved by the voters, for a median residence of _____ (insert the school corporation’s median household assessed value, rounded up to the next fifty thousand dollars (\$50,000)), the property’s annual tax bill would decrease by _____ (insert dollar amount, rounded up to the next whole dollar) per year. If this school safety referendum public question is approved by the voters, it would be a renewal of the most recent school safety referendum public question passed in _____ (insert year the original operating referendum public question passed) with a property tax rate of _____ (insert property tax rate of the original school safety referendum public question).”

B. Effect of the Amended Form Questions

The local unit must fill in the following blanks to the proposed ballot question:

- 1) The name of the local unit.
- 2) The type of taxing unit (county, city, town, township, school corporation, etc.).
- 3) The estimated property tax increase on a residence with a median assessed value rounded to the nearest \$50,000 (see Section IV, below).
- 4) The maximum annual property tax levy.
- 5) For a school operating or school safety referendum:
 - a. A short description of the purpose.
 - b. The maximum property tax rate.
 - c. Year of the most recent property tax referendum of the same kind, if it was held within the last five (5) years, and whether the measure passed or failed.

6) For a controlled project referendum:

- a. Brief description of the project use or purpose.
- b. Total cost of the project, including interest and fees.

Please note that in the case of an operating or safety referendum, the ballot question presents both a maximum levy and the maximum rate. Because the form of the question uses “and” as opposed to “or,” per [legislative drafting conventions](#), the referendum tax levy will be subject to both controls.

C. Effective Dates

Note the effective dates of the amendments to the ballot questions made by SEA 1:

Referendum Type	Ind. Code Cite	SEA 1 Section	Effective Date
Controlled Project Subject to Referendum	6-1.1-20-3.6	68	July 1, 2025
Change in Purpose of Controlled Project	6-1.1-20-4.3	70	July 1, 2025
School Operating	20-46-1-10	217	July 1, 2025
Extension of School Operating	20-46-1-10.1	218	July 1, 2025
School Safety	20-46-9-9	228	January 1, 2026
Extension of School Safety	20-46-9-10	229	January 1, 2026

Indiana Code § 20-46-1-23, added by SEA 1 (see Section I, above) allows an operating referendum or the extension of an operating referendum to take place in the fall of 2025. As stated in Section II.B above, for the reasons described therein, the Department will not object to the submission of a ballot question drafted in accordance with the template prescribed by Ind. Code § 20-46-1-10 prior to the statute’s amendment by SEA 1.

IV. County Auditor Duties for a Property Tax Referendum

A. In General

Sections 72, 219, and 230 of SEA 1 adds Ind. Code §§ 6-1.1-20-4.6, 20-46-1-10.3, and 20-46-9-10.5, respectively, all effective July 1, 2025. These statutes specify that the county auditor, with cooperation from the Department, will determine:

- 1) The tax rate needed to raise the maximum amount of the annual levy for the year stated in the ballot question for the respective referenda.
- 2) All other information needed for the ballot language in the respective statutes.

The Department believes that most of the needed information, such as the maximum levy sought, the description of the purpose, and the total cost including interest and fees (for a controlled

project) will have to be provided by the political subdivision seeking the referendum. Other information, including the assessed valuation and the result of the most recent referendum in the last five (5) years, may be obtained either through the county auditor's records, the county clerk's office (for the results of the prior referendum), or the Department, either on the Department website or on Gateway.

B. Maximum Property Tax Rate

The maximum property tax rate is the function of the maximum annual levy being sought, the certified net assessed values ("CNAV") of the political subdivision, and assessed values attributable to tax increment financing allocation areas ("TIF AV"):

$$\frac{\text{Maximum Annual Property Tax Levy}}{\text{CNAV} + \text{TIF AV}} \times \$100 = \text{Maximum Property Tax Rate}$$

C. Assessed Values of Median Residences

The ballot questions use the terms "household" and "residence" interchangeably. It is not clear whether these terms refer only to homestead properties or exclude multi-unit residential properties (apartments, duplexes, etc.). County auditors should include properties that are in the class code 500 series (Residential taxable land and improvements used primarily for residential purposes), as provided in the [2021 Real Property Assessment Manual](#). The county auditor may exclude vacant parcels.

County auditors should utilize the most recently available CNAVs to effectively calculate the median CNAV for residences, ensuring accurate estimates for the upcoming referendum. Please remember that the ballot question must be certified by August 1, prior to the general election. This is the same date that the county auditor is statutorily required to certify net assessed values. (See Ind. Code § 6-1.1-17-1) Therefore, it is possible to use the CNAVs for the upcoming budget year, which will be the first year the referendum tax levy, if approved, will be imposed. However, given the timing of the certification for both the ballot question and the CNAVs, it is also possible, if not likely, that the net assessed values certified for the current budget year will have to be used.

Also, this does not contemplate any amended CNAVs submitted after the initial August 1 certification. Should the county auditor amend CNAVs, or the Department issue a correction of errors under Ind. Code § 6-1.1-18.5-14, after August 1, the median CNAVs for residences indicated in the ballot question may be less accurate. The law does not contemplate modifying the ballot question after the August 1 certification deadline for ballot questions.

D. Increase to Annual Property Tax Bill

The increase to the annual property tax bill for the median residence in the political subdivision is a function of the maximum property tax rate determined above and the median CNAV for households:

$$\text{Max Property Tax Rate} \times \frac{\text{Median Residence CNAV}}{\$100} = \text{Annual Property Tax Increase}$$

V. Distribution of Referendum Levy Revenue with Charter Schools

SEA 1 also enacted legislation affecting the distribution of referendum levy revenue to charter schools operating within the school corporation that imposed the levy. Please refer to the Department’s memorandum “Legislation Affecting School Corporation Levy Distributions to Charter Schools” for more information.

Contact Information

Questions may be directed to David Marusarz, Deputy General Counsel at dmarusarz@dlgf.in.gov.