

# Porter County

# Legislative Updates and Impact Illustrations

September 16, 2025

# Main areas of change affecting property taxes in SEA 1-2025

- Property taxes
  - Increased automatic deductions based on property classification
  - New Homestead Credits
  - Increased the *de minimis* business personal property exemption
  - Changed the calculation methodology for the agricultural land base rate
  - Elimination of the Property Tax Relief Local Income Tax



# Homestead Property Assessment Deductions & Credits

	2025	2026	2027	2028	2029	2030	2031
<b>Standard Deduction</b>	\$48,000	\$48,000	\$40,000	\$30,000	\$20,000	\$10,000	\$0
<b>Supplemental Homestead Deduction</b>	37.5%	40%	46.0%	52.0%	57.0%	62.0%	66.7%
<b>Supplemental Homestead Credit</b>		Lesser of \$300 or 10.0% of net property tax bill	Lesser of \$300 or 10.0% of net property tax bill	Lesser of \$300 or 10.0% of net property tax bill	Lesser of \$300 or 10.0% of net property tax bill	Lesser of \$300 or 10.0% of net property tax bill	Lesser of \$300 or 10.0% of net property tax bill
<b>65 &amp; over (Credit)</b>		\$150	\$150	\$150	\$150	\$150	\$150
<b>Disabled homeowner (Credit)</b>		\$125	\$125	\$125	\$125	\$125	\$125

**“65 and Over” Credit Qualification Threshold:**

- For a **single filer**, the adjusted gross income must not exceed **\$60,000**.
- For a **joint filer**, the adjusted gross income must not exceed **\$70,000**.

Income eligibility is based on the calendar year **two years prior** to the year in which the property taxes are due.



SEA 1 HIGHLIGHTS

# Homestead Property Assessment Deductions & Credits

	2025	2026	2027	2028	2029	2030	2031
Home Value (1)	\$240,714	\$240,714	\$240,714	\$240,714	\$240,714	\$240,714	\$240,714
Standard Deduction	\$48,000	\$48,000	\$40,000	\$30,000	\$20,000	\$10,000	\$0
Supplemental Homestead Deduction	<u>\$72,267</u>	<u>\$77,086</u>	<u>\$92,328</u>	<u>\$109,571</u>	<u>\$125,807</u>	<u>\$143,043</u>	<u>\$160,556</u>
Net Assessed Value	<b>\$120,446</b>	<b>\$115,628</b>	<b>\$108,386</b>	<b>\$101,143</b>	<b>\$94,907</b>	<b>\$87,671</b>	<b>\$80,158</b>
Annual % +/-		-4.0%	-6.3%	-6.7%	-6.2%	-7.6%	-8.6%

Note: The Gross Assessed Value would need to grow by 50% to \$361,700 for the 2031 net assessed value to return to \$120,446.

(1) Indiana average home value per Zillow, Inc. [Indiana Housing Market: 2025 Home Prices & Trends | Zillow](#).



## 2% Property assessment deductions

	2025	2026	2027	2028	2029	2030	2031
<b>Standard Deduction</b>	0%	6%	12%	19%	25%	30%	33.4%

2% properties include agricultural, non-homestead residential, and long-term care facilities.

Note: The agricultural land base rate changed and is anticipated to decrease land assessed value.



## Business Personal Property

	2025	2026	2027
<i>De minimis</i> exemption from taxation - Acquisition cost of equipment	\$80,000	\$80,000	\$2,000,000

Removes 30% personal property floor for equipment placed in service after January 1, 2025. Except for taxpayers in a TIF allocation area established prior to January 1, 2025.



## CIRCUIT BREAKER CREDITS (“TAX CAPS”)

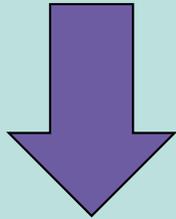
# What are circuit breaker tax credits?

- Credits that limit a taxpayer’s total property tax liability to a fixed percentage of the gross assessed value
- Computed property tax bill is compared to the “cap”
- Taxes over the cap are simply not paid
- The result is a reduction in property taxes collected and distributed to taxing units
- Circuit breaker credits are allocated to taxing units based on the percentage the taxing unit’s tax rate is to the overall district tax rate

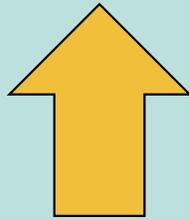
Property Classification	Gross Assessed Value	Capped percentage	Maximum tax liability
Residential Homestead	\$100,000	1%	\$1,000
Other residential, rental, agricultural land and long-term care facilities	\$100,000	2%	\$2,000
Commercial/industrial (real/personal)	\$100,000	3%	\$3,000



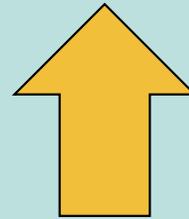
# Relationship between NAV, Tax Rates, Circuit Breaker Credits, and Levies



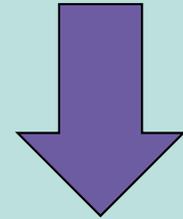
When  
NAV  
goes  
down



Tax  
rates  
go up



Circuit  
breaker  
credits  
go up



Net  
property  
tax levy  
goes  
down

## **Property Tax Replacement Credit**

- Currently, a portion of Local Income Tax is dedicated to Property Tax Relief (PTR)/homestead credits.
- This PTR Credit pays a portion of the property taxes levies by taxing units
  - Reduces a property owner's gross tax bill
  - The reduced gross tax bill also lowers the Circuit Breaker losses allocated to units of government
- Pursuant to SEA 1, this income tax expires following 2027



CIRCUIT BREAKER CREDITS

# Tax Bill Calculation Example (Valparaiso)

Residential home value	2025 \$200,000	2031 (Illustrative) \$200,000
Net Assessed Value (after deductions)	\$95,000	\$66,600
Valparaiso tax rate	\$2.5011	\$3.500
Tax bill with district tax rate (Valparaiso tax rate)	2,376	2,331
PTRC- 11.5329%	(275)	0
Credit due to 1% Circuit Breaker Tax Caps	(101)	(331)
Tax Bill	<u>\$2,000</u>	<u>2,000</u>
Supplemental Homestead Credit		(200)
Net Tax Bill		<u>\$1,800</u>



CIRCUIT BREAKER CREDITS

# Allocation of Circuit Breaker and Homestead Credits – within Taxing District

Valparaiso Civil Town Taxing District		
Taxing Unit	2025	2031
Porter County	\$ 16	\$ 81
Center Township	1	4
Valparaiso Civil Town	47	245
Valparaiso Community School Corporation	35	186
Porter County Public Library	2	12
Porter County Airport Authority	-	2
Totals	\$101	\$531



## **Baker Tilly County-Level Property Tax Model Notes**

- Based upon 2025 assessed values, tax rates, and levies as provided by the DLGF and the Porter County Auditor's and Assessor's offices
- Incorporates
  - New 1% & 2% property category deduction formulas from SEA 1 based on County Auditor data and assumptions based on Census data for property values
  - Assumption for increase in *de minimis* qualifying business personal property from SEA 1 and HEA 1427 based on County Assessor data
  - Expiration of Local Income Tax Property Tax Replacement Credit in 2028 pursuant to SEA 1
- Assumptions
  - Assumed 4.5% annual real property assessed value growth factor based on historical county-wide average; referenced County-wide 2026 net assessed values
  - Assumed 4% annual maximum levy growth factor
  - Assumed proportional allocation of Circuit Breaker Tax Credits to taxing units based on 2025 actuals
  - Assumes no change to the 2025 levies in property tax debt funds and no change to 2025 rates for rate-controlled funds



CIRCUIT BREAKER CREDITS

# Circuit Breaker Tax Credits

Year	Estimated Circuit Breaker Tax Credits and Supplemental Homestead Credits
2025	\$1,786,812
2026	\$3,285,000
2027	\$3,310,000
2028	\$4,500,000
2029	\$4,170,000
2030	\$3,840,000
2031	\$3,525,000



## **LIT Economic Development**

- Revenues may be used for any lawful purpose.
- Distributed to County and municipalities.

### Porter County:

- First .25% is distributed to the County and municipalities before the rest of the expenditure rate revenue is distributed.
- The next \$3,500,000 of revenue shall be made available to make transfers to the treasurer of the northwest Indiana Regional Development Authority.
- The remaining excess revenues described above must be used by the County, cities, and towns for homestead credits.



# Local Income Tax

	Implementation beginning in 2028 (2027 Adoption Year)	Rate Adoption
County Services	1.2%	County Council
Fire Protection & EMS Services	0.4%	County Council
Non-municipal units (townships, libraries, and binding review units with exceptions)	0.2%	County Council upon petition from non-municipal units
Municipalities <3,500 population general revenue	1.2%	County Council upon petition from municipal units
Municipalities = >3,500 population general revenue	1.2%	Municipalities

- Eliminates existing LITs (except Special Purpose LIT)
- Establishes maximum LIT expenditure rate at 2.9%
- County services, Fire/EMS, and Non-municipal rates combined may not exceed 1.7%
- Non-municipal – for any given unit type, rate may not exceed .05%
- Requires annual adoption to renew expenditure rate beginning in 2031
- Eliminates Local Income Tax (LIT) for Property Tax Replacement Credit (PTRC) beginning in 2028



SEA-1 HIGHLIGHTS

# Local Income Tax Distribution

	2026	2028*
Porter County	\$7,833,622	\$35,086,302
Valparaiso Civil City	\$3,754,540	
Portage Civil City	\$4,169,561	
Chesterton Civil City	\$1,565,647	
Beverly Shores Civil Town	\$65,854	
Burns Harbor Civil Town	\$225,925	
Dune Acres Civil Town	\$25,726	
Hebron Civil Town	\$412,812	
Kouts Civil Town	\$222,957	
Ogden Dunes Civil Town	\$128,409	
Porter Civil Town	\$572,784	
Pines Civil Town	\$65,304	
<b>Total</b>	<b>\$19,043,151</b>	<b>\$35,086,000</b>
Homestead Credit	\$15,543,151	
Regional Development Transfer	\$3,500,000	\$3,500,000
<b>Overall Total</b>	<b>\$38,086,302</b>	<b>\$38,086,302</b>

\*Assume county council adopts a .5 general service rate



