Indiana Legislative Update: Key Bills & How They May Impact Your Business

As the Indiana General Assembly introduces and passes new legislation, it's essential for business leaders to understand what's changing, and how those changes may affect their operations, planning, and bottom line.

Below are the key property tax and economic development bills from the 2026 Indiana General Assembly that we believe will have the most impact on Indiana businesses:

House Bill 1001 (Public Law 73) - Housing Matters

Key Takeaways:

Extends the maximum term of residential Tax Increment Financing (TIF) districts from 20 years to 25 years.

Removes the requirement that a township or municipality demonstrate limited single-family housing growth (less than 1% over the prior three years) to qualify for a residential TIF district.

Impact:

Provides local governments with a longer financing horizon to support residential housing development projects.

Expands eligibility for residential TIF, making it easier for communities to use this tool to address housing needs and encourage new residential investment.

Enhances flexibility for local economic development officials seeking to attract housing development and support community growth.

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House Bill 1177 (Public Law 58) -Child Care Assistance

Key Takeaways:

Authorizes redevelopment commissions to use TIF revenues to provide grants, loans, or other financial assistance for the construction, expansion, or ongoing operation of childcare facilities.

Applies to childcare facilities located within or serving a TIF allocation area.

Impact:

Creates a new economic development tool to address childcare availability and workforce participation challenges.

Allows communities to support critical workforce infrastructure using existing redevelopment resources.

May improve talent attraction and retention efforts by increasing access to childcare services.

House Bill 1210 (Public Law 157) -Department of Local Finance

Key Takeaways:

Delays TIF base neutralization implementation until after December 31, 2026.

Requires certain non-owner-occupied residential properties within TIF districts to remain responsible for debt-service-related property tax obligations if converted to homestead properties.

Establishes a corresponding lien mechanism to secure those obligations.

Excludes multifamily apartment properties from these requirements.

Creates a new payment-in-lieu structure for qualified data centers receiving sales tax exemptions. Requires annual payments of not more than 1% of the facility's electricity bill each calendar quarter to host municipalities.

Delays implementation of Indiana's revised local income tax framework until 2029 and extends counties' authority to impose a replacement local income tax through January 1, 2029.

Impact:

Preserves the financial stability of existing TIF districts by protecting revenue streams supporting outstanding bond obligations.

Provides local governments with additional time to prepare for TIF base neutralization changes.

Enhances local fiscal benefits associated with large-scale data center investments while maintaining Indiana's competitiveness for these projects.

Extends local government flexibility to offset property tax revenue reductions through income tax mechanisms.

House Bill 1406 (Public Law 162) - Tax and Fiscal Matters

Key Takeaways:

Requires the Indiana Economic Development Corporation (IEDC) and Indiana Finance Authority (IFA) to study the costs and benefits of data center incentives and report findings by November 1, 2026.

Expands legislative oversight of IEDC land acquisitions and tax credit awards.

Increases the IEDC annual tax credit cap from $250 million to $300 million.

Reserves $50 million of the annual tax credit allocation for Redevelopment Tax Credit (RTC) projects and development authority initiatives.

Expands Venture Capital Investment (VCI) Credit eligibility to include businesses that sell a unique product developed internally and hold a patent on or own, even if their sales are not primarily made via e-commerce.

Clarifies that only investable capital in a Qualified Indiana Investment Fund qualifies for VCI credit. Excludes credit on management fees, legal fees and other expenses incurred in the operation of the fund. Allows a Qualified Investor to combine individual VCI tax credits of less than $10,000 for assignment.

Establishes regional RTC allocations beginning July 1, 2026, through June 30, 2028, that dedicates $35 million annually to regional development authority projects with redevelopment sites within their strategic plan.

Creates the Small Town Opportunity Initiative to support redevelopment projects in smaller Indiana communities.

Provides enhanced RTC benefits for qualified community projects involving historic preservation, redevelopment, or rehabilitation and has a project budget of at least $15 million. RTC benefit for nonprofit entities up to 30% and for-profit entities up to 20% of cost.

Reinstates the 30% depreciation floor for utility distributable property placed in service after January 1, 2025, even if located in an existing TIF district.

Impact:

Strengthens Indiana's redevelopment toolkit through dedicated RTC funding streams and regional allocation opportunities.

Expands economic development opportunities for smaller communities and rural areas.

Provides greater certainty and funding availability for redevelopment and historic preservation projects.

Increases transparency and oversight of state economic development incentive programs while maintaining a robust incentive portfolio.

Encourages continued investment in community revitalization and strategic redevelopment initiatives.

Senate Bill 27 (Public Law 44) - Stadium Authority

Key Takeaways:

Establishes the Northwest Indiana Stadium Authority to finance, construct, operate, and maintain a professional sports stadium and related capital improvements.

Authorizes modifications to local food and beverage, admissions, and innkeeper taxes to support stadium-related development.

Allows the Hammond Redevelopment Commission to establish a professional sports development area and designate a district to capture future incremental tax revenues.

Adjusts Indiana Sports Corporation funding allocation requirements to support events associated with the stadium authority.

Impact:

Creates a framework for significant sports and entertainment-related economic development in Northwest Indiana.

Provides new financing tools to support large-scale destination and tourism projects.

May generate broader economic activity through hospitality, tourism, and ancillary commercial development.

Positions Northwest Indiana for potential long-term regional investment and visibility.

Senate Bill 270 (Public Law 134) - Township Mergers

Key Takeaways:

Requires the Department of Local Government Finance (DLGF) to evaluate township government structures outside Marion County.

Requires townships to identify a governmental reorganization partner by October 1, 2027.

Establishes a process for township consolidation or reorganization by January 1, 2029.

Impact:

Advances efforts to streamline local government operations and improve administrative efficiency.

May create opportunities for service consolidation and cost savings.

Could result in changes to local governance structures that influence economic development and service delivery at the community level.