



Session – Week 3
January 24, 2025

LEGISLATIVE UPDATE



INCPAS Weekly Update

INCPAS	https://tinyurl.com/INCPAS2025
INCPAS- TAX	https://tinyurl.com/INCPAS-TAX2025

This week at the Indiana General Assembly started slowly with Monday being a holiday and the Presidential Inauguration. By the end of the week, most committees have had their first (and in some cases second) hearings. Legislators are looking to next week when [Governor Braun will speak to the State](#) and formally outline his agenda. The Governor issued a number of Executive Orders since taking office, they can be accessed here: [Governor Braun: Executive Orders](#). Many of these provisions can be found in bills that will likely move this session.

This week, the [Senate Tax and Fiscal Policy committee](#) met on Tuesday morning with several bills on its agenda. The bills included two county food and beverage tax bills, a county innkeepers tax bill, a film and media tax credit bill, a library governance bill, a pass-through entity tax bill, a tax incentive review bill, investment partnership tax bill, and an income tax rate bill. Testimony was heard on all of these bills, however most of the bills were held in committee, partially because many people who may have wanted to testify on the bills were not able to be there due to the weather.

The two bills that the committee voted out were the [SB 451](#) and [SB 452](#), both authored by the chair of the committee Sen. Holdman (R- Markle). SB 451 would lower the individual adjusted gross income tax rate in FY 2030 if the actual revenue for FY 2028 exceeds the expected revenue growth by more than 3%. There was an amendment added to the bill in committee that adjusted the years that the proposed changes in the bill would take effect. The bill passed the committee unanimously as amended.

SB 452 is a bit of a housekeeping bill that changes the process by which the Legislative Services Agency's (LSA) reviews state tax incentives, as they are required to do under current law. The bill would remove most of the prescriptive language in the code describing how the tax incentive reviews are to be conducted and would allow LSA to establish a systematic review process.

Finally, one of the bills held in committee, [SB 316](#), is noteworthy because it provides clarity by establishing rules for investment tax partnerships. These rules came out of a multi-state tax commission and will create uniformity between states.

The final bills have been assigned to committees this week. Please continue to monitor bill links for legislation of interest.

Budget Hearings in the House

The House Ways and Means Committee heard budget presentations from several state agencies last week. The agencies sought to provide lawmakers with updates on their key initiatives and explain their budget proposals for the upcoming biennium.

Chief Justice Loretta Rush, presenting for the Indiana Supreme Court, highlighted Indiana's progress in court technology. She cited the State's various online applications and initiatives including E-tickets and the Protective Order Registry as recent improvements. The Court's budget request included funding to refine a new jail management system that seeks to streamline communications and enhance public safety by communicating between counties.

The Indiana Prosecuting Attorneys Council provided an update on the high-tech crime program funded by the General Assembly in 2021 and 2023. With all ten labs operational, Executive Director Chris Naylor requested a funding increase from \$3 million to \$4.5 million, to ensure the continued operation of the program.

[State Comptroller Elise Nieshalla](#) requested a flat appropriation while touting that their budget maintains a 2% reserve. She also highlighted the addition of a Federal Grants Dashboard to the Indiana Transparency Portal and new technologies that have

modernized payment systems and financial reporting across the State.

Attorney General Todd Rokita also presented a budget request without an increase over the previous budget. The Attorney General reported on the impact of the previous budget, which he said helped improve office technology and attorney retention. He highlighted that their office is returning \$14 to taxpayers for every \$1 allocated by the State through settlements, fee collection, and the unclaimed property division.

Crediting strategic investments, bonds, and deposits, [State Treasurer Daniel Elliott](#) informed the committee that the office returned \$545 million to the Indiana General Fund in 2024, with projections of over \$500 million returned in 2025.

[Secretary of State, Diego Morales](#), requested an 18.8% increase in funding for his office's Election Division to support the development of the Indiana Voter Registration Database.

Governor Braun's 2026-2027 Budget

Governor Braun's budget proposal, included in [House Bill \(HB\) 1001](#), addresses his campaign promises regarding universal school vouchers and property tax reforms. It also fully funds Medicaid coverage, makes a yearly 2% increase in education funding, resulting in around \$540 million

for K-12 tuition support, and funds child care vouchers, eliminating the need for waitlists.

The proposed budget also eliminates retirement income taxes and creates sales tax holidays. To make up for the lost revenue, the budget includes a 5% cut in state agencies' budgets, lowering spending by roughly \$700 million. The proposal amends homestead deductions and caps property tax increases at 2% for some Hoosiers.

[The House Ways and Means Committee](#) will continue to hear testimony from state agencies over the next three weeks. Then both parties will present their own version of the budget in the form of an amendment for consideration and further action. The final budget will not be passed until April.

Legislative Deadlines 125th General Assembly

Deadline to assign Senate bills to committee:

January 29, 2025

State of the Judiciary:

January 29, 2025

State of the State:

January 29, 2025

House and Senate committee report deadlines:

February 17, 2025

House and Senate second reading deadline:

February 19, 2025

House and Senate third reading deadline:

February 20, 2025

Crossover break:

February 24 – February 28, 2025

Second half of session begins:

March 3, 2025

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