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# DODEN FOR INDIANA WHITE PAPER: PROPERTY TAX CAP REFORM

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## Public Policy:

Property Tax Cap Reform

## Problem to Solve:

More than 15 years ago, the Indiana General Assembly passed a series of reforms to Indiana's property tax system. The state instituted a "cap" on property tax rates and removed state credits to local governments to support services, like police and fire departments. The caps were intended to limit the growth of property tax bills for Hoosier homeowners.

In spite of Indiana's existing property tax cap, last year, property taxes rose 16.7% on average for Hoosier homeowners, the largest increase in 20 years. The cap is no longer creating the intended taxpayer protection.

Furthermore, combined with consecutive years of inflation, the negative impact of property tax increases has created a cost-of-living crisis for many Hoosiers in recent years. This problem is especially true for seniors who face the uncertainty of property tax increases while living on a fixed income. Too many seniors face pressure to sell their homes as a result of the rising costs of property taxes.

In short, today's property tax "caps" are failing to protect homeowners amidst wild swings in the housing market.

It is time for Indiana to, once again, reform the property tax system to protect Hoosier homeowners.

## Doden for Governor Plan:

As Governor, Eric Doden will work with the Indiana General Assembly to implement bold reforms to Indiana's property tax system. Doden's plan will create a Hoosier property tax relief fund to allow eligible Hoosier seniors to freeze their out-of-pocket property tax payment levels and defer payment of any increase in property taxes owed until the eventual sale of their home or other eligible liquidity event.

This innovative approach will allow Hoosier homeowners to use the value of the asset to remain in their home. The fund will be used to provide state support for local governments to ensure priority services like police and fire protection remain fully funded until repayment is made by the homeowner.

## Desired Outcome of Policy:

- Provide property tax stability and relief to all Hoosier homeowners
- Allow seniors to stay in their homes
- Protect local services like police and fire protection

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### Citations:

Indiana Property Tax," Indiana Legislative Services Agency Memo, November 20,2023:

[https://iga.in.gov/pdf-documents/123/2023/universal/committees/interim/state-and-local-tax-review-task-force/91f79af2-5fd4-4345-be84-a737dcdc42a4/exhibits/attachment\\_5659.pdf](https://iga.in.gov/pdf-documents/123/2023/universal/committees/interim/state-and-local-tax-review-task-force/91f79af2-5fd4-4345-be84-a737dcdc42a4/exhibits/attachment_5659.pdf)