PROPERTY TAX REPEAL & REPLACEMENT PROPOSAL

STATE REPRESENTATIVE
J.D. PRESCOTT
HOUSE DISTRICT 33

ISSUES WITH THE CURRENT PROPERTY TAX SYSTEM

- INCONSISTENT ASSESSMENTS
- TAX ON UNREALIZED GAINS
- SYSTEM SHIFTS THE TAX BURDEN FROM ONE GROUP TO THE NEXT
- ONCE YOUR HOME IS PAID OFF, YOU NEVER TRULY OWN IT
- YOU ARE EFFECTIVELY RENTING FROM THE GOVERNMENT

WHAT DO PROPERTY TAXES FUND?

45% TOWARD SCHOOLS

20% TOWARD COUNTY GOVERNMENT

20% TOWARD MUNICIPAL GOVERNMENT

REMAINING TOWARD TOWNSHIPS, LIBRARIES,
FIRE DISTRICTS, FIRE TERRITORIES AND TIF DISTRICTS

ESTIMATED STATEWIDE NET LEVIES FOR 2027: **$10.6 BILLION**

PROPERTY TAX REPEAL PROPOSAL

REPEAL THE PROPERTY TAX ASSESSMENT SYSTEM AT THE END OF 2027

2027 - FINAL YEAR OF PROPERTY TAX ASSESSMENTS

2028 - FINAL YEAR PROPERTY TAXES ARE PAYABLE

NO NEW DEBT TIED TO PROPERTY TAXES AFTER PASSAGE

NO NEW TIF DISTRICTS CREATED AFTER PASSAGE

TWO-YEAR CLOSEOUT DESIGNED FOR A **SMOOTH TRANSITION**

REPLACEMENT OF REVENUE

EXPAND THE 7% SALES TAX TO INCLUDE MOST SERVICES

EXEMPTIONS INCLUDE HEALTHCARE,
EDUCATION AND ALREADY EXEMPT CATEGORIES

LEGISLATIVE SERVICES AGENCY ESTIMATES
THE PROPOSAL WOULD GENERATE BETWEEN
$**13** TO $**15** BILLION ANNUALLY

EXAMPLES OF SALES TAX ON SERVICES

- HAIRCUTS
- LANDSCAPING
- ACCOUNTING SERVICES
- LEGAL FEES
- MOST LABOR-BASED SERVICE FEES

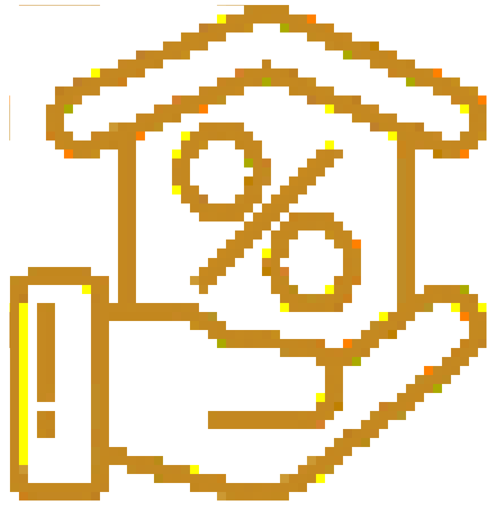
HOW ARE FUNDS DISTRIBUTED?

45% TOWARD SCHOOLS TO REPLACE THE OPERATION FUND

20% TOWARD COUNTY GOVERNMENT

COUNTY FORMULA:

75% POPULATION AND 25% ROAD MILES



20% TOWARD MUNICIPAL GOVERNMENT

MUNICIPAL FORMULA:

75% POPULATION AND 25% ROAD MILES

REMAINING SPLIT AMONG TOWNSHIPS, LIBRARIES, FIRE DISTRICTS, FIRE TERRITORIES AND TIF DISTRICTS

(TIF DISTRICTS ELIMINATED ONCE DEBT IS PAID)

BENEFITS FOR HOOSIER TAXPAYERS

A SYSTEM EVERYONE PAYS INTO - TAXPAYERS PAY **LESS ANNUALLY**

FAIR TAX SYSTEM BASED ON CONSUMPTION

NO SURPRISE INCREASES IN TAX LIABILITY

NO ONGOING PROPERTY TAX BURDEN

HOMEOWNERS FULLY **OWN** THEIR HOMES ONCE MORTGAGES ARE **PAID OFF**

BENEFITS TO LOCAL UNITS OF GOVERNMENT

- BROADER TAX BASE GENERATES MORE REVENUE
- REPLACES LOCAL NET LEVIES AND CIRCUIT BREAKER LOSSES
- CONSISTENT ANNUAL FUNDING SUPPORTS LONG-TERM PLANNING
- SAVINGS FROM ELIMINATING ASSESSOR OFFICES AND REDUCING COUNTY ADMINSTRATIVE WORKLOAD

NEXT STEPS...

THE BILL IS EXPECTED TO BE REINTRODUCED DURING THE NEXT LEGISLATIVE SESSION

RESIDENTS ARE ENCOURAGED TO CONTACT ASSOCIATIONS AND ORGANIZATIONS TO SUPPORT THE PROPOSAL

RESIDENTS ARE ENCOURAGED TO CONTACT LOCAL ELECTED OFFICIALS WITH FEEDBACK

QUESTIONS & FEEDBACK

SCAN HERE TO SHARE FEEDBACK:

Appendix

50 State Benchmark Data

U.S. State Tax Rates — 2024/2025

Sources: NAHB (property), Tax Foundation (sales), TurboTax/IRS (income) — 2024/2025 data

State	Property Tax (Effective %)	Income Tax (Top Rate %)	Sales + Service Tax (Combined Avg %)	Notes
** No state income tax † No statewide sales tax ‡ No property tax on primary residence*				
Alabama	0.41%	5.00%	9.29%	
Alaska	1.04%	None	1.82%	*†
Arizona	0.60%	2.50%	8.37%	
Arkansas	0.61%	4.40%	9.45%	
California	0.75%	13.30%	8.82%	
Colorado	0.54%	4.40%	7.81%	
Connecticut	1.73%	6.99%	6.35%	
Delaware	0.57%	6.60%	None	†
Florida	0.83%	None	7.02%	*
Georgia	0.92%	5.49%	7.38%	
Hawaii	0.32%	11.00%	4.50%	
Idaho	0.58%	5.80%	6.02%	
Illinois	1.83%	4.95%	8.85%	
Indiana	0.87%	3.05%	7.00%	
Iowa	1.43%	6.00%	6.94%	
Kansas	1.33%	5.70%	8.68%	
Kentucky	0.86%	4.00%	6.00%	
Louisiana	0.55%	4.25%	9.56%	
Maine	1.36%	7.15%	5.50%	
Maryland	1.09%	5.75%	6.00%	
Massachusetts	1.17%	5.00%	6.25%	
Michigan	1.45%	4.25%	6.00%	
Minnesota	1.11%	9.85%	7.49%	
Mississippi	0.81%	4.70%	7.07%	
Missouri	0.97%	4.80%	8.33%	
Montana	0.84%	6.75%	None	†
Nebraska	1.54%	5.84%	6.94%	

U.S. State Tax Rates — 2024/2025

Sources: NAHB (property), Tax Foundation (sales), TurboTax/IRS (income) — 2024/2025 data

State	Property Tax (Effective %)	Income Tax (Top Rate %)	Sales + Service Tax (Combined Avg %)	Notes
** No state income tax † No statewide sales tax ‡ No property tax on primary residence*				
Nevada	0.55%	None	8.23%	*
New Hampshire	1.93%	None	None	*†
New Jersey	2.23%	10.75%	6.60%	
New Mexico	0.55%	5.90%	7.83%	
New York	1.54%	10.90%	8.52%	
North Carolina	0.78%	4.50%	6.99%	
North Dakota	0.98%	2.50%	6.97%	
Ohio	1.59%	3.75%	7.24%	
Oklahoma	0.89%	4.75%	8.97%	
Oregon	0.91%	9.90%	None	†
Pennsylvania	1.58%	3.07%	6.34%	
Rhode Island	1.53%	5.99%	7.00%	
South Carolina	0.57%	6.40%	7.44%	
South Dakota	1.14%	None	6.40%	*
Tennessee	0.68%	None	9.55%	*
Texas	1.63%	None	8.19%	*
Utah	0.56%	4.55%	6.96%	
Vermont	1.83%	8.75%	6.36%	
Virginia	0.82%	5.75%	5.65%	
Washington	0.84%	None	9.38%	*
West Virginia	0.59%	6.50%	6.51%	
Wisconsin	1.61%	7.65%	5.70%	
Wyoming	0.61%	None	5.44%	*
National Average	**1.04%**	**6.08%**	**7.17%**	

50 State Benchmark Data-Service Tax Breakout

U.S. State Tax Rates — 2024/2025

Sources: NAHB (property), Tax Foundation (sales/service), TurboTax/IRS (income), Avalara (service taxability)

State	Property Tax (Effective %)	Income Tax (Top Rate %)	Sales Tax (Combined Avg %)	Service Tax Policy	Service Tax Notes
Service Tax Policy: ● No statewide sales/service tax (NOMAD states) ▫ Services taxed broadly by default (exceptions apply) ▫ Only specific/enumerated services taxed					
Alabama	0.41%	5.00%	9.29%	**Select services only**	Taxes specific services (e.g., storage, lodging); most services exempt
Alaska	1.04%	*None*	1.82%	**No tax**	No statewide sales or service tax; ~100 local jurisdictions may levy taxes
Arizona	0.60%	2.50%	8.37%	**Select services only**	Taxes select services (e.g., telecom, contracting); most services exempt
Arkansas	0.61%	4.40%	9.45%	**Select services only**	Taxes select services; most personal services exempt
California	0.75%	13.30%	8.82%	**Select services only**	Generally does not tax services; SaaS and some digital services exempt
Colorado	0.54%	4.40%	7.81%	**Select services only**	Taxes limited services; most professional services exempt
Connecticut	1.73%	6.99%	6.35%	**Select services only**	Broad service taxability — taxes many services including data processing
Delaware	0.57%	6.60%	*None*	**No tax**	No sales or service tax at any level; truly tax-free on purchases
Florida	0.83%	*None*	7.02%	**Select services only**	Taxes commercial rentals and some services; most personal services exempt
Georgia	0.92%	5.49%	7.38%	**Select services only**	Taxes select services; most professional/personal services exempt
Hawaii	0.32%	11.00%	4.50%	**Broadly taxed**	General Excise Tax applies broadly to most services by default
Idaho	0.58%	5.80%	6.02%	**Select services only**	Taxes limited services; most services exempt
Illinois	1.83%	4.95%	8.85%	**Select services only**	Generally exempts services; taxes some (e.g., telecom, amusements)
Indiana	0.87%	3.05%	7.00%	**Select services only**	Taxes select services; most personal and professional services exempt
Iowa	1.43%	6.00%	6.94%	**Select services only**	Taxes enumerated services (e.g., pet grooming, dry cleaning)

50 State Benchmark Data-Service Tax Breakout

U.S. State Tax Rates — 2024/2025

Sources: NAHB (property), Tax Foundation (sales/service), TurboTax/IRS (income), Avalara (service taxability)

State	Property Tax (Effective %)	Income Tax (Top Rate %)	Sales Tax (Combined Avg %)	Service Tax Policy	Service Tax Notes
Service Tax Policy: ● No statewide sales/service tax (NOMAD states) ◻ Services taxed broadly by default (exceptions apply) ◻ Only specific/enumerated services taxed					
Kansas	1.33%	5.70%	8.68%	**Select services only**	Taxes select services; broad list of enumerated taxable services
Kentucky	0.86%	4.00%	6.00%	**Select services only**	Expanded service tax in 2018; now taxes many services including marketing
Louisiana	0.55%	4.25%	9.56%	**Select services only**	Taxes some services; most professional services exempt
Maine	1.36%	7.15%	5.50%	**Select services only**	Taxes select services (e.g., lodging, telecommunications)
Maryland	1.09%	5.75%	6.00%	**Select services only**	Taxes digital goods and some services; most professional services exempt
Massachusetts	1.17%	5.00%	6.25%	**Select services only**	Taxes limited services; most services exempt
Michigan	1.45%	4.25%	6.00%	**Select services only**	Does not generally tax services; SaaS exempt
Minnesota	1.11%	9.85%	7.49%	**Select services only**	Taxes some services (e.g., telecom, data processing, some repairs)
Mississippi	0.81%	4.70%	7.07%	**Select services only**	Taxes select services; some professional services taxable
Missouri	0.97%	4.80%	8.33%	**Select services only**	Taxes limited services; most exempt
Montana	0.84%	6.75%	*None*	**No tax**	No statewide sales tax; resort/lodging taxes apply in designated areas
Nebraska	1.54%	5.84%	6.94%	**Select services only**	Taxes enumerated services (e.g., repairs, landscaping)
Nevada	0.55%	*None*	8.23%	**Select services only**	Taxes select services; most professional services exempt
New Hampshire	1.93%	*None*	*None*	**No tax**	No general sales or service tax; taxes alcohol, tobacco, and meals
New Jersey	2.23%	10.75%	6.60%	**Select services only**	Taxes select services; most professional services exempt
New Mexico	0.55%	5.90%	7.83%	**Broadly taxed**	Gross Receipts Tax applies broadly to most services by default
New York	1.54%	10.90%	8.52%	**Select services only**	Services generally exempt unless specifically enumerated as taxable
North Carolina	0.78%	4.50%	6.99%	**Select services only**	Taxes select services (e.g., repairs, installation)

50 State Benchmark Data-Service Tax Breakout

U.S. State Tax Rates — 2024/2025

Sources: NAHB (property), Tax Foundation (sales/service), TurboTax/IRS (income), Avalara (service taxability)

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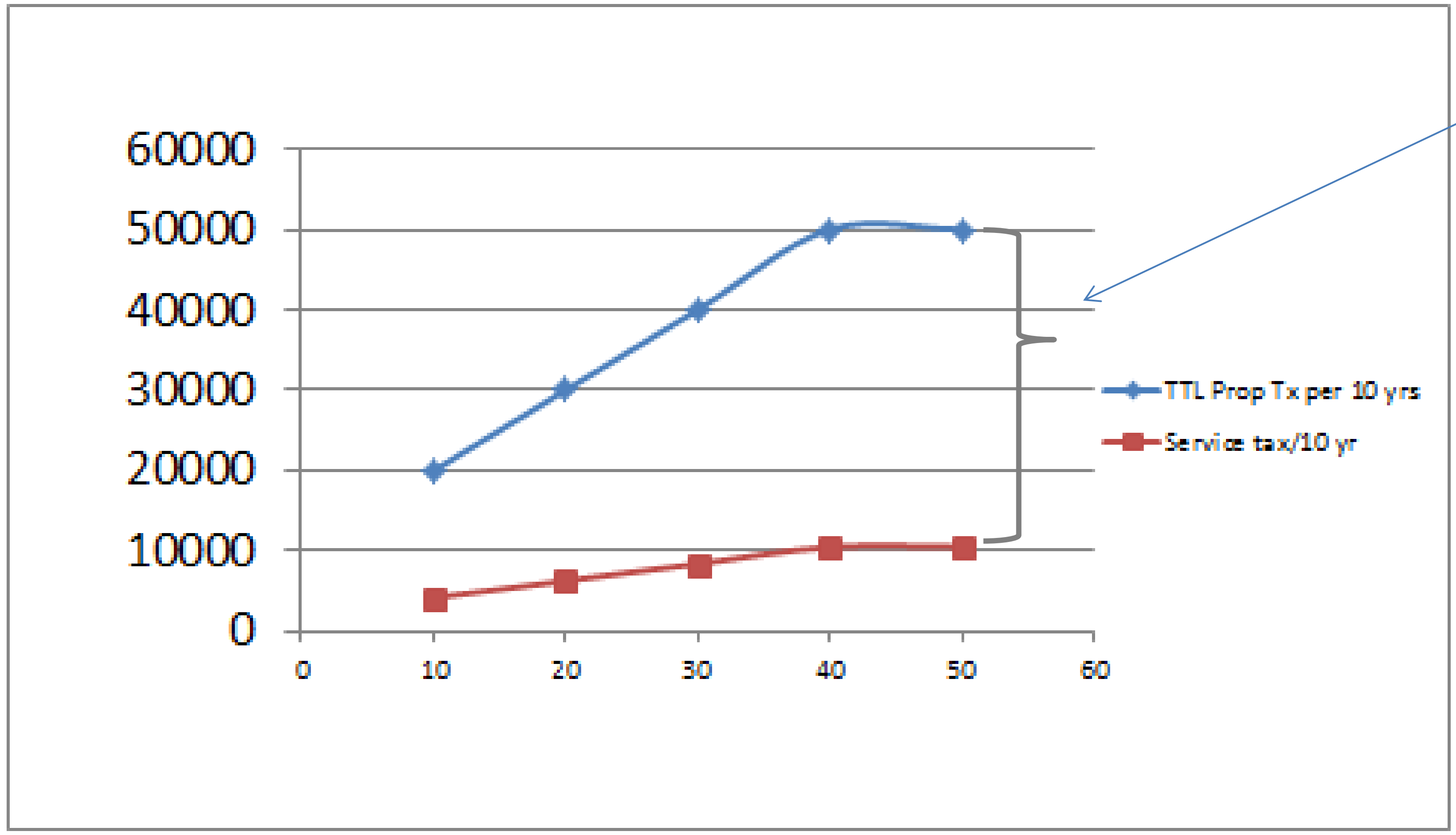
Service Tax Policy: ● No statewide sales/service tax (NOMAD states) ▫ Services taxed broadly by default (exceptions apply) ▫ Only specific/enumerated services taxed					
North Dakota	0.98%	2.50%	6.97%	Select services only	Taxes select services; most professional services exempt
Ohio	1.59%	3.75%	7.24%	Select services only	Taxes select services; B2B vs B2C rules apply
Oklahoma	0.89%	4.75%	8.97%	Select services only	Taxes limited services; most professional services exempt
Oregon	0.91%	9.90%	None	No tax	No statewide sales or service tax; corporate activity tax applies to businesses
Pennsylvania	1.58%	3.07%	6.34%	Select services only	Taxes select services (e.g., some repairs, janitorial)
Rhode Island	1.53%	5.99%	7.00%	Select services only	Taxes select services; limited enumerated list
South Carolina	0.57%	6.40%	7.44%	Select services only	Taxes select services; most professional services exempt
South Dakota	1.14%	None	6.40%	Broadly taxed	Sales tax applies to most services by default; few exemptions
Tennessee	0.68%	None	9.55%	Select services only	Taxes select services; most professional services exempt
Texas	1.63%	None	8.19%	Select services only	Taxes enumerated services (e.g., data processing, telecom, real property services)
Utah	0.56%	4.55%	6.96%	Select services only	Taxes select services; most professional services exempt
Vermont	1.83%	8.75%	6.36%	Select services only	Taxes select services including telecom and some digital services
Virginia	0.82%	5.75%	5.65%	Select services only	Taxes limited services; most services exempt; SaaS exempt
Washington	0.84%	None	9.38%	Select services only	Taxes many services including digital and professional services
West Virginia	0.59%	6.50%	6.51%	Broadly taxed	Sales tax applies to most services by default; few exemptions
Wisconsin	1.61%	7.65%	5.70%	Select services only	Taxes select services; most professional services exempt
Wyoming	0.61%	None	5.44%	Select services only	Taxes limited services; most services exempt
National Average	**1.04%**	**6.08%**	**7.17%**		*Averages exclude states with no applicable tax*

Comparison Data- Prop Tax vs Service Tax

Single Family Home

Yrs of Owning Hm	Ind yrs	Home value	Tax rate	Prop tax/yr	TTL Prop Tx per 10 yrs		3% Maint cost /yr	7% Service tx/yr	Service tax/10 yr
10	10	200000	0.01	2000	20000		6000	420	4200
20	10	300000	0.01	3000	30000		9000	630	6300
30	10	400000	0.01	4000	40000		12000	840	8400
40	10	500000	0.01	5000	50000		15000	1050	10500
50	10	500000	0.01	5000	50000		15000	1050	10500
					190000				39900

Prop Tx - Service T	150100



$150,100.00 cost savings over the lifetime of owning a home

Renters Advantage

Current Rental Property @2% Property rate included in rent payment

Example:
2% on $150k house =$3000/yr= $250 lower/mth
Additional 7% on services ($10k/yr)= 700 increase/yr
Potential Net rent reduction: $3000-$700=$2300/12=$191/mth

Proposed property tax repeal:
Property Managers may or may not reduce to 0%, but will be based on free market competition

Prop Tx Repeal-Event Schedule

NW Indiana, TBD

Frankfort, May 27

West Central, TBD

Indianapolis:
Glendale Library Branch –June 23
Pike Library Branch –July 13

South West, TBD

Ft Wayne, July 8

Muncie, July 1

Noblesville, Sept 13

Franklin, July 14

Seymour, June 9

Clarksville, July 7