

Town of Ogden Dunes

Legislative Updates and Impact Illustrations

September 8, 2025

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

- Property taxes
 - Increased automatic deductions based on property classification
 - 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
 - Budgeting - limited the maximum levy growth quotient for 2026, with re-worked formulas thereafter
- Income Taxes
 - Local income tax structure change effective taxes payable 2028

Setting the Scene – Timeline of Changes

2025

- MLGQ for 2026 budget capped at 4%
- County Council may adopt a LIT Expenditure Rate to fund homestead property tax credits
- New controlled project/referendum thresholds for property tax debt effective 7/1/2025

2026

- Year 1 of phasing in of new homestead deduction formulas and new 2% property assessment deduction
- BPP placed in service as of 1/1/2026 exempt from 30% depreciation floor
- BPP *de minimis* exemption amount increase to \$2 million for 1/1/2026 assessment
- MLGQ formula for 2027 budget year reverts to current formula
- Elimination of Excess Levy Appeal mechanism for growing communities

2027

- Year 2 of phasing in of new homestead deduction formulas and new 2% property assessment deduction
- Final year of LIT distributions under current structure
- Counties and eligible municipalities may adopt LIT under new structure

2028

- Year 3 of phasing in of new homestead deduction formulas and new 2% property assessment deduction
- First year of LIT distributions for eligible entities under new structure
- Expiration of LIT for Property Tax Replacement, which eliminates the LIT-funded property tax replacement credit for property taxpayers in applicable communities

Setting the Scene – Timeline of Changes (cont'd)

2029

- Year 4 of phasing in of new homestead deduction formulas and new 2% property assessment deduction
- New procedural requirements for budget year 2030 decisions on increases for property tax rates/levies

2030

- Year 5 of phasing in of new homestead deduction formulas and new 2% property assessment deduction

2031

- Year 6 (final year) of phasing in of new homestead deduction formulas and new 2% property assessment deduction
- LIT rates adopted under new LIT structure expire 12/31/2031 absent adopting body approval of a readoption ordinance in 2031

Homestead Property Assessment Deductions & Credits

	2025	2026	2027	2028	2029	2030	2031
Standard Deduction	\$48,000	\$48,000	\$40,000	\$30,000	\$20,000	\$10,000	\$0
Supplemental Homestead Deduction	37.5%	40.0%	46.0%	52.0%	57.0%	62.0%	66.7%
Supplemental Homestead Credit		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
65 & over (Credit)		\$150	\$150	\$150	\$150	\$150	\$150
Disabled homeowner (Credit)		\$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.

Homestead Property Assessment Deductions & Credits

	2025	2026	2027	2028	2029	2030	2031
Home Value	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
Standard Deduction	(48,000)	(48,000)	(40,000)	(30,000)	(20,000)	(10,000)	(0)
Supplemental Homestead Deduction	(207,000)	(220,800)	(257,600)	(296,400)	(330,600)	(365,800)	(400,200)
Net Assessed Value	\$345,000	\$331,200	\$302,400	\$273,600	\$249,400	\$224,200	\$199,800
Annual % +/-		-4.0%	-8.7%	-9.5%	-8.8%	-10.1%	-10.9%
% change from 2025		-4.0%	-12.3%	-20.7%	-27.7%	-35.0%	-42.1%

Note: The Gross Assessed Value would need to grow by 72.7% to \$1,036,036 for the 2031 net assessed value to return to \$345,000.



2% Property assessment deductions

	2025	2026	2027	2028	2029	2030	2031
Standard Deduction	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.



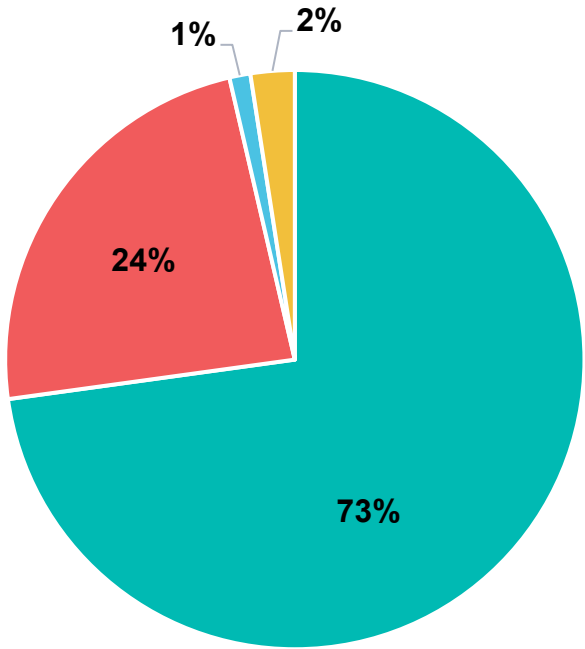
Business Personal Property

	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.

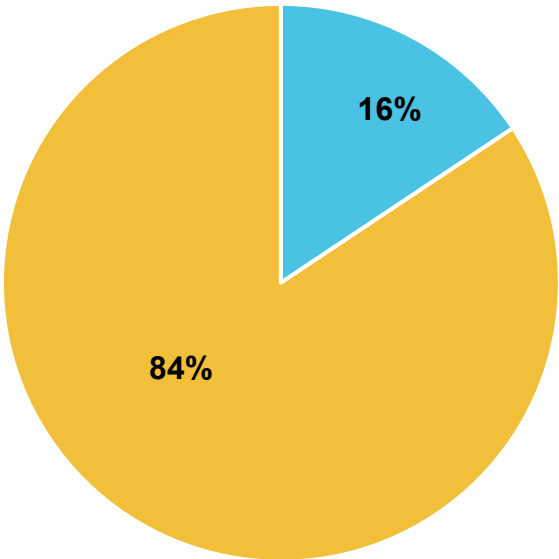
2025 Assessed Value Characteristics

Composition of Net Assessed Value



- 1% - Homestead property
- 2% - Rental residential, agricultural, and long-term care property
- 3% - Commercial / industrial
- 3% - Business Personal Property

Assumed Composition of Business Personal Property



- Assumed \$2 million or less of acquisition cost
- Assumed greater than \$2 million of acquisition cost



Max Levy Growth Quotient (MLGQ)

- MLGQ capped at 4% again in 2026. Was estimated at 5.6% without the cap.
- After 2026 the MLGQ will be based on the current formula (6-year average of non-farm personal income).
- Beginning in 2029 (for budget year 2030), the budgeted property tax levy may not exceed the levy of the preceding annual budget unless the fiscal body adopts an ordinance affirming a tax rate and tax levy increase following a separate public hearing no later than 15 days before the regular budget public hearing.

Impact of increased tax rates, LIT changes on circuit breaker losses

- What are circuit breaker credits?
- What is the property tax replacement credit and how did it change?
- Impact on the Town's illustrative circuit breaker losses

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

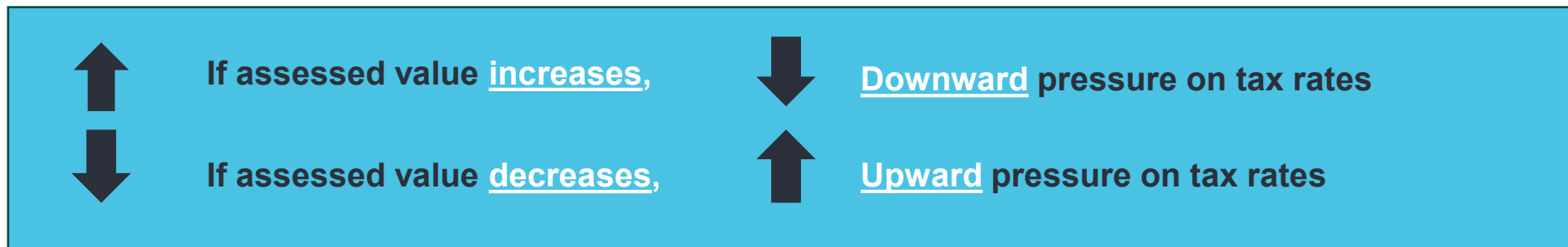


Sample property tax bill

Residential home value	\$600,000
Tax limit @ 1.0%	\$6,000
Net assessed value (current deductions)	\$345,000
Gross tax bill with a \$2.0083 rate	\$6,929
Less: Circuit breaker credits	(929)
Net tax bill paid by homeowner	\$6,000

These credits are proportionally allocated to the taxing units (county, city, township, school, library, special taxing district) in the form of reductions to the property tax levy

If a property is at the tax cap, an increase in the tax rate results in an increase in circuit breaker credits (levy reductions to taxing units)



Property Tax Replacement Credit

- Currently, a portion of Porter County's 0.5000% Local Income Tax is dedicated to Property Tax Relief (PTR).
- 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
 - For pay 2025, Porter County's PTR Credit reduced the gross tax bill of properties assessed at the 1% property tax cap by 11.5329% of the non-referendum property tax rate.
- Pursuant to SEA 1, this income tax expires following 2027

Sample tax bill - Revisited

Residential home value	\$600,000
Tax limit @ 1.0%	\$6,000
Net assessed value (current deductions)	\$345,000

Without a LIT PTRC

Gross tax bill with a \$2.0083 rate	\$6,929
Less: Circuit breaker credits	(929)
Net tax bill paid by homeowner	\$6,000

With a LIT PTRC

Gross tax bill with a \$2.0083 rate	\$6,929
Less: Portion of tax bill paid by income taxes	(799)
Net Tax bill	6,130
Less: Circuit breaker credits	(130)
Net tax bill paid by homeowner	\$6,000

Due to the LIT PTR Credit, the Circuit Breaker losses allocated to taxing units decrease from \$929 to \$130.

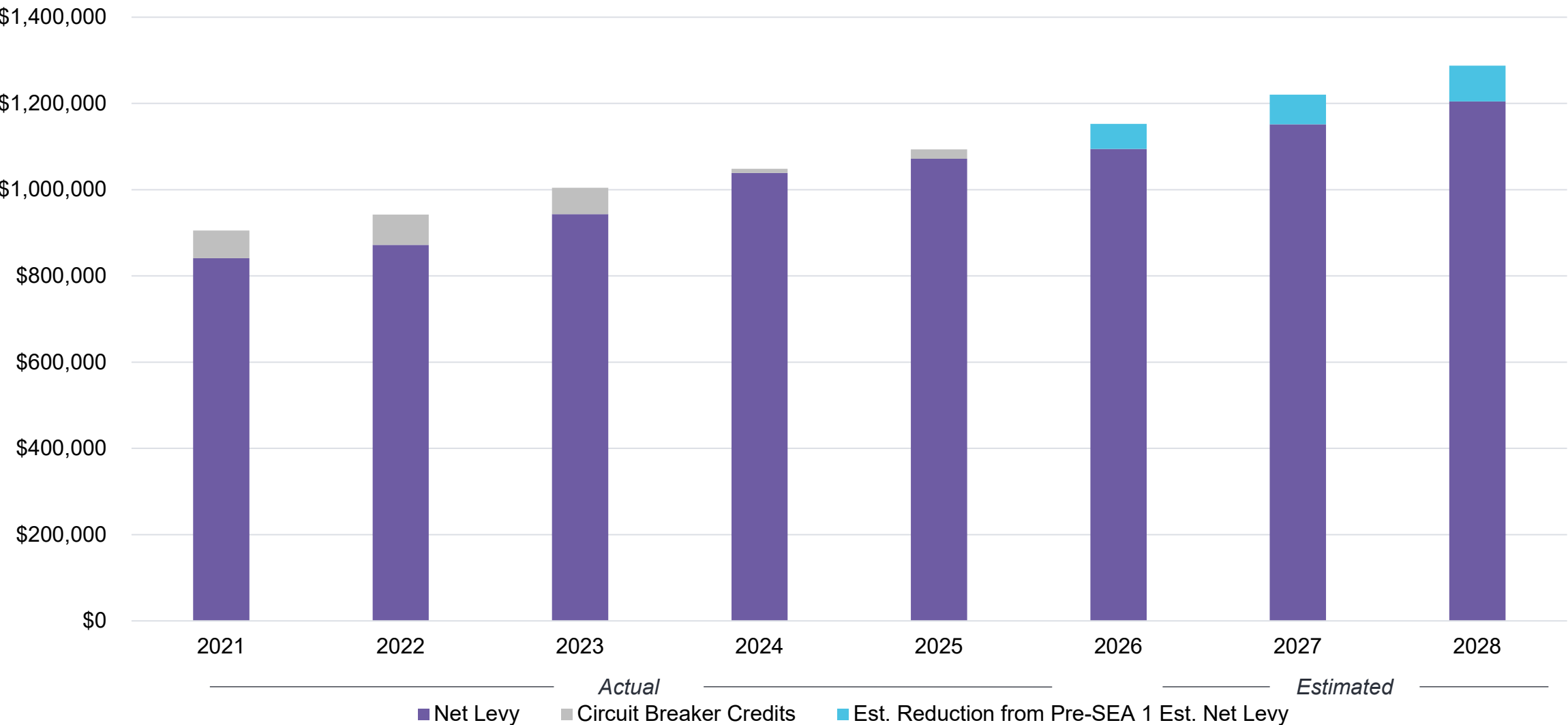


Legislative Services Agency (LSA) SEA 1-2025

Fiscal Analysis Notes

- The final LSA-published fiscal analysis for SEA 1 is dated April 9, 2025
- The baseline LSA data uses 2024 tax rates and levies, and a combination of 2025 deduction and 2026 gross assessed value information on a parcel level
- The model accounts for the various changes to the property tax system, including
 - Changes to the *de minimis* exemption level for business personal property, which were subsequently modified by HEA 1427
 - New Homestead Deduction and 2% Property Category Deduction calculations
 - New Homestead Credits (lesser of one-tenth of property tax bill or \$300 per parcel)
 - Assumptions of future assessed value growth based on the above changes, combined with historical trend data
 - Assumed MLGQ of 4.0% for 2026, 5.7% for 2027, and 5.3% for 2028
 - Expiration of the Property Tax Relief LIT following 2027
- There is no LSA estimate of LIT revenues under the new LIT structure

LSA SEA 1 Fiscal Analysis Data



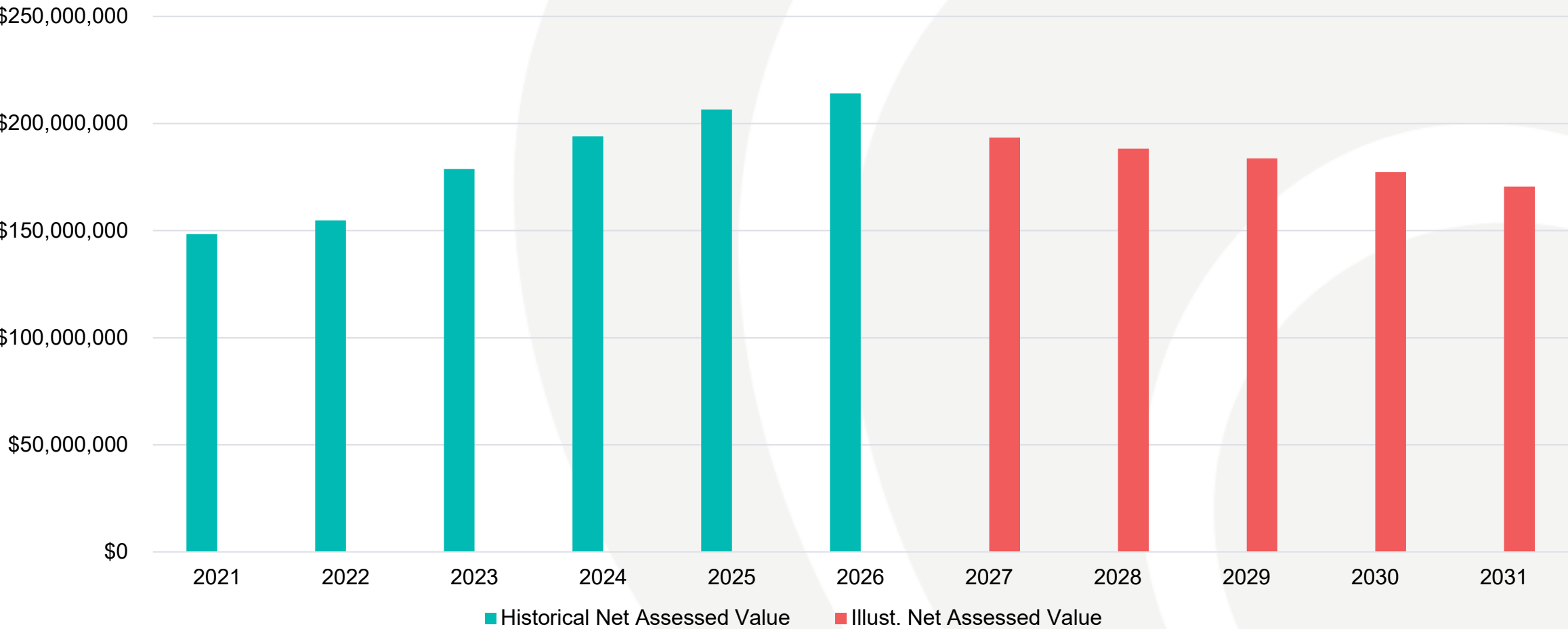
Source: Historical levy and Circuit Breaker losses are per the 2021 – 2025 Porter County Circuit Breaker Reports prepared by the DLGF. Estimated figures per the LSA “Estimated Net Levies SB 1 (2025) – 2nd Reading Amendment Adopted by the House of Representatives” report dated April 9, 2025.



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; mirrored 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

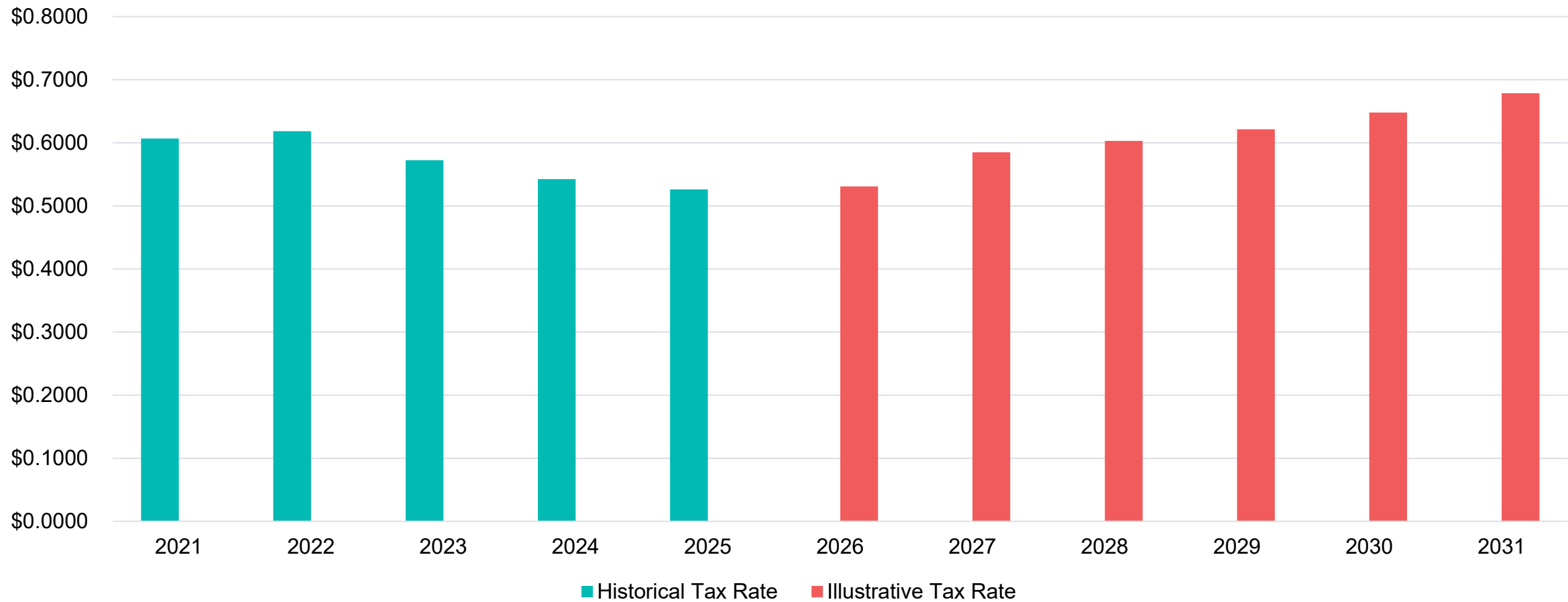
Historical and Illustrative Net Assessed Values 2021-2031



Source: Historical net assessed values are per the 2021 – 2025 Porter County Abstracts. The 2026 Certified Net Assessed Value are per Porter County 2026 Certificate of Net Assessed Values.

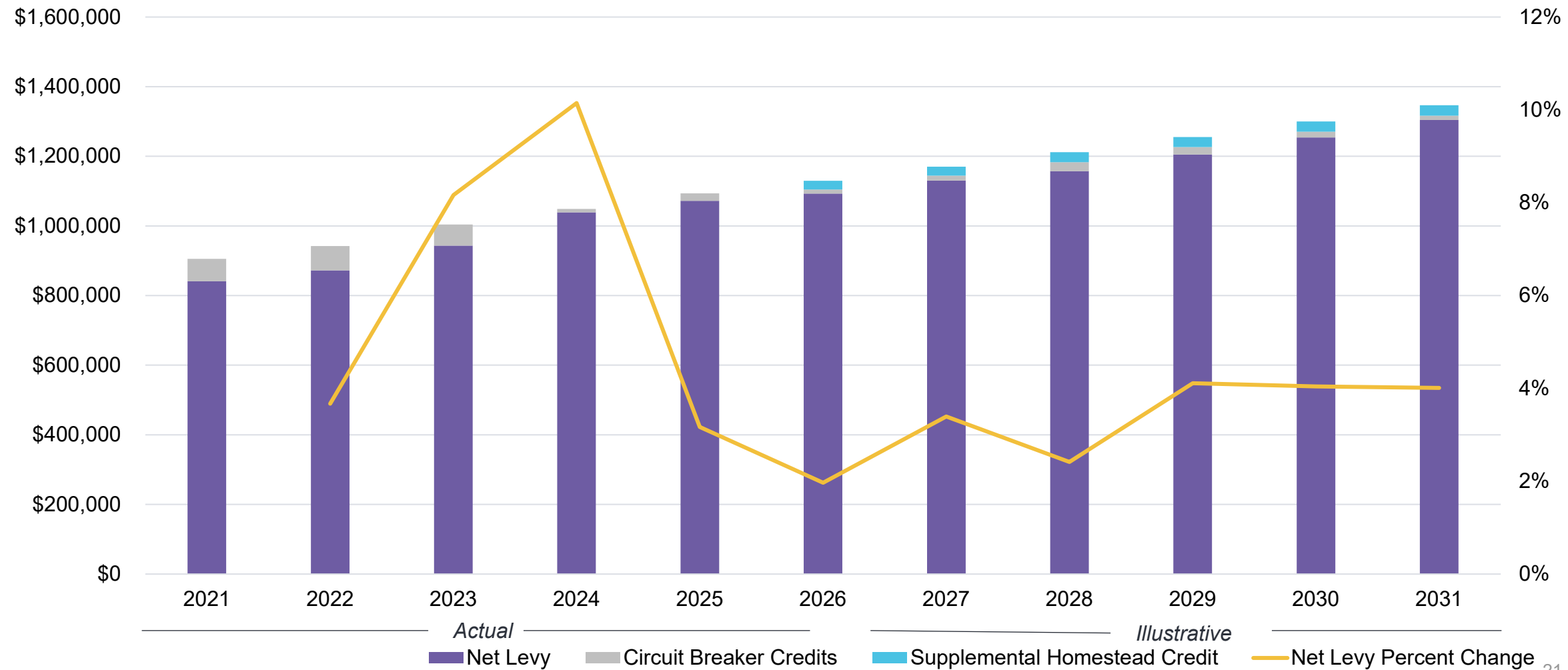


Historical and Illustrative Town Unit Tax Rate 2021 - 2031



Source: Historical tax rates are per the 2021 – 2025 Porter County Budget Order.

Historical and Illustrative Net Property Tax Levy, Circuit Breaker Credits, and Supplemental Homestead Credits



Source: Historical levy and Circuit Breaker losses are per the 2021 – 2025 Porter County Circuit Breaker Reports prepared by the DLGF.



Local Income Tax

Local Income Tax – 2025 (Current)

Currently, Porter County has a 0.50% local income tax rate that is allocated as follows:

- First 0.25% allocated to the county, cities, and towns
- Of the remaining 0.25%:
 - The first \$3,500,000 is allocated to the Northwest Indiana Regional Development Authority
 - Remaining amount is allocated to Property Tax Relief



Local Income Tax – Change beginning in 2028

	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

- Establishes maximum LIT expenditure rate at 2.9%
- Requires annual adoption to renew expenditure rate beginning in 2031
- Eliminates Local Income Tax (LIT) for Property Tax Replacement Credit (PTRC) beginning in 2028
- Eliminates Local Income Tax Councils

Illustrative Ogden Dunes Allocation of the Municipal Income Tax Rate for Municipalities < 3,500

	Illustrative LIT Revenues
2026 Est. LIT Revenues	\$128,409
Illust. 0.10% Municipal Rate	\$668,700

Note: 2026 actual data represents the Town’s distribution of the Economic Development Expenditure rate, per the DLGF. The illustrative revenues are based on the “2026 Estimated Local Income Tax Report” from the DLGF as of August 14, 2025 and the illustrative allocations based on population are based on US Census data. See the information dated September 8, 2025 of Baker Tilly Municipal Advisors, LLC for further information.

Questions?

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