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RENEWABLE ENERGY TAX SERIES | INDIANA

Local Property Tax Impacts of Large-Scale Wind and Solar Projects

About the Series

This state-specific series explores one key question: How do property taxes from large-scale wind and solar projects impact local government budgets?

Renewable energy projects can boost rural economies and fund community priorities, but assessing their tax impacts is often difficult. This series aims to provide stakeholders with clear, detailed, and accurate information.

This material is for informational purposes only and is not intended as legal advice.

Caroline Resor and Hayley Sakwa, advised by Sarah Mills
Center for EmPowering Communities, University of Michigan

Renewable energy projects are expanding nationwide as governments and industries respond to climate change and advancing technology. This growth is expected to continue for projects of all sizes, especially utility-scale developments that power thousands of homes by feeding electricity directly to the grid. Spanning thousands of acres, these large projects are most often built in rural places and frequently on agricultural land.

Like other properties, these projects pay taxes to local government units, including towns, schools, libraries, and others. Energy property taxes are usually much higher than farmland taxes, though the size of the difference depends on state tax laws. Large-scale wind and solar projects are typically taxed in one of two ways: ad valorem (based on land and equipment value, taxed at local rates) or as a Payment in Lieu of Taxes or PILOT (often a flat rate tied to the project's electricity production capacity).

State policymakers determine which tax system applies and how it is implemented, balancing the trade-offs between lower taxes to attract developers and higher taxes to benefit host communities. These policies—from the broad structures to the tiny details—shape the size and distribution of tax payments over a project's 20- to 40-year lifespan. Sometimes units like counties and schools may be affected differently, and some local residents may benefit more than others. Policymakers must also plan for decommissioning to prevent “boom/bust” revenue cycles that can occur when major taxpayers enter and exit. With many of these policies newly established, state and local officials are still learning their applications and impacts.

Local Property Tax Impacts of Large-Scale Wind and Solar Projects

Caroline Resor and Hayley Sakwa, advised by Sarah Mills
 Center for EmPowering Communities, University of Michigan

Overview: Wind and Solar Property Taxes in Indiana

Does not reflect recent changes to tax policy from SB1 legislation.

Wind and solar projects in Indiana are taxed like other types of property. County assessors determine the value of the land and equipment, and projects pay taxes at local rates to counties, townships, schools, and other units. Indiana limits the amount of property tax revenue that local units can collect, so a project with high property value (like a wind or solar project) does not always lead to a direct increase in local budgets. Instead, local officials can decide to reduce the taxes of neighboring property owners and/or to help finance public projects outside revenue restrictions. Local governments can also implement economic development agreements, tax abatements, and/or tax financing to change the size and distribution of tax impacts.

Converting farmland to wind or solar projects significantly increases the value of the property and its subsequent tax payments to local units. **The property value is assessed per the following state guidance:**

- **Agricultural land** value is determined by a statewide base price per acre, which is then adjusted depending on the property’s soil quality and land type.
- **Land under solar panels** is valued according to a standard minimum price per acre, called regional base rates. Rates are set annually by the state, with different rates for three regions in Indiana.¹
- **Land under wind turbines** is classified as industrial property and assessed at **market value**.² Surrounding farmland, if still in agricultural use, continues to be taxed as farmland.
- **Equipment such as wind turbines and solar panels** are considered personal property and are assessed based on their initial cost, often constituting the largest share of the property value increase.

If the larger tax payments would cause a county or local unit to exceed its tax revenue limits for the year, the unit may choose to lower tax rates. In this case, the project’s impact is delivered to neighbors as a reduction in their annual tax bills. If the unit chooses to maintain rates, it must find other ways to collect project revenue that bypass limits, like economic development agreements or public financing. If the added tax revenue does not exceed the unit limit, project payments boost the local budget, enabling public services to improve or expand. In either case, the total benefit from property tax changes can be calculated as the difference between the project tax payments and the previous farmland payments.

Example: 100 MW Solar Project in Miami County, Indiana

A 100 MW solar project in Miami County would have an estimated assessed value of \$40.1 million in 2024, compared to roughly \$1.1 million in assessed value when the land was used for farming. Since the county cannot collect more property tax revenue due to state restrictions, officials may choose to reduce the county tax rate for all taxpayers. This process is demonstrated below. The project also pays taxes to other local units like townships and schools, which are not included in the table.

Table 1. Annual net impact for 100 MW solar project in Miami County, if county lowers rate.

	Before Project	After Project	Net Difference
Revenue collected by county	\$8,840,000	\$8,840,000	No Change
÷ Total county assessed value	\$1,468,000,000	\$1,507,000,000	\$39,000,000
= Tax rate	0.602%	0.587%	(0.015%)
Project assessed value × New tax rate = Project tax payments to county in 2024 $\$40,100,000 \times 0.587\% \approx \$229,000$			

Property tax laws vary by state. While states often use similar terms, their applied definitions can differ from place to place. Below, these shared terms are defined according to Indiana's tax system.

Property Tax 101

- ◆ **Ad valorem:** A tax based on the value of the item being taxed.
- ◆ **Assessed value:** The value of a property set by a government for the purpose of taxation.
- ◆ **Depreciation:** The gradual loss of value of a property as it ages or gets used. If a property depreciates by 20%, $\text{Taxable Value} = \text{Assessed Value} \times 80\%$
- ◆ **Levy:** The total amount of property tax revenue that a taxing authority is authorized to collect in a given year.
- ◆ **Market value:** The price at which a property is most likely to be sold in the current real estate market.
- ◆ **Millage rate:** An expression of the tax rate. 20 mills is a rate of \$20 per \$1,000, or a 2% tax rate.
- ◆ **Personal property:** Moveable items, not permanently affixed to or part of the real estate, like solar panels.
- ◆ **Real property:** Land and permanent improvements to land, such as buildings.
- ◆ **Taxing district:**³ A geographic area with a distinct set of overlapping taxing units. The total taxing district rate is determined by adding each of overlapping units' tax rates.
- ◆ **Tax liability:** The amount of taxes owed by a property owner to a government unit.
- ◆ **Tax rate:** A percentage at which a property owner is taxed on the value of their property.
- ◆ **Taxing unit:** Any government unit that imposes property taxes, such as counties, towns, school districts, and special districts.

Adapted from Lincoln Institute of Land Policy Property Tax Glossary.



Indiana: Key Concepts

- ◆ **Department of Local Government Finance (DLGF):** The is the state agency that ensures local **taxing units** are assessing and taxing property in accordance with state law.⁴
- ◆ **Maximum levies:** Total tax revenue each fund within a local unit is allowed to collect each year, as regulated by Indiana state law. This **levy** increases each year by the average annual growth of non-farm income over the preceding 6 years,⁵ capped at 4% in 2024 and 2025.⁶ These caps are confirmed annually by DLGF, after which they are called certified levies.⁷ Debt funds and voter-approved funds,⁸ which often fund school operations and capital projects, are not subject to maximum levies. To collect its maximum levy, the tax rate is calculated as: $\text{Tax Rate} = \text{Maximum Levy} \div \text{Total Assessed Value}$.
- ◆ **Circuit breaker caps:** These limit the **tax liability** of individual taxpayers. Total district tax rates for individual property owners are capped at 1% of gross **assessed value** for homesteads; 2% for farms, rentals, and long-term care facilities; and 3% for business and other properties. The difference between a taxpayer's tax liability and their tax cap is returned as a credit. The prevalence of circuit breaker caps varies widely depending on the location and type of **taxing unit**. Since tax caps are based on the total **tax district** rate, taxing units within the same district are highly interdependent.
- ◆ **State or utility distributable property:** This spans across multiple **tax districts** and is directly used to provide a utility service.⁹ This includes **personal property**¹⁰ for public utility-owned solar¹¹ and wind¹² projects. Equipment is still taxed locally, but DLGF certifies the assessment.

Deeper Dive: Indiana Property Tax Assessment Guidelines

Real property (land and buildings) and **personal property** (equipment) for wind and solar projects are both taxed **ad valorem** (according to their value) at local unit tax rates. **Real property** is assessed locally according to state guidelines, while equipment is assessed as **state distributable property**.

Assessing Real Property

Wind:¹³ The value of land under wind projects varies widely based on local market values of industrial and agricultural land.¹⁴ State guidelines direct local assessors to classify the land underneath the turbine (usually 0.25-0.5 acres) as industrial property and tax it according to **market value**.¹⁵ The surrounding land, if farming continues, is taxed as agricultural land.

Solar:¹⁶ Each year, **DLGF** sets regional solar base rates (North, Central, and South) for the underlying land. The base rates serve as a cap – or the maximum amount at which local assessors can value the land underneath and surrounding solar panels. Solar land regional base rates per acre in 2024 were: \$13,000 (North), \$14,201 (Central), and \$6,535 (South).

Real property improvements: A portion of initial project costs may be considered real property improvements (typically roads, fences and foundations, and any maintenance buildings). A good estimate is 5% of total install costs, though projects vary.¹⁷ These are assessed by the county at 50% of estimated cost.

Agriculture:¹⁸ **DLGF** sets an annual statewide agricultural base rate: \$2,280 per acre in 2024.¹⁹ The rate is based on a formula that estimates the **market value** of farmland in active use. The base rate gets reduced or increased according to soil quality and land type. The *productivity factor* adjusts for soil quality and is set between 0.5 to 1.31. A higher factor indicates more productive soil. The *influence factor deduction* adjusts for land type. Most farmable land receives between a 30% to 60% reduction in their rate.

Assessing Personal Property

Assessment: Initial cost for **personal property** equipment for solar²⁰ and wind²¹ projects is estimated to be \$1/watt, though costs vary widely. As state distributable property, utilities self-assess their equipment value and submit an annual report to DLGF, which verifies the taxpayer's claim and notifies the county assessor.

Depreciation:²² Utility personal property is valued based on its initial cost and depreciates according to a 5-year federal depreciation schedule with a 30% floor. In other words, the equipment loses a percentage of its value every year, but it is never valued below 30% of its initial cost. The exact schedule depends on which method of depreciation the utility chooses,²³ but projects typically reach the floor within 3 years.

Gross additions credit:²⁴ The state provides a credit for personal property additions in the project's first year of service. The utility distributable property receives an additional 60% reduction in taxable value after **depreciation**. This significantly reduces the **assessed value** and property tax benefits for solar or wind projects in Year 1.

Discussion of Impacts

While **maximum levy** and **circuit breaker caps** limit the revenue that taxing units can collect, communities still benefit directly from the property tax payments of large-scale wind or solar projects. The total impact is the net difference between the tax payments of the project and that of the previous farmland. Benefits are shared by residents in the counties, townships, and school districts in which the project resides.

Impact of Maximum Levies

Local **taxing units** that are taxing below their **maximum levy** are able to collect additional property tax revenue. If the added revenue from the project does not cause the unit to exceed its maximum levy, the economic benefit of the project is delivered as increased tax revenue to the local unit. The unit tax rate remains unchanged and there is no reduction to neighbors' tax liabilities.

Local units that are taxing at their **maximum levy** cannot collect additional property tax revenue. While some units identify workarounds to collect project revenue in other ways,²⁵ if a unit treats the project like a typical property taxpayer, it will need to lower its tax rate for all taxpayers to accommodate the increase in **assessed value** from the project. The project still pays property taxes, but that revenue will offset the taxes that would otherwise have been collected from neighboring properties. In this case, the economic benefit of the project is delivered entirely as reduced tax liabilities for neighbors.

Impact of Circuit Breaker Credits

When units lower their tax rates, not all neighbors benefit equally. Individual property owners' tax liabilities are also limited by **circuit breaker caps**, in which taxpayers receive a credit on their tax bill when their total district tax rate is above a certain percentage of their property's **assessed value**, depending on the type of property.

In cases where the increased **assessed value** of the project leads to lower tax rates, taxpayers will only benefit from this reduction if their total district tax rate previously or now falls below their **circuit breaker caps**. Neighbors whose tax bills still remain above their cap will not see any reduction in their tax bill, because the cap was already limiting their tax liability.

Local Income Taxes and Credits

In addition to property taxes, counties may elect to **levy** local income taxes (LIT). These taxes generate local revenue during construction when workers and businesses earn additional income.²⁶ Lease payments made to property owners by wind or solar projects also generate income, though income is also lost from reduced crop production. LIT revenue is generally much smaller than property tax revenue generated. Some counties use LIT revenue to reduce property tax bills, and can choose which taxpayers receive these credits.²⁷

Supplemental Revenue Tools

Outside of traditional property taxes, local units may implement additional tools to adjust the size and distribution of project tax payments. Developers and local units may negotiate *economic development agreements*, in which developers agree to pay annual or production-based fees on top of property taxes. These payments bypass **maximum levy** limits and can directly increase unit revenues. Oppositely, local units may agree to provide the project with *tax abatements*, which reduce project tax payments for a set period by adjusting **assessed value** for project. *Tax Increment Financing* (TIFs) allocate the increased property tax revenue to finance specific public redevelopment projects. TIFs and other debt financing options are also tools to collect project tax revenue while bypassing **levy** restrictions.

OBSERVATIONS ON IMPACTS ACROSS STATES

- **Closer neighbors benefit more:** Because projects pay taxes to overlapping **taxing units** (e.g., county, township, and school), those living nearest—who use all these public services—see the greatest economic impact.
- **Less populous areas benefit more:** Since tax benefits are distributed within the project's **taxing units**, counties and townships with fewer residents receive a higher per-person benefit.
- **Tax revenue becomes more concentrated:** A large taxpayer like a wind or solar farm shifts the tax base, increasing reliance on a single source. When the project is decommissioned, local units may struggle to replace the lost revenue.
- **Wind project revenue is more dispersed:** Wind farms retain most farmland, converting only 0.5 to 1 acre per turbine use. With turbines spread over many more acres than solar panels, less agricultural tax revenue is lost and benefits are shared across more **taxing units**.

Calculation Steps

This example calculates the county tax impacts when 700 acres of farmland is converted to a 100 MW solar project in Miami County in Year 3 of operation, based on 2024 data. While projects typically span multiple jurisdictions, this example assumes a single taxing district to simplify calculations. We chose Year 3 to illustrate tax benefits in an average year. In Years 1 and 2, **depreciation** and credits cause **assessed value** and tax payments to fluctuate significantly. Numbers are rounded.

Step 1: Calculate Year 3 Increase in Assessed Value from Solar Project

A. Find assessed value for solar real property.

- Solar regional base rate (North): \$13,000/acre
- Area: 700 acres

$$\text{\$13,000} \times 700 = \text{\$9.1 million}$$

B. Find assessed value for solar personal property and adjust for depreciation.

- Installed cost: Estimated \$1/watt x 100 MW = \$100 million
- Personal property: Estimated 95% of installed cost = \$95 million
- Depreciation: Assume taxable value has reached 30% floor

$$\text{\$95 million} \times 30\% = \text{\$28.5 million}$$

C. Find assessed value for real property improvements.

- Real property improvements: Estimated 5% installed cost = \$5 million
- Real property improvements assessment rate: 50%

$$\text{\$5 million} \times 50\% = \text{\$2.5 million}$$

D. Subtract assessed value of previous farmland.

- Agricultural base rate: \$2,280/acre
- Productivity factor (county average): 0.67
- Influence factor deduction (Type 4 Tillable land): 0%

$$\text{\$2,280} \times 700 \times 0.67 \times (100\% - 0\%) = \text{\$1.07 million}$$

$$\text{Increase in Assessed Value} = \text{\$9.1M} + \text{\$28.5M} + \text{\$2.5M} - \text{\$1.07M} = \text{\$39.03 million}$$

Step 2: Determine Project Impact on County Tax Rate

A. Calculate new total assessed value across the county.

- Total assessed value before project: \$1.47 billion
- Increase in assessed value from project: \$39.03 million

$$\text{\$1.468 billion} + \text{\$39.03 million} = \text{\$1.507 billion}$$

B. Determine if project tax revenue would exceed maximum levy.

- Maximum levy (Miami County): \$8.84 million
- Tax rate (Miami County): 0.602%
- New total assessed value for county: \$1.507 billion

$$\text{\$1.507 billion} \times 0.602\% = \text{\$9.07 million}$$

Revenue would exceed maximum levy. County may choose to lower tax rates.

C. If applicable, calculate reduced county tax rate.

- Maximum levy (Miami County): \$8.84 million
- New total assessed value for county: \$1.507 billion

$$\text{\$8.84 million} \div \text{\$1.507 billion} = 0.587\%$$

Note: Maximum levies are determined at the fund-level (i.e. county general fund, health fund, etc.) but are aggregated here for simplicity.

Step 3: Assess Project Property Tax Impacts in Year 3

A. Calculate Year 1 project tax payments.

- Project assessed value: \$9.1M + \$28.5M + \$2.5M = \$40.1 million
- New tax rate: 0.587%

$$\text{\$40.1 million} \times 0.587\% = \text{\$235,400}$$

B. Subtract previous farmland's tax payments.

- Previous farmland assessed value: \$1.07 million
- Old tax rate (Miami County): 0.602%

$$\text{\$1.07 million} \times 0.602\% = \text{\$6,400}$$

$$\text{Increase in Property Tax Payments} = \text{\$235,400} - \text{\$6,400} = \text{\$229,000}$$

Step 4: Determine Total Tax Impacts and Distribution over Project Lifetime

A. Increase supplemental tax revenue tools.

- Contact county assessor to learn if economic development agreements, tax abatements, Tax Increment Financing (TIFs), or other financing models apply.

B. Extend calculations to other taxing units and years.

- Use our published calculator for complete multi-year analysis across all funds and units.

C. Determine how project tax payments will benefit neighbors.

- Contact county assessor to ask if county will lower tax rate if project exceeds maximum levy.
- If so, project tax payments will offset tax liability of other property owners, lowering their tax bills.
- If not, project tax payments will help fund county services such as roads, health, or other public projects.

CALCULATIONS FOR LARGE-SCALE WIND PROJECTS

To calculate the total impacts for a 100 MW wind project, follow the steps above but reduce the farmland acres converted to 33 acres (approximately 1 acre per 3 MW turbine, or 33 turbines for a 100 MW project).

CALCULATIONS FOR MULTIPLE TAXING DISTRICTS

This example assumes the project is entirely within one **taxing district** for simplicity. To determine benefits for a project spanning multiple taxing districts, repeat these steps for each portion of the project (either by megawatts or acreage, depending on the step) within each taxing unit.

Acknowledgements

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Other contributors include Alexandra Haddad, Caroline Leland, Daniel Spellman, Geoffery Batterbee, Annie Lively, Vamika Jain and Fatimah Bolhassan.



Indianapolis War Memorial, Indiana. (Pixabay)

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GRAHAM SUSTAINABILITY INSTITUTE

CENTER FOR EMPOWERING COMMUNITIES
UNIVERSITY OF MICHIGAN

Addendum: Indiana Senate Bill 1 Impacts on Local Property Tax Rules for Wind & Solar Projects

Graham Sustainability Institute - Summer 2025

By: Caroline Leland and Hayley Sakwa

This addendum is a supplement to the Indiana policy brief in our [Renewable Energy Tax Series](#). The Indiana brief, published in May 2025, has not yet been updated to reflect these changes.

Overview

SB 1 (passed April 15, 2025) made sweeping changes to Indiana's property tax system.¹ Most impactful to renewable energy property taxes are new rules regarding:

1. Equipment depreciation,
2. Levy growth restrictions and Local Income Tax,
3. Assessed value deduction for farmland,
4. Non-utility business personal property exemptions, and
5. Farmland base rate calculations.

HEA 1427 (passed May 6, 2025) clarified and corrected several SB 1 provisions, particularly for 2025 business filings and TIF district exemptions.²

1. Equipment depreciation

SB 1 eliminates the 30 percent depreciation floor for any equipment bought after Jan. 1, 2025, except for equipment located in TIF allocation areas established before 2025. HEA 1427 expands this rule to apply to property that was initially exempt under SB 1, including cases in which property revenue was allocated bonds, leases, or other obligations.³

Impacts on Renewable Energy Taxes

This represents a significant loss in local tax revenue from renewables. Expensive equipment is the largest share of property revenue for local taxing units from renewable energy projects. Renewable projects can now depreciate their equipment to 0 over their lifetime, unless they are in an already-established TIF area. Following IRS guidelines for depreciable business policy, solar and wind equipment is depreciated over 5 years⁴, after which the only property tax revenue for such projects will come from the underlying land.

¹ <https://legiscan.com/IN/bill/SB0001/2025>

² <https://legiscan.com/IN/text/HEA1427/id/3221692>

³ <https://dmainc.com/news-and-insights/indiana-sb1-amendment-hea-1427/>

⁴ <https://www.irs.gov/publications/p946>

2. Levy growth restrictions and Local Income Tax cap increase

Levy growth restrictions: Under SB 1, starting on Jan. 1, 2029,⁵ local governments may only increase their levy due to AV growth if they adopt an ordinance after a public hearing — even if they are below their maximum levy.⁶ Otherwise, they must reduce their tax rate so that their total levy remains the same. Furthermore, the maximum levy growth quotient is capped at 4% for taxes payable in 2026, 1% for 2027, and 2% for 2028. Beginning in 2029, levy growth will be tied to a new economic formula, subject to legislative review.⁷ Debt funds and referenda continue to be exempt from these restrictions.⁸

Local Income Tax cap increase: To offset lost property taxes from the changes in SB1, local governments will be able to increase Local Income Taxes by 1.8% starting in 2028.⁹ Cities and towns will be able to impose a municipal LIT rate up to 1.2%, “if not covered under county allocation.”¹⁰ Previously, only counties had that power.

Excerpt: SB1 "Provides that within a county's total expenditure rate, the county may adopt: (1) up to a 1.2% rate for county general purpose revenue; (2) up to a 0.4% rate for fire protection and emergency medical services; (3) up to a 0.2% rate for nonmunicipal civil taxing unit general purpose revenue; and (4) up to 1.2% for certain cities and towns that are not eligible to adopt a municipal LIT rate."¹¹

Questions may be directed to David Marusarz, Deputy General Counsel at dmarusarz@dlgf.in.gov.

Impacts on Renewable Energy Taxes

The impact of these changes is dependent on how local governments respond. When farmland is converted to renewables, a property’s assessed value (AV) increases significantly. To prevent its levy from increasing, a jurisdiction must now either lower its tax rate or organize a public hearing and pass a public ordinance to authorize an increase in the levy – subject to new annual levy growth restrictions established in SB1. If jurisdictions lower tax rates, renewable energy development will lead to a decrease in the tax bills of all property owners in the

⁵ <https://www.in.gov/dlgf/files/2025-memos/250610-Cockerill-Memo-Legislation-Affecting-Local-Budgeting-Matters.pdf>

Pg 5: “Beginning after December 31, 2028, the fiscal body of a local unit may not increase the unit’s levy above the levy from its last preceding annual budget unless the fiscal body adopts an ordinance...”

⁶ <https://www.in.gov/dlgf/files/2025-memos/250610-Cockerill-Memo-Legislation-Affecting-Local-Budgeting-Matters.pdf>

Pg 6: “NOTE 2: Neither Ind. Code § 6-1.1-17-23 nor other affected provisions address how the limitation imposed by Ind. Code § 6-1.1-17-23 relates to the maximum levy under Ind. Code §6-1.1-18.5.”

⁷ <https://www.in.gov/dlgf/files/2025-memos/250610-Cockerill-Memo-Legislation-Affecting-Local-Budgeting-Matters.pdf>

⁸ <https://legiscan.com/IN/supplement/SB0001/id/574893>

⁹ <https://www.jconline.com/story/opinion/contributors/2025/04/21/hicks-the-unanticipated-effects-of-indianas-senate-bill-1/83155824007/>

¹⁰ <https://legiscan.com/IN/bill/SB0001/2025>

¹¹ <https://iga.in.gov/legislative/2025/bills/senate/1/details>

jurisdiction. If jurisdictions raise tax rates via public ordinance, their budgets will increase as a result of the additional tax revenue from the project. Additionally, local governments can now impose slightly higher Local Income Taxes, which would provide more revenue in a jurisdiction with a renewable energy project.

3. Assessed value deduction for farmland

A new deduction will apply to farmland and other types of property that fall under Indiana's 2% circuit breaker cap. The deduction will start at 6% of the taxpayer's assessed value in 2026 and eventually reach 33% for 2031 and beyond.¹² There are also new deductions for homesteads.¹³

Impacts on Renewable Energy Taxes

This change will slightly increase the net tax revenue impacts of renewable energy projects. This deduction will lower the taxable value of farmland. Renewable projects (classified as commercial property) are not eligible for the deduction — further increasing the gap in assessed value between agriculture and renewables.

4. Business personal property tax exemption threshold

Beginning with assessment year 2026 (taxes payable 2027), businesses no longer have to pay taxes on "personal property" worth less than \$2 million.¹⁴ The previous threshold was \$80,000.¹⁵ Farm equipment counts as "business personal property" and is therefore covered by this exemption.¹⁶ Utility property is assessed through a separate process and therefore is not eligible for this exemption.¹⁷

Impacts on Renewable Energy Taxes

This is likely to have marginal, if any, impact on the net tax revenue impacts of renewable energy projects. Since this exemption does not apply to utility property, it will not change property taxes for large-scale renewable energy. When agricultural land is converted for solar development, local governments may lose a small source of tax revenue from previous farm equipment taxed as business personal property. As tax revenue from agricultural personal property will be lower due to the larger exemption threshold, the net impact from solar development will be marginally higher. As agricultural production often continues under wind turbines, there will be no change.

¹² NEW SECTION 52. IC 6-1.1-12-47. <https://legiscan.com/IN/text/SB0001/2025>

¹³ <https://legiscan.com/IN/bill/SB0001/2025>

¹⁴ <https://legiscan.com/IN/text/HB1427/id/3221692>

¹⁵ <https://www.jconline.com/story/opinion/contributors/2025/04/21/hicks-the-unanticipated-effects-of-indianas-senate-bill-1/83155824007/>

¹⁶ <https://www.infarmbureau.org/news/news-article/2025/06/24/tax-bill-provides-significant-relief-at-least-for-now>

¹⁷ <https://www.in.gov/dlqf/assessments/state-assessed-distributable-property/> and **IC 6-1.1-3-7.2(c)(3)(B)** and <https://www.in.gov/dlqf/files/2021-presentations/210801-Wood-Presentation-Assessing-Renewable-Energy.pdf>

5. Farmland base rate calculations

SB1 increases the highest capitalization rate in the farmland base assessment rate formula from 8% to 9%¹⁸ for the 2025 and 2026 assessment years.¹⁹ The base rate is \$2,120 for 2025.²⁰

Impacts on Renewable Energy Taxes

As this only impacts farmland taxes for two years, it will have little impact on the net tax revenue of renewable energy projects. This will reduce farmland assessed value during that period, temporarily increasing the tax revenue advantage of converting agriculture to renewables. The Indiana Farm Bureau estimates that, for taxes payable in 2026 and 2027, owners of agricultural land will see tax bills about 11% lower than their 2025 bills. The Bureau also estimates that this change will lower farmland owners' property tax bills by 16% in 2027, compared to projections pre-SB1.²¹ These gains for farmland owners represent tax revenue losses for local governments.

Excerpt: [IN Legislative Services Agency, April 9, 2025](#)

The following table shows the estimated net tax changes, as compared to baseline estimates by year, by property type for changes to the stated components.

Estimated Net Property Tax Change (\$ Millions) Compared to Current Law (Baseline) by Year Includes Homestead Credit, Farmland Base Rate, MLGQ, New 1%- and 2%- Capped Property Deductions, Existing Property Tax Deductions Expiration, LIT Property Tax Relief Credits and Levy Freeze Expiration, Personal Property Changes, and School Operations Fund Sharing			
Property Type	CY 2026	CY 2027	CY 2028
Homesteads	-395.5	-466.9	-368.6
Farmland	-49.1	-57.8	-9.1
Other Residential	-5.4	-13.7	-49.4
Apartments	1.2	-1.7	-24.4
Ag Business	16.9	20.8	25.5
Other Real	108.1	210.1	401.5
Personal Property	-62.3	-84.7	2.1
Total	-386.1	-393.9	-22.4

Note: Totals may not sum due to rounding.

¹⁸ <https://legiscan.com/IN/supplement/SB0001/id/520716>

¹⁹ <https://www.infarmbureau.org/news/news-article/2025/06/24/tax-bill-provides-significant-relief-at-least-for-now>

²⁰ <https://www.in.gov/dlqf/files/2025-memos/250509-Cockerill-Memo-2025-Revised-Ag.-Base-Rate-Certification-Letter.pdf>

²¹ <https://www.infarmbureau.org/news/news-article/2025/06/24/tax-bill-provides-significant-relief-at-least-for-now>