

## Legislative Changes Impacting Schools

### **Senate Enrolled Act 1**

The State of Indiana passed Senate Enrolled Act 1 in the 2025 legislative session. This bill makes major changes to property and local income taxes. The law was designed to give property tax relief to homeowners, however the bill's impact on local governments and school corporations is detrimental.

### **Forecasted Impact**

Beginning in 2026, Monroe Gregg Schools will see an estimated annual revenue reduction of **\$388,200** a year according to the Indiana Department of Local Government Finance. This revenue loss is due to the new Homestead Credit being implemented as a result of this new law.

This is revenue that would have funded Operational expenses for the school corporation. **This is a 5-year total revenue loss of \$1,941,000.** Within our district the Operation fund is extremely tight. Money from the educational fund has had to be transferred at the maximum allowable amount yearly to pay the bills.

Additionally, beginning in 2028, Monroe Gregg Schools will see an estimated annual revenue reduction of **\$227,610** according to the Indiana Department of Local Government Finance. SEA1 removes the requirement that county officials share local income tax revenue with their local public school districts. Citizens will still be required to pay the local income tax, however the county is not obligated to share it with the schools. While they have not definitively said if they would or would not share this revenue, the potential loss is significant. This is revenue that would have funded Operational expenses for the school corporation. **This is a 5-year total revenue loss of \$1,138,050**

**This is a combined loss of \$3,079,550.**

### **Other Local Impacts**

This bill impacts not only our school district but all sections of local government. Our library, police, fire, emergency medical services, public health services, waste and sewer treatment, and many others will be affected. The numbers listed above are the potential impacts to our school district alone.

### **Conclusion:**

Senate Enrollment Act 1 was put into effect this last legislative session and will greatly impact our district's ability to function as well as other local government services.