



# Tipton Community School Corporation

---

Board Presentation

2/10/26



## Overview of SEA-1 Changes

- **Homestead Deductions**

Increased from 37% of assessed value in 2025, phased in over time, to **67%** of assessed value for taxes due in 2031. Standard deduction is phased out by 2031.

- **2% Cap Tax Class Deductions**

New deduction for non-homestead residential (2% circuit breaker class such as **apartments, long-term care facilities and agriculture**), phasing in each year to **33%** by 2031

- **Homestead Residential Credit**

New credit for homestead residential properties equal to the lesser of **10%** of the taxpayer liability or **\$300**. To be applied after Constitutional circuit breaker caps.

- **De Minimis Business Personal Property Exemption**

Exemption threshold for de minimis business personal property (purchase price \$2M or less) increases from \$80K in 2025 to **\$2M** for **2027**.

- **Business Personal Property 30% Floor**

With certain exceptions, new business personal property purchases are **exempted from the 30% floor** and therefore will continue to depreciate below 30% of cost.

- **Farmland Assessed Value**

**New methodology** for agriculture base rate beginning in 2026 including the capitalization rate changed from 8% to 9% for January 1, 2025 and January 1, 2026.

- **Elimination of Deductions**

Most non-local property tax deductions are eliminated for taxes payable in 2026 such as solar energy, wind, geothermal, etc. Other historic deductions such as over-65, blind/disabled were converted to credits.

## Assessed Value Outlook

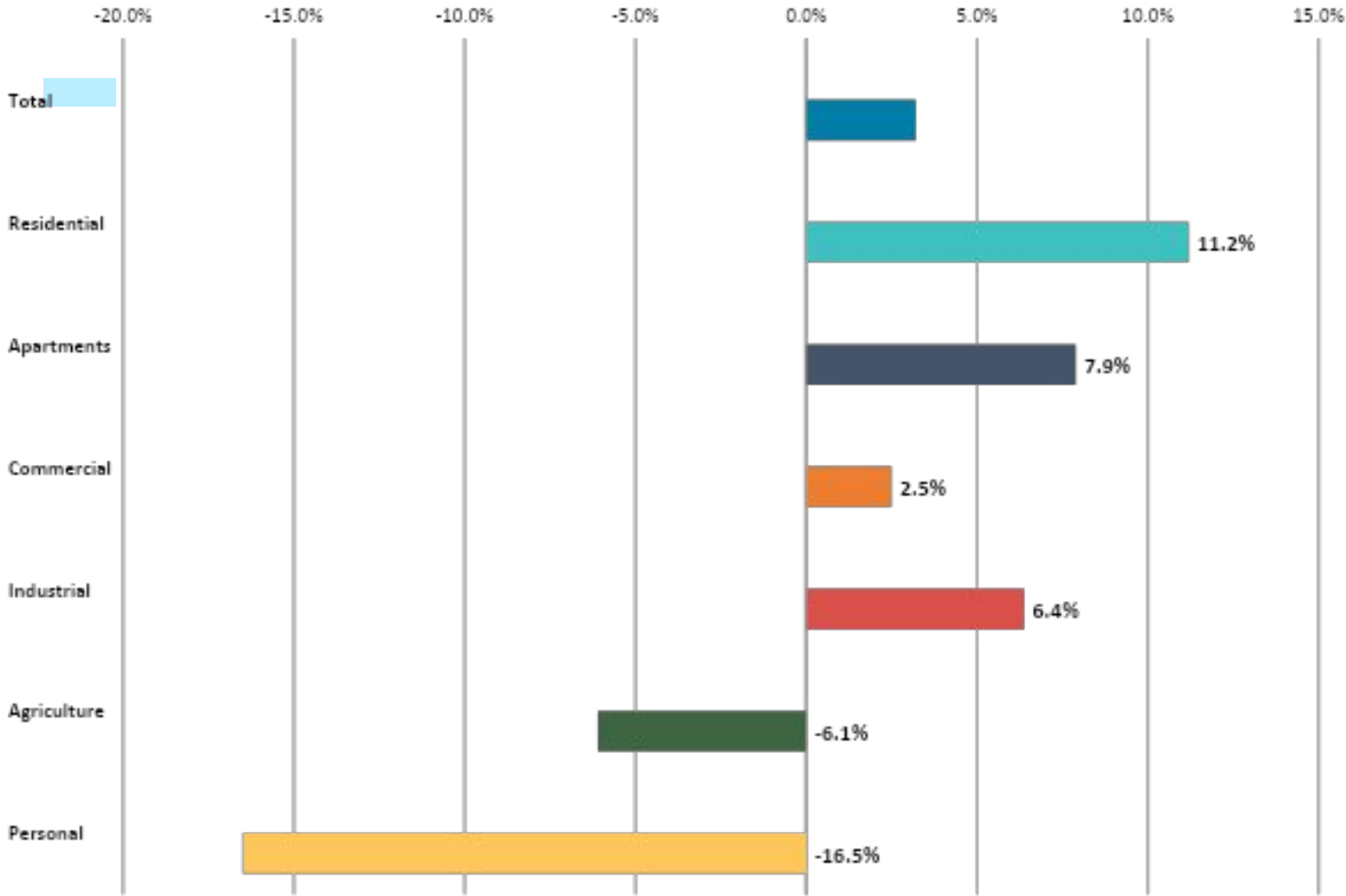
A solid blue horizontal bar with a slight upward-pointing arrow on the right end, spanning the width of the slide.

Gross Assessed Value

Pay 2026

GAV Change by Property Class

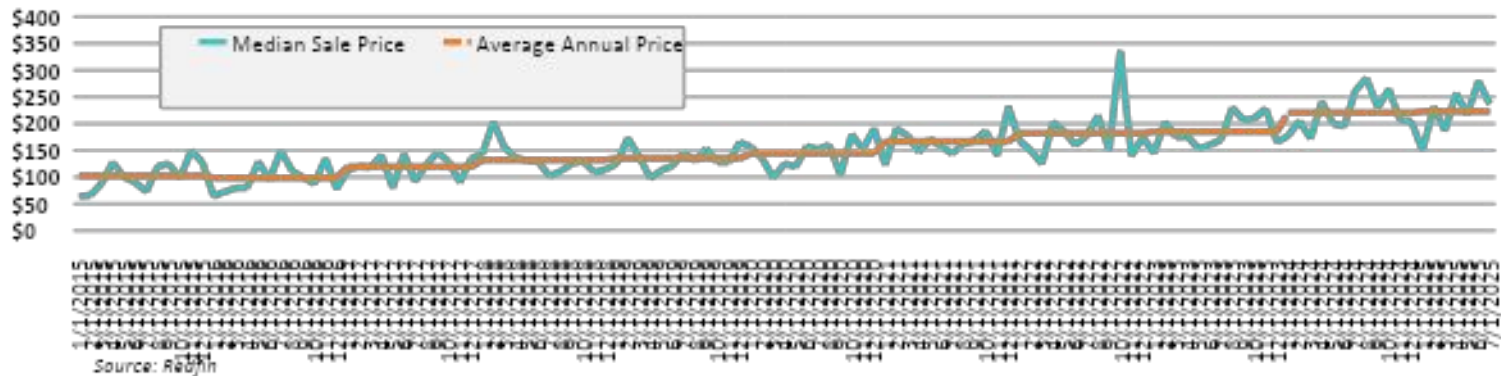
Pay 2025 to Pay 2026



- Gross Assessed Value is the “market value” or value-in-use of the property.
- The value as of January 1, 2025 is used as the assessed value for taxes payable in 2026.
- For Pay 2026, DLGF updated the cost tables which has the potential to affect apartments, commercial, and industrial sectors.

Tipton County Single Residential Sale Price

January 2015 to July 2025, Dollars in Thousands



	Average Price	Pct Change
2021	\$167K	
2022	\$182K	9.1%
2023	\$185K	1.7%
2024	\$220K	19.0%
2025	\$223K	1.1%

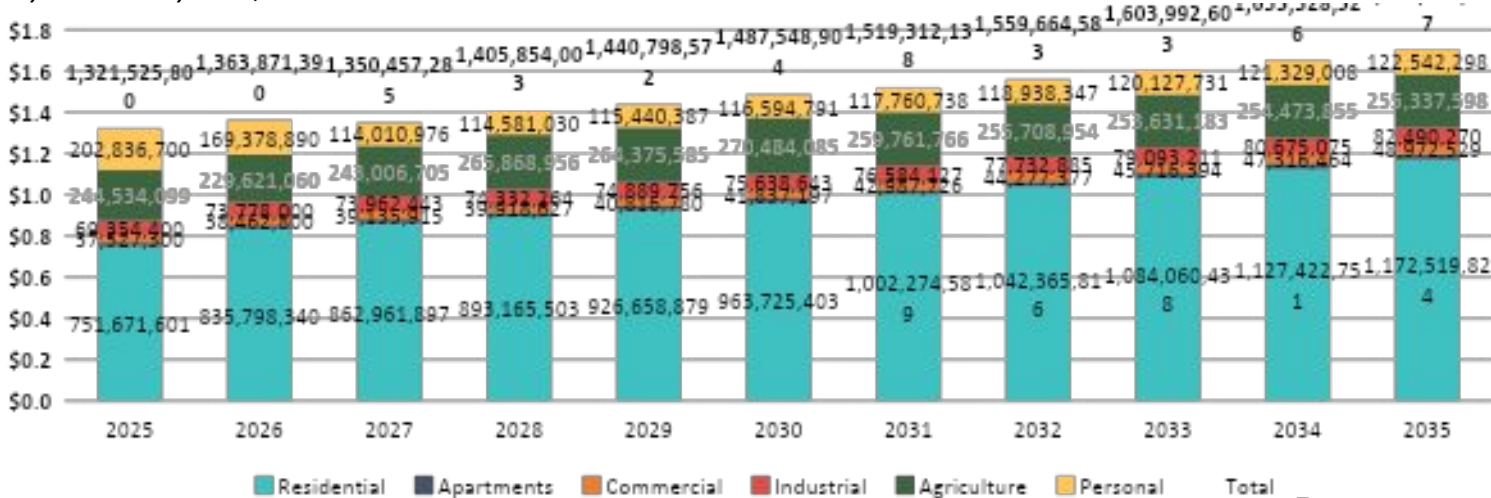
	Annual Avg Change	Annual Pct Change
2015-2019	\$8K	7.1%
2019-2022	\$16K	10.5%
2022-2025	\$14K	7.0%

**Projected Residential GAV**  
**Average Annual Change**  
Pay 2026 to Pay 2035  
3.8%

**Projected Total GAV**  
**Average Annual Change**  
Pay 2026 to Pay 2035  
2.5%

GAV Projection by Property Class

Pay 2025 to Pay 2035, Dollars in Billions

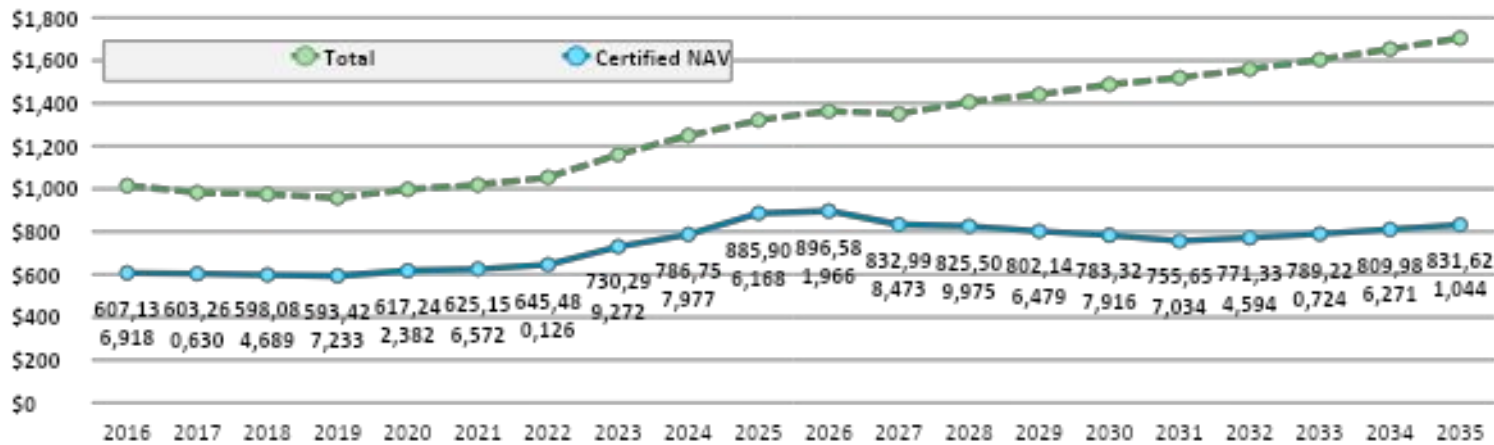


Market sales data is one of the data elements used to generate the tax base projection for analysis.

**Historical Residential Sales Price Change – 1 Year**  
Pay 2024 to Pay 2025 YTD  
1.1%

Certified NAV Assessed Value Projection

Pay 2016 to 2035, Dollars in Millions



Actual Average NAV Annual Change – 10 Years

Pay 2016 to Pay 2026

4.0%

Actual NAV Change – 1 Year

Pay 2025 to Pay 2026

1.2%

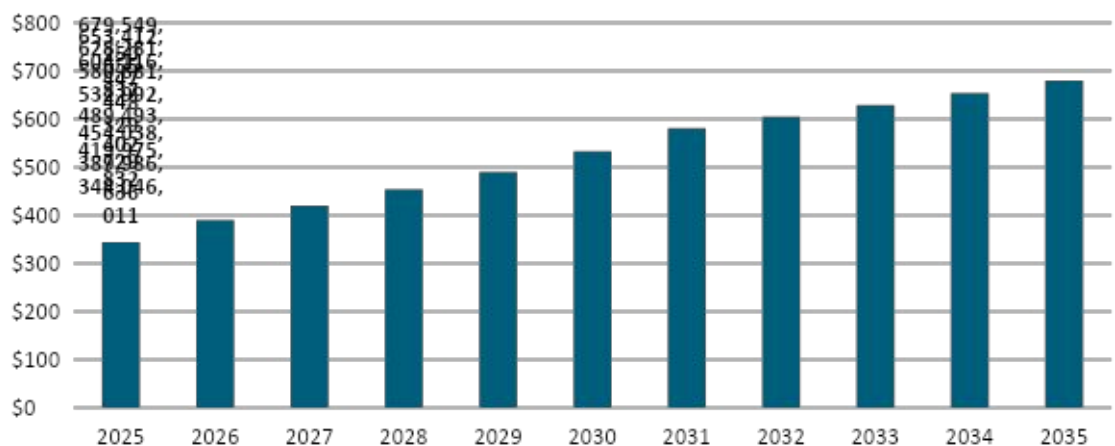
Projected Average NAV Annual Change – 5 Years

Pay 2026 to Pay 2031

-3.4%

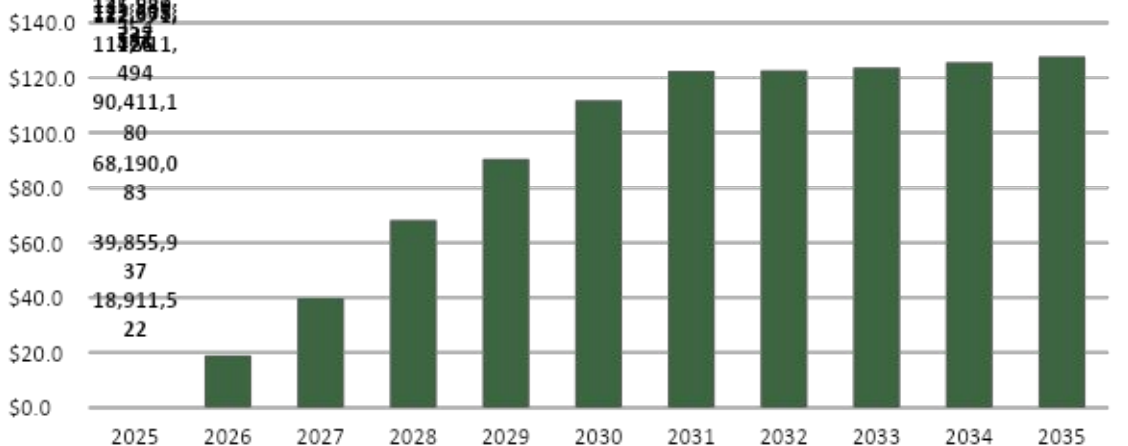
Total Homestead Deductions

Pay 2025 to 2035, Dollars in Millions



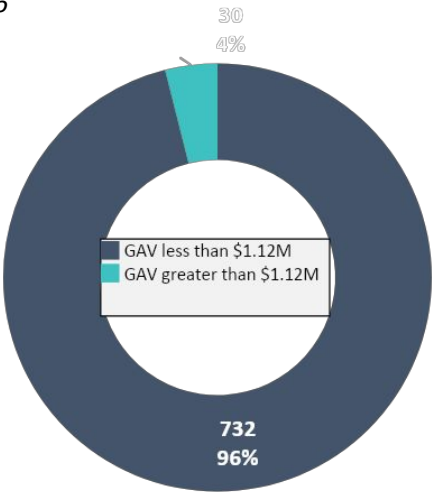
Total 2% Cap Tax Class Deductions

Pay 2025 to 2035, Dollars in Millions



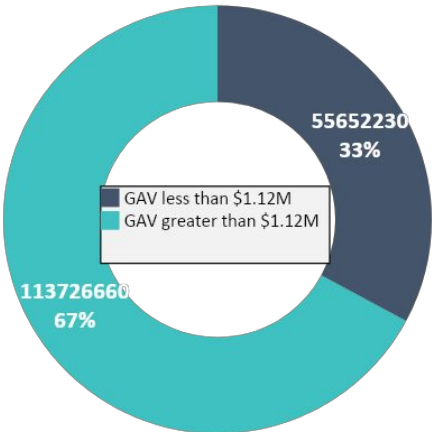
Count of Personal Property Parcels

Pay 2026



Personal Property Gross Assessed Value

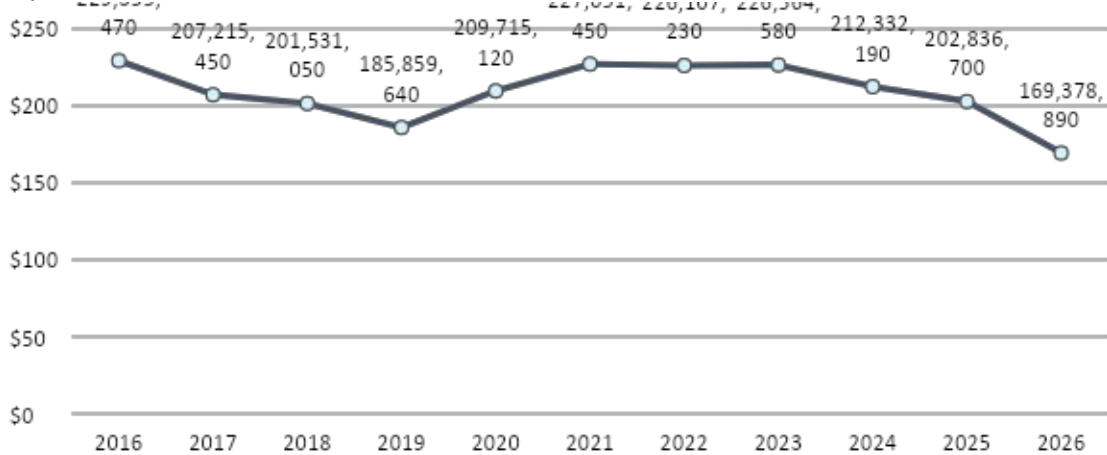
Pay 2026



- Exemption threshold for de minimis business personal property (purchase price less than \$2M) increases from \$80K in 2025 to **\$2M** for **2027**.
- However, Business Personal Property is taxed against the investment value of the equipment which is different than the assessed value
- It has been determined that the maximum assessed value a BPP could have in order to have an investment value of less than \$2M would be \$1.12M in assessed value.

Personal Property Gross Assessed Value Timeseries

Pay 2016 to 2026, Dollars in Millions



Top Personal Property Taxpayers by Parcel

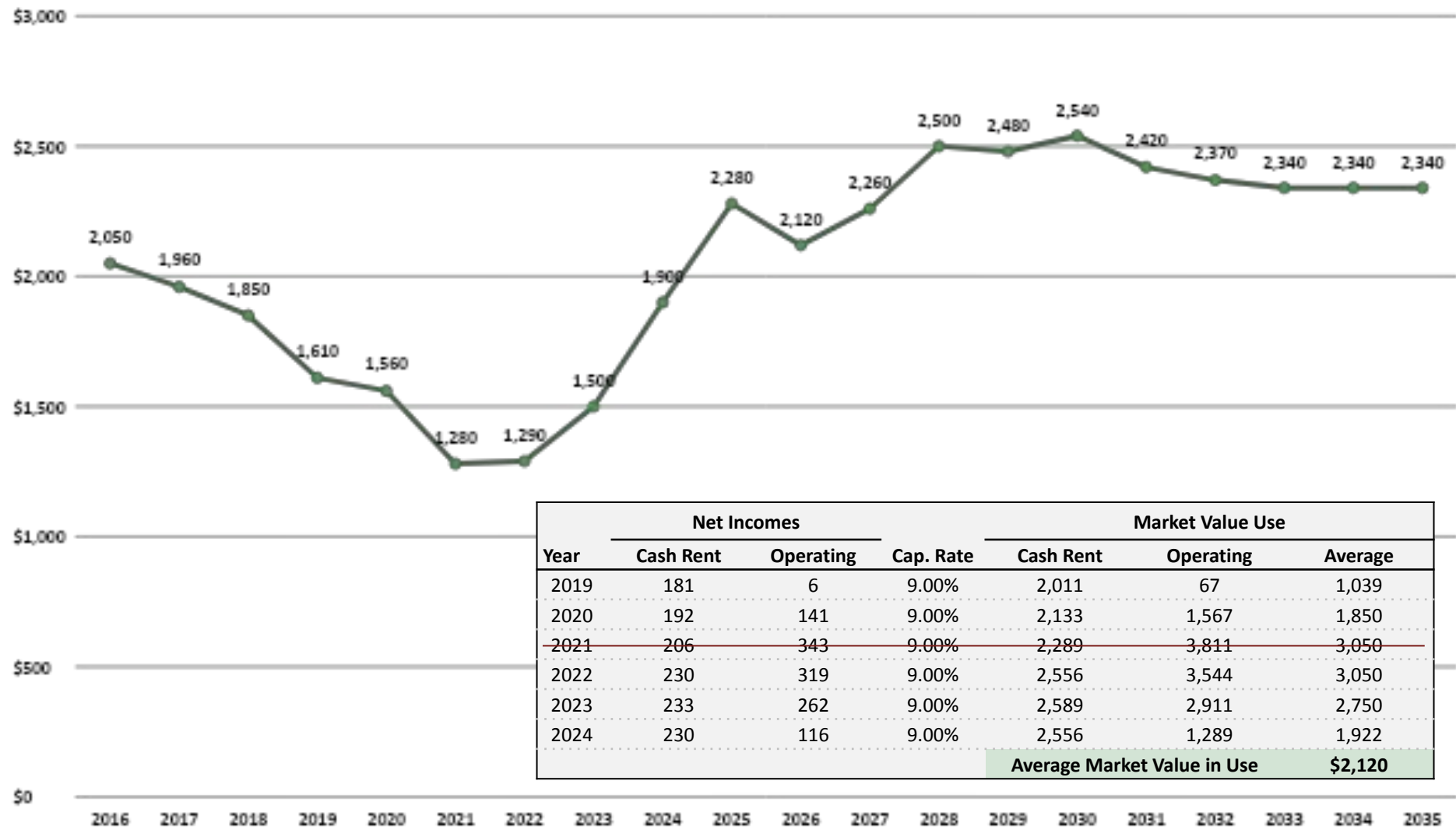
Pay 2026, Dollars in Millions

Rank	Property Owner	Gross AV	Net AV
1	Wildcat Wind Farm I, LLC	\$23.4M	\$23.4M
2	Osi Industries, Llc % Park 100 Foods, Inc	\$11.8M	\$11.8M
3	Pioneer Hi Bred International Tip2	\$11.0M	\$11.0M
4	Integrity Edm, Llc	\$8.4M	\$8.4M
5	International Paper	\$5.6M	\$5.6M
6	Ind Univ Health Tipton Hospital Inc	\$4.6M	\$0
7	Indiana Gas Company Inc % CenterPoint Energy - Minnegasco	\$4.1M	\$4.1M
8	Cargill, Inc.	\$4.1M	\$4.1M
9	Tev Solar Alpha 2019 Llc % Impa	\$3.7M	\$1.9M
10	Norfolk Southern Corp.	\$2.8M	\$2.8M
Total		\$79.5M	\$73.1M

Farmland AV

Base Rate

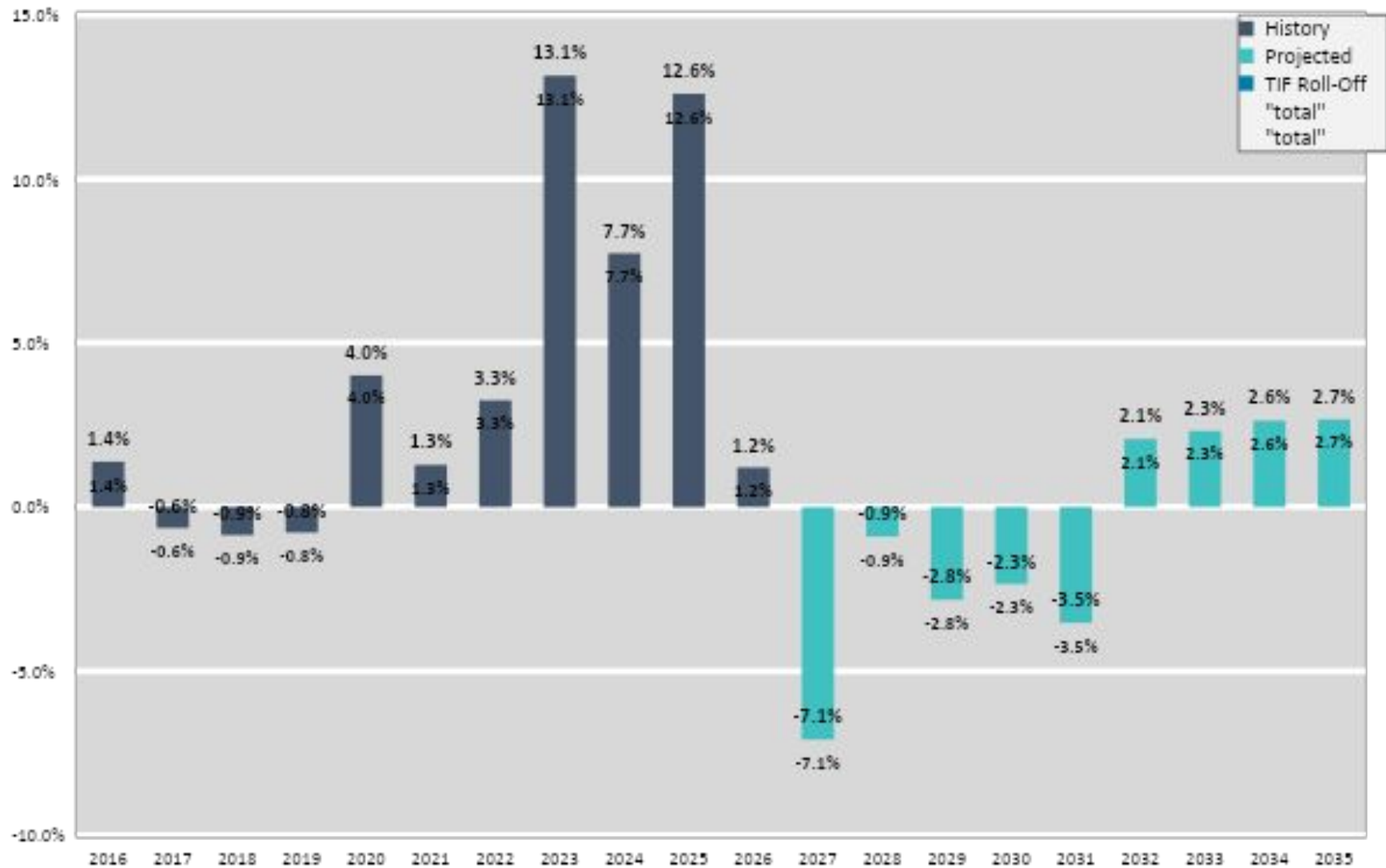
- Farmland Market value in Use = Net Income / Capitalization Rate
- Net Income is the average of Cash Rents and Operating Revenue
- The Capitalization Rate is 6-9% based on statutory guidelines
- The average of the last 6 years is used removing the highest year from a preliminary calculation
- Capitalization rate changed from 8% to 9% for assessment dates January 2025 and January 2026.





NAV Annual Projection

- SEA 1 -2025 contains provisions that change the tax base for local governmental units moving forward.
- The deductions contained in SEA 1 phase in over the period between 2026 and 2031 (pay year).
- In 2027, the de minimis business personal property exemption is increased to \$2M. **(Approximately \$55million decrease impact to NAV)**
- Once SEA 1 is fully implemented, net assessed values are projected to increase by approximately 2.5% annually.



## Revenue Scenarios

---

Circuit Breaker Loss:

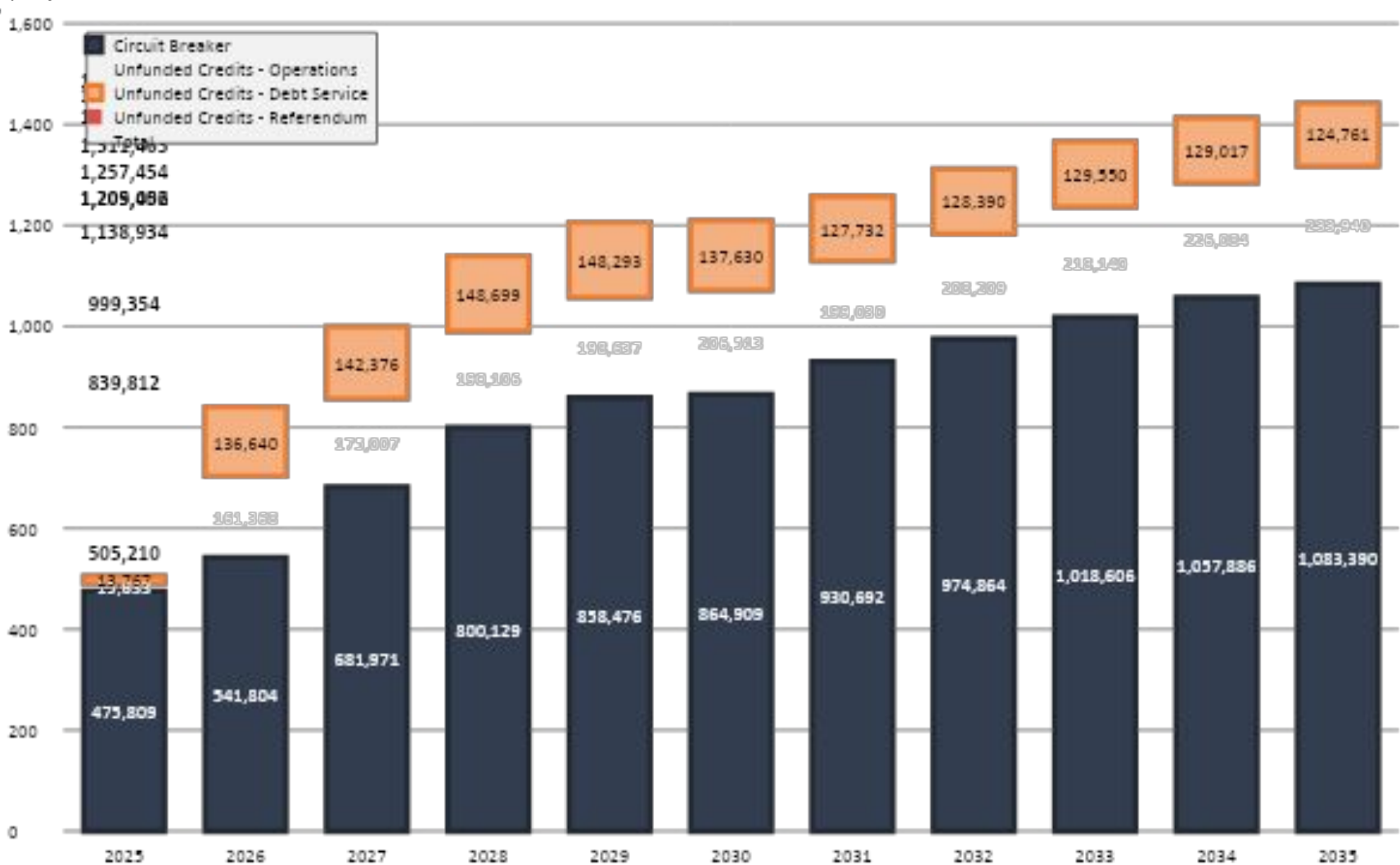
- 1% Credit – Owner Occupied Residential (Homestead)
- 2% Credit – Other Residential, Agricultural Land
- 3% Credit – Commercial and Industrial Property, Business Personal Property

Homestead Residential Credit

- New credit for homestead residential properties equal to the lesser of 10% of the taxpayer liability or \$300. To be applied after Constitutional circuit breaker caps.
- *Debt Service Fund is not currently protected from the 10%/\$300 credit. This will potentially have impact on the Debt Service Fund cash balance.*
- *If the Debt Service Fund is protected in the future, the impact of the credits would then transfer to the Operations Fund reducing the Operations Fund net levy.*

Unfunded Credits Projection

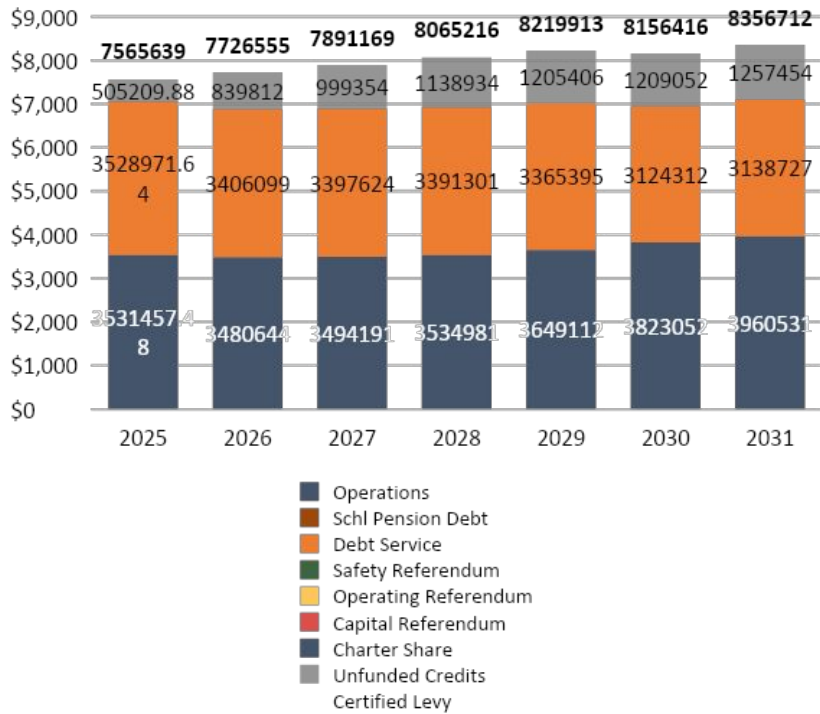
Specified Debt Scenario, Dollars in Thousands



Specified Debt

Dollars in Thousands

- Debt Service Certified Levy schedule was provided by the school
- MLGQ held at 4% annually
- LIT PTRC expires in 2028

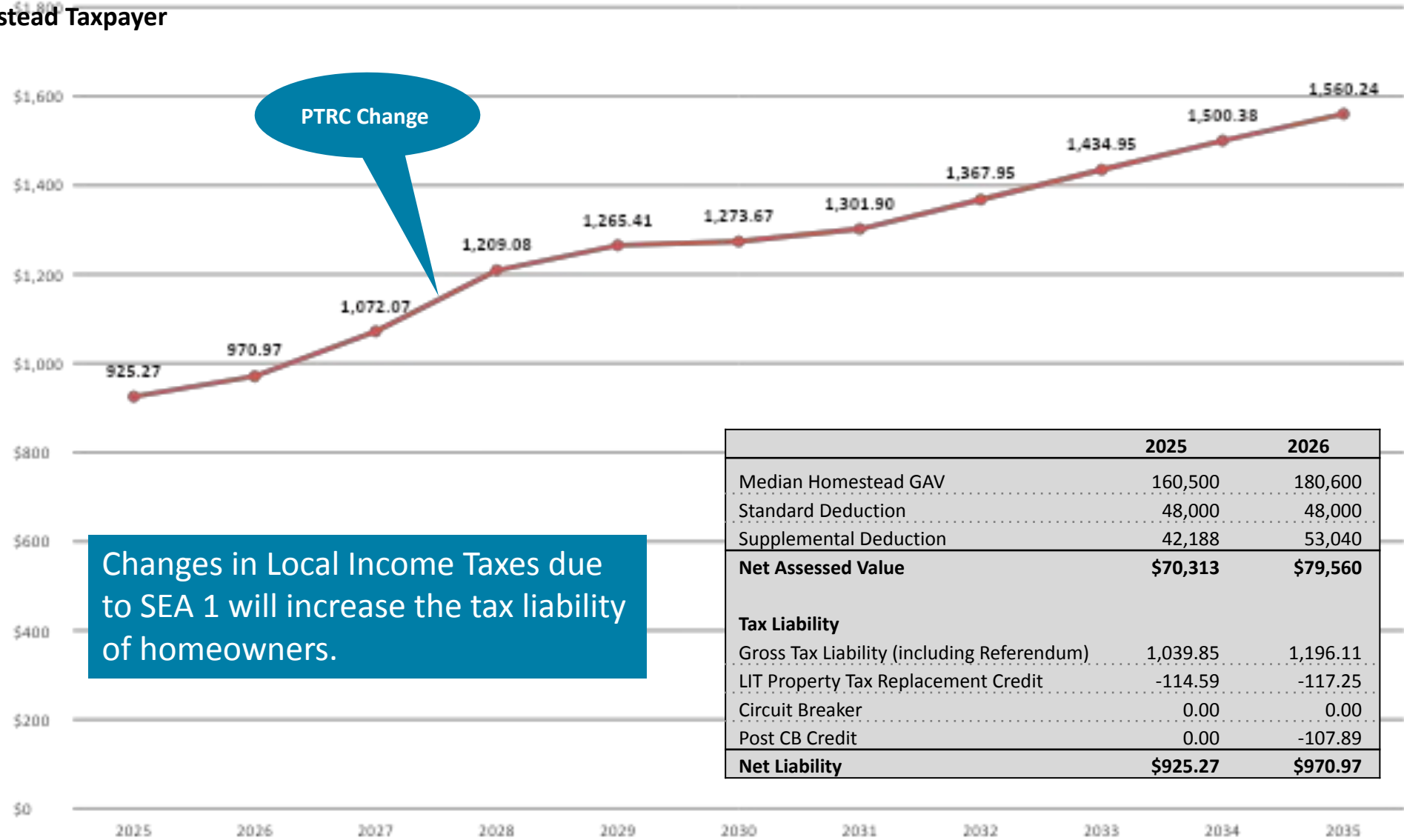


	2025	2026	2027	2028	2029	2030	2031
Certified Levy							
Debt Service	3,542.7	3,542.7	3,540.0	3,540.0	3,513.7	3,261.9	3,266.5
Operations	4,022.9	4,183.8	4,351.2	4,525.2	4,706.2	4,894.5	5,090.3
Unit Total	\$7,565.6	\$7,726.6	\$7,891.2	\$8,065.2	\$8,219.9	\$8,156.4	\$8,356.7
Unfunded Credits							
Debt Service	13.8	136.6	142.4	148.7	148.3	137.6	127.7
Operations	491.4	703.2	857.0	990.2	1,057.1	1,071.4	1,129.7
Unit Total	\$505.2	\$839.8	\$999.4	\$1,138.9	\$1,205.4	\$1,209.1	\$1,257.5
Net Levy							
Debt Service	3,529.0	3,406.1	3,397.6	3,391.3	3,365.4	3,124.3	3,138.7
Operations	3,531.5	3,480.6	3,494.2	3,535.0	3,649.1	3,823.1	3,960.5
Unit Total	\$7,060.4	\$6,886.7	\$6,891.8	\$6,926.3	\$7,014.5	\$6,947.4	\$7,099.3
Tax Rates							
Debt Service	0.3999	0.3951	0.4250	0.4288	0.4380	0.4164	0.4323
Operations	0.4541	0.4666	0.5224	0.5482	0.5867	0.6248	0.6736
Unit Total	\$0.8540	\$0.8617	\$0.9474	\$0.9770	\$1.0247	\$1.0412	\$1.1059
Unfunded Credits (%)							
Operations	12.2%	16.8%	19.7%	21.9%	22.5%	21.9%	22.2%
Total	6.7%	10.9%	12.7%	14.1%	14.7%	14.8%	15.0%

Tax Impact on Median Homestead Taxpayer

Cicero Township  
38.4% of Tax Base

- Due to the growth in Gross Assessed Value of the home, the overall Net Assessed Value of the home still increases
- The growth in NAV also increases the potential referendum liability for the homeowner
- These factors cause the overall tax liability of the median homeowner to increase in 2026 negating the impact of the 10%/\$300 homestead credit



	2025	2026
Median Homestead GAV	160,500	180,600
Standard Deduction	48,000	48,000
Supplemental Deduction	42,188	53,040
Net Assessed Value	\$70,313	\$79,560
Tax Liability		
Gross Tax Liability (including Referendum)	1,039.85	1,196.11
LIT Property Tax Replacement Credit	-114.59	-117.25
Circuit Breaker	0.00	0.00
Post CB Credit	0.00	-107.89
Net Liability	\$925.27	\$970.97

## Cash Flows

---

Baseline

Assumptions

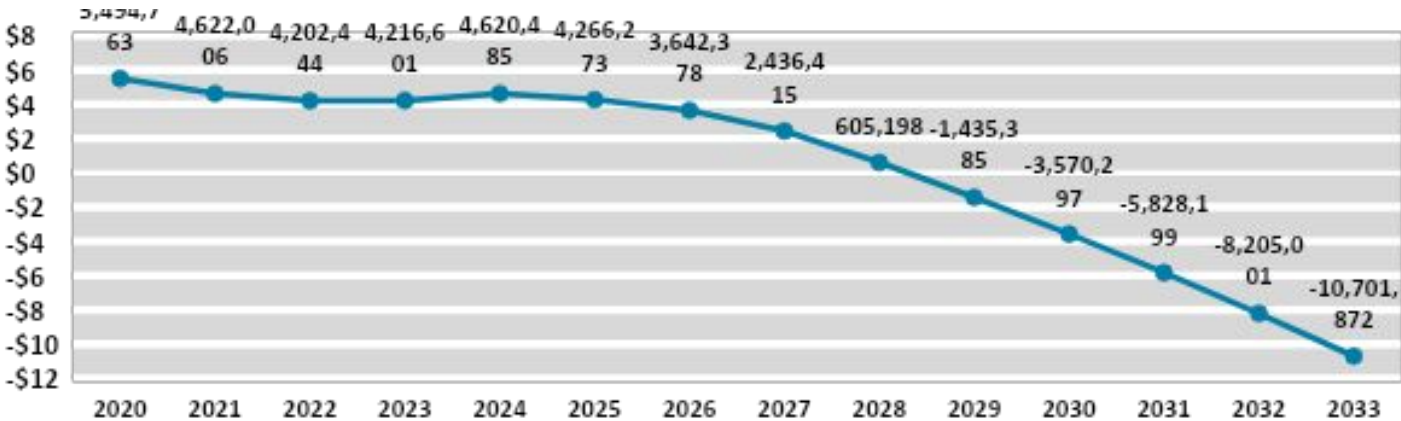
Revenues

- Education Fund
  - 1.5% State Tuition increase annually
- Operations Fund
  - Specified Debt Scenario
  - Does NOT protect the Debt Service Fund from the new 10%/\$300 Homestead Credit  
*if protected Operations Fund Revenue would be \$140k less annually*

Expenditures

- 2% Salary & Benefit increases
- 3-5% Utilities & Other expenditures

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Dollars in Thousands	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Beginning Cash Balance	\$1,963.5	\$2,616.7	\$2,230.4	\$1,606.5	\$400.6	\$(1,430.6)	\$(3,471.2)	\$(5,606.1)	\$(7,864.0)	\$(10,240.8)
Receipts										
Revenues	15,809.0	15,844.5	15,882.2	15,680.7	15,445.9	15,637.1	15,953.8	16,252.5	16,566.4	16,890.6
Transfer In	796.8	525.0	450.0	450.0	450.0	450.0				
Total Cash Inflow	\$16,605.8	\$16,369.5	\$16,332.2	\$16,130.7	\$15,895.9	\$16,087.1	\$15,953.8	\$16,252.5	\$16,566.4	\$16,890.6
Expenses										
Expenditures	(15,494.3)	(16,230.7)	(16,506.1)	(16,886.7)	(17,277.1)	(17,677.7)	(18,088.7)	(18,510.4)	(18,943.2)	(19,387.4)
Transfer Out	(458.3)	(525.0)	(450.0)	(450.0)	(450.0)	(450.0)				
Total Cash Outflow	\$(15,952.7)	\$(16,755.7)	\$(16,956.1)	\$(17,336.7)	\$(17,727.1)	\$(18,127.7)	\$(18,088.7)	\$(18,510.4)	\$(18,943.2)	\$(19,387.4)
Surplus (Deficit)	\$653.1	\$(386.2)	\$(623.9)	\$(1,206.0)	\$(1,831.2)	\$(2,040.6)	\$(2,134.9)	\$(2,257.9)	\$(2,376.8)	\$(2,496.9)
Ending Cash Balance	\$2,616.7	\$2,230.4	\$1,606.5	\$400.6	\$(1,430.6)	\$(3,471.2)	\$(5,606.1)	\$(7,864.0)	\$(10,240.8)	\$(12,737.7)
Ending Cash Balance + Rainy Day	\$4,620.5	\$4,266.3	\$3,642.4	\$2,436.4	\$605.2	\$(1,435.4)	\$(3,570.3)	\$(5,828.2)	\$(8,205.0)	\$(10,701.9)



Larger Increases

Assumptions

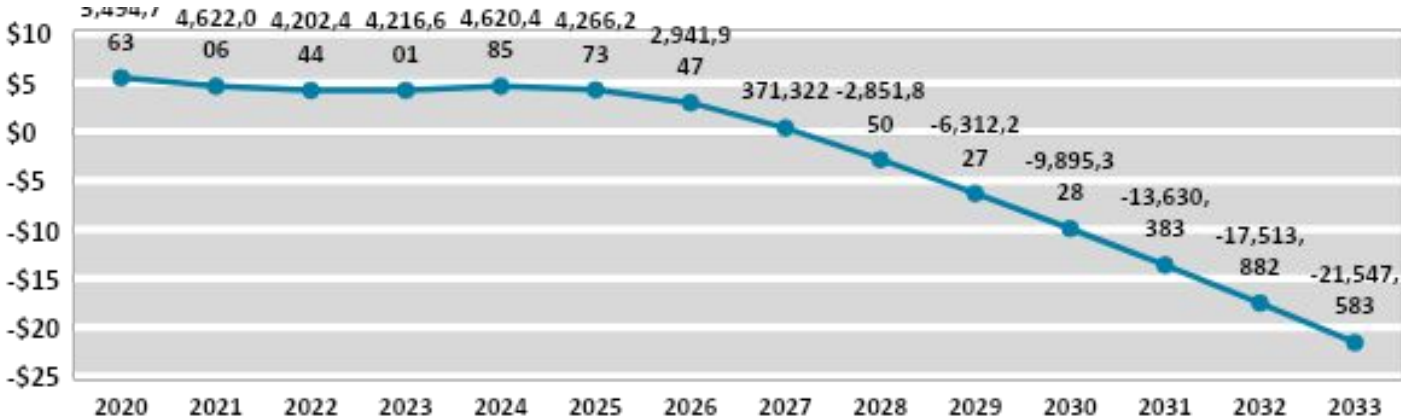
Revenues

- Education Fund
  - 1.5% State Tuition increase annually
- Operations Fund
  - Specified Debt Scenario
  - Does NOT protect the Debt Service Fund from the new 10%/\$300 Homestead Credit  
*if protected Operations Fund Revenue would be \$140k less annually*

Expenditures

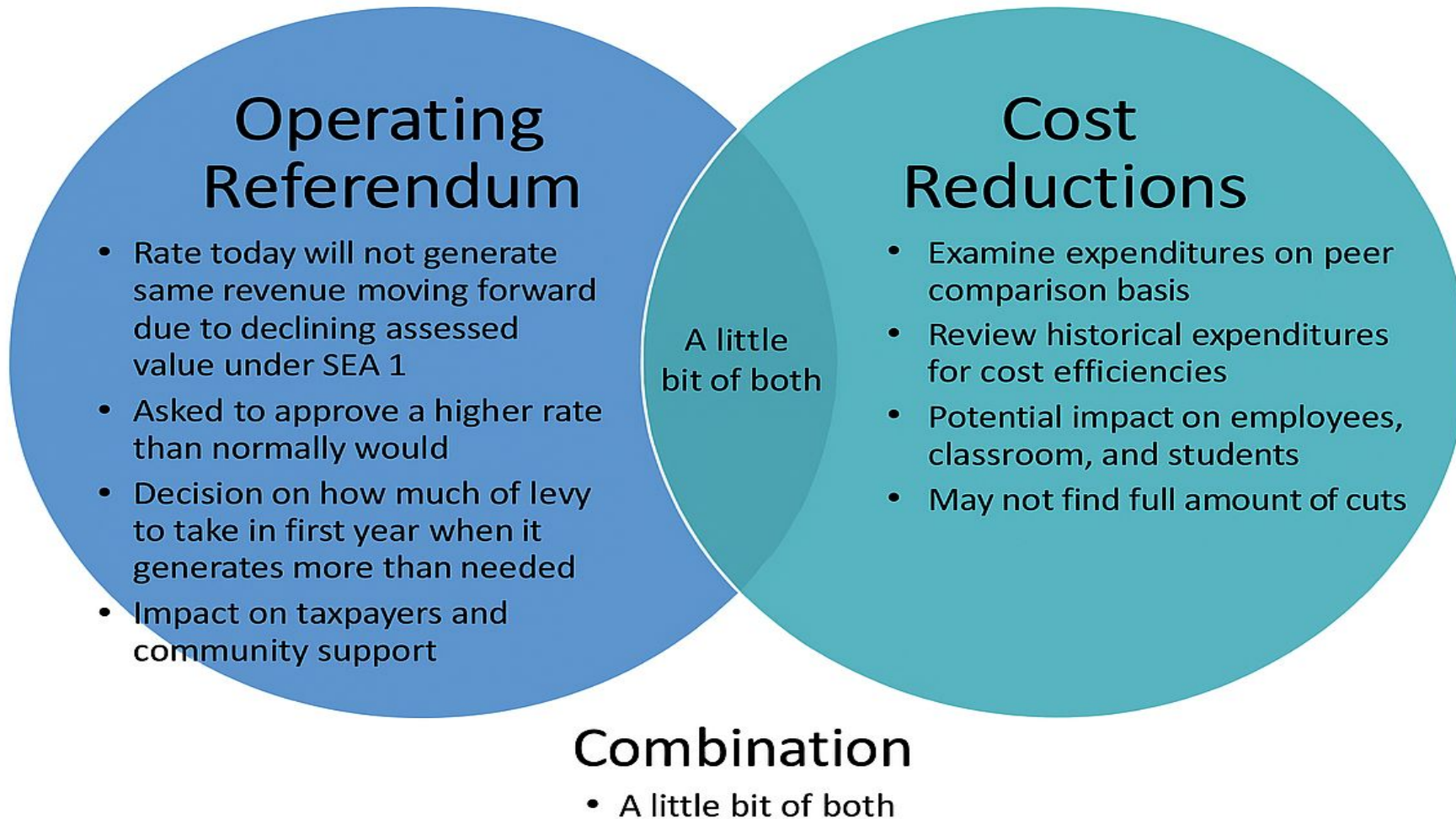
- Large Salary Increase for SY2027
  - \$605K increase in Certified Staff
  - \$490K increase in Support Staff and Admin
  - 6% increase for health insurance
- 2% Salary & Benefit increases for all other years
- 3-5% Utilities & Other expenditures

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Dollars in Thousands	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Beginning Cash Balance	\$1,963.5	\$2,616.7	\$2,230.4	\$906.1	\$(1,664.5)	\$(4,887.7)	\$(8,348.1)	\$(11,931.2)	\$(15,666.2)	\$(19,549.7)
Receipts										
Revenues	15,809.0	15,844.5	15,882.2	15,680.7	15,445.9	15,637.1	15,953.8	16,252.5	16,566.4	16,890.6
Transfer In	796.8	525.0	450.0	450.0	450.0	450.0	-	-	-	-
Total Cash Inflow	\$16,605.8	\$16,369.5	\$16,332.2	\$16,130.7	\$15,895.9	\$16,087.1	\$15,953.8	\$16,252.5	\$16,566.4	\$16,890.6
Expenses										
Expenditures	(15,494.3)	(16,230.7)	(17,206.5)	(18,251.4)	(18,669.1)	(19,097.5)	(19,536.9)	(19,987.6)	(20,449.9)	(20,924.3)
Transfer Out	(458.3)	(525.0)	(450.0)	(450.0)	(450.0)	(450.0)	-	-	-	-
Total Cash Outflow	\$(15,952.7)	\$(16,755.7)	\$(17,656.5)	\$(18,701.4)	\$(19,119.1)	\$(19,547.5)	\$(19,536.9)	\$(19,987.6)	\$(20,449.9)	\$(20,924.3)
Surplus (Deficit)	\$653.1	\$(386.2)	\$(1,324.3)	\$(2,570.6)	\$(3,223.2)	\$(3,460.4)	\$(3,583.1)	\$(3,735.1)	\$(3,883.5)	\$(4,033.7)
Ending Cash Balance	\$2,616.7	\$2,230.4	\$906.1	\$(1,664.5)	\$(4,887.7)	\$(8,348.1)	\$(11,931.2)	\$(15,666.2)	\$(19,549.7)	\$(23,583.4)
Ending Cash Balance + Rainy Day	\$4,620.5	\$4,266.3	\$2,941.9	\$371.3	\$(2,851.8)	\$(6,312.2)	\$(9,895.3)	\$(13,630.4)	\$(17,513.9)	\$(21,547.6)





# Financial Options Under SEA 1



Including \$2M in Cuts over 3 years

Assumptions

Revenues

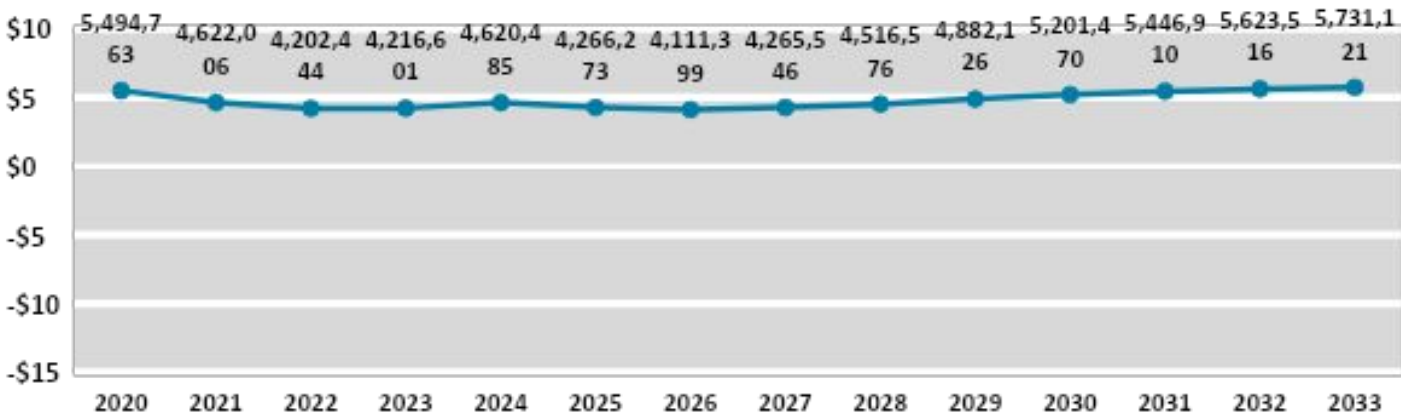
- Education Fund
  - 1.5% State Tuition increase annually
- Operations Fund
  - Specified Debt Scenario
  - Does NOT protect the Debt Service Fund from the new 10%/\$300 Homestead Credit

*if protected Operations Fund Revenue would be \$140k less annually*

Expenditures

- Assumes approximately \$2 million in cuts over 3 years beginning in Fall of 2026
- 2% Salary & Benefit increases
- 3-5% Utilities & Other expenditures

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Dollars in Thousands	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Beginning Cash Balance	\$1,963.5	\$2,616.7	\$2,230.4	\$2,075.6	\$2,229.7	\$2,480.7	\$2,846.3	\$3,165.6	\$3,411.1	\$3,587.7
Receipts										
Revenues	15,809.0	15,844.5	15,882.2	15,680.7	15,445.9	15,637.1	15,953.8	16,252.5	16,566.4	16,890.6
Transfer In	796.8	525.0	450.0	450.0	450.0	450.0	-	-	-	-
Total Cash Inflow	\$16,605.8	\$16,369.5	\$16,332.2	\$16,130.7	\$15,895.9	\$16,087.1	\$15,953.8	\$16,252.5	\$16,566.4	\$16,890.6
Expenses										
Expenditures	(15,494.3)	(16,230.7)	(16,037.1)	(15,526.6)	(15,194.9)	(15,271.6)	(15,634.4)	(16,007.1)	(16,389.8)	(16,783.0)
Transfer Out	(458.3)	(525.0)	(450.0)	(450.0)	(450.0)	(450.0)	-	-	-	-
Total Cash Outflow	\$(15,952.7)	\$(16,755.7)	\$(16,487.1)	\$(15,976.6)	\$(15,644.9)	\$(15,721.6)	\$(15,634.4)	\$(16,007.1)	\$(16,389.8)	\$(16,783.0)
Surplus (Deficit)	\$653.1	\$(386.2)	\$(154.9)	\$154.1	\$251.0	\$365.6	\$319.3	\$245.4	\$176.6	\$107.6
Ending Cash Balance	\$2,616.7	\$2,230.4	\$2,075.6	\$2,229.7	\$2,480.7	\$2,846.3	\$3,165.6	\$3,411.1	\$3,587.7	\$3,695.3
Ending Cash Balance + Rainy Day	\$4,620.5	\$4,266.3	\$4,111.4	\$4,265.5	\$4,516.6	\$4,882.1	\$5,201.5	\$5,446.9	\$5,623.5	\$5,731.1



# POLICY ANALYTICS LLC – SCHOOL SERVICES TEAM

Barry Gardner

Director of School Services

[bgardner@policyanalyticsllc.com](mailto:bgardner@policyanalyticsllc.com)

317.997.4090

Jason O’Neill

Managing Director

[joneill@policyanalyticsllc.com](mailto:joneill@policyanalyticsllc.com)

317.306.5022

April Fitterling

School Service Project Director

[afitterling@policyanalyticsllc.com](mailto:afitterling@policyanalyticsllc.com)

574.220.1007

Jane Herndon

School Services Project Manager

[jherndon@policyanalyticsllc.com](mailto:jherndon@policyanalyticsllc.com)

317.509.4398



Matt Parkinson

School Services Project Director

[mparkinson@policyanlayticsllc.com](mailto:mparkinson@policyanlayticsllc.com)

317.439.1765

Isaac Ray

Director of Data Systems

[iray@policyanalyticsllc.com](mailto:iray@policyanalyticsllc.com)

317.860.0785

Tracy Boss

School Services Project Coordinator

[tboss@policyanlayticsllc.com](mailto:tboss@policyanlayticsllc.com)

317.374.6486

Addie Hanchett

Senior Fiscal Analyst

[ahanchett@policyanalyticsllc.com](mailto:ahanchett@policyanalyticsllc.com)

317.860.0785