

# LEGISLATIVE UPDATE



## Indiana Outdoor Management Association

*Click here for current Bill Track:*

<https://tinyurl.com/IOMA2025>

In Week 16, the legislature adjourned sine die early Friday morning. One of the final actions by the legislature was passing the \$46.1 billion biennial budget (HEA 1001). The budget spends nearly half, or \$21.85 billion, on education. It also maintains what is expected to be a \$2.5 billion reserve by the end of 2027, which is just above 10% of the annual budget. To make up for the \$2.4 billion forecasted shortfall, it includes a \$2 per pack cigarette tax increase with a proportional percentage increase for all tobacco products. Agencies and universities took a 5% cut across the top, and, in many cases, an additional 5% was held back and can be released by the budget committee only if necessary. The budget also borrows money from other funds and provides for a tax amnesty period. Tax amnesty provides Hoosiers who owe outstanding taxes a period during which they can pay without penalty. Similar programs in the past have generated up to \$244 million.

In addition, late in the evening, the legislature passed HEA 1427 - Department of local government finance, which, in the waning days of session, became the home for disparate tax language and provided various changes and updates to Indiana tax law, including a few tweaks to the new law imposed by SEA 1. Specifically related to the business personal property tax on equipment provisions, which under SEA 1 included a provision that changed the de minimis property threshold from \$80,000 for property put in place before 1/1/25, \$1 million in 2025, and \$2 million for 2026. HEA 1427 eliminates the 2025 \$1 million threshold and only maintains the \$2 million for 2026. So, the threshold to determine business personal property tax liability will be based on the \$80,000 threshold until 2026. It also makes a small change that provides that business personal property tax pledged as payments for bonds, leases, or other obligations is not subject to the 30% minimum floor. Property located in a tax increment financing allocation area is still subject to the minimum valuation.

For bills that passed on the final days, the House and Senate secretaries have seven days to collect signatures on legislation from the House Speaker, Senate President Pro Tempore, and the Lt. Governor, before sending it to the Governor's desk. Upon reaching the Governor's desk, he has seven days to sign, veto, or let legislation become law without his signature. You can see all updates regarding your bill track's legislation by clicking the link above, and you can click [here](#) to see Governor Braun's action as legislation reaches his desk.

Here is an overview of the legislation we followed this session and an update on where it is today.

HB1184—State Chemist, authored by Representative Steve Bartels (R - Eckerty), would have moved the Office of the Indiana State Chemist, the state regulator for pesticide application, to the Indiana Department of Agriculture in 2027 and all functions and employees to the state of Indiana from Purdue University. It is part of a legislative push to make the office directly responsible to an elected official—in this case, the Lieutenant Governor. The House Agriculture and Rural Affairs Committee did not hear it, so it died. We will meet with Rep. Bartels to see if he intends to file the bill again.

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HB1389 - Local regulation, drafted by Rep. Jim Pressel (R-Rolling Prairie), prohibited local government units from adopting an ordinance that prohibits or restricts the use of outdoor equipment or any fuel source. It would have prevented counties, cities, towns, and HOAs from passing ordinances prohibiting motorized lawn equipment or requiring a specific fuel source (i.e., battery over gas-powered). In 2023, the Bloomington Common Council convened a study committee to consider limiting lawn equipment to only electric-powered. IOMA cited our concerns in a letter. Ultimately, the council did not move forward. This would have prevented Bloomington from reconsidering. Unrelated amendments were added to the bill, and on the final day, it passed the House but failed in the Senate. Local units may consider imposing regulations before the next session. We should consider working with Rep. Pressel to introduce a clean bill to prohibit this regulation in the next session.

HB1418-Employing an Unauthorized Alien, authored by Rep. Jim Lucas (R - Seymour), prohibited an employer from employing an unauthorized alien or entering into an agreement with an employer (even a subcontractor) who employs unauthorized aliens. It allowed a person to allege a violation against an employer that the Attorney General would must investigate. This would have captured employers who would be in violation if the subcontractor they hire violated, and would have been ripe for abuse by individuals wanting to harass businesses with frivolous complaints. After I relayed these concerns to the Employment, Labor and Pensions Committee Chair, Rep. Heath VanNatter (R-Kokomo), he did not hear the bill, and it died.

HB1531-Various Immigration Matters, authored by Rep. J.D. Prescott (R-Union City), prohibited employers with ten or more employees from knowingly or intentionally recruiting, hiring, or employing an unauthorized alien after June 30, 2025. Violations could result in a total or temporary suspension of an employer's operating or business license (i.e., pesticide applicator). We cited our concerns in testimony in front of the House Judiciary Committee, including the vagueness of the process of how the Attorney General's (AG) office initiates an investigation, and that, whatever the method of initiating, it could be used to harass member companies.

We had a productive meeting with the AG's office to understand their intended implementation better and determine how they would become involved. We learned that the AG's authority to investigate stems from their broad power to enforce the laws under their jurisdiction and issue Civil Investigative Demands (CID). If, based on the information provided by a CID, they believed (i.e., probable cause) that a violation had occurred, they could bring a civil action. If the Court found, by a preponderance of the evidence (i.e., it is more likely true than not), it could order any of the penalties the bill provides, including suspending a business's license.

Based on examples from divisions of the AG, their office could become engaged in various ways, including a hotline like the Consumer Protection Division, or from a media report, like a case being enforced by their labor trafficking division. Though appreciative of the time, we were unconvinced to stand down in our opposition. We shared our concerns with Sen. Liz Brown (R-Fort Wayne), the chairwoman of the Senate Judiciary Committee. She chose not to hear the bill before the deadline, so it died as a bill. We were concerned that the Governor's office might advocate resurrecting at least some of the language that authorized state and local agencies to enforce federal immigration laws, a campaign promise, which could resurrect the entire bill. There was no further attempt to resurrect any of the language. We will continue to see these kinds of bills while immigration is a prevalent issue.

HB1638-Government and Regulatory Matters, authored by Rep. Steve Bartels (R - Eckerty), sought to increase transparency, eliminate waste, and improve the efficiency of state agencies. As drafted, it merged, consolidated, and eliminated boards with overlapping duties. Two boards were the Pesticide Review Board and the Invasive Species Council. I later confirmed that the governor's office voiced concerns, and it wasn't heard out of deference to the new administration.

SB123-Unemployment Compensation, authored by Senator Scott Alexander (R-Muncie), reduced the maximum amount of regular unemployment benefits. Employers pay into an Unemployment Insurance Fund, which provides benefits. An employer's UI rate is based on several variables, but one of the most significant is the number of workers who receive UI benefits. Seasonal industries pay more than non-seasonal industries because their workers use UI benefits. The UI fund must always be solvent, and if it ever becomes insolvent, statutory countermeasures are triggered to bring the fund back to solvency, including increased UI rates and decreased benefits. Indiana's fund is solvent. The author hoped to disincentivize unemployed workers from remaining unemployed instead of filling open jobs. The bill would have exacerbated the problem it intended to address—finding workers to fill unfilled jobs—for seasonal employers. They would be unable to find employees when the next hiring season opens. It was heard initially, but the Senate Pensions and Labor Chair, Sen. Linda Rogers (R-Granger) opted not to take a vote, and it died.

SEA 211-Clean Water Indiana Program, authored by Sen. Sue Glick (R-LaGrange), adds management of invasive species as a qualified expenditure of the program fund. It passed both chambers and was signed into law by Governor Braun on April 1.



IGA Adjourns Sine Die

The Indiana General Assembly (IGA) finished the 2025 legislative session in the early morning hours of Friday, April 25. Legislators debated through the night, saving [House Enrolled Act \(HEA\) 1001](#), the biennial budget, as the last piece of legislation to be passed.

Both the Senate and the House adjourned *sine die* after passing the budget on roughly party-line votes. The final vote was 66-27 in the House and 39-11 in the Senate. One representative from each caucus crossed party lines in the House with Rep. Wendy Dant Chesser (D-Jeffersonville) supporting the budget bill and Rep. Craig Haggard (R-Mooresville) opposing it. In the Senate, Sen. Jean Leising (R-Oldenburg) and Sen. Michael Young (R-Indianapolis) joined most Democrats in opposing the budget. Sen. David Niezgodski (D-South Bend) voted yea with the Republican Caucus.

Biennium Budget Breakdown

Indiana’s biennial budget allocates \$46 billion over Fiscal Years 2026 and 2027 combined. The budget maintains reserves in both years while fully funding

Medicaid, debt, and pension obligations.

Republican leadership framed it as a fiscally responsible, balanced budget that continues to fund policy priorities and essential services across Indiana.

Filling the Gap

Just a week before final passage, lawmakers were forced to revise HEA 1001 after a grave revenue forecast predicted shortfalls of approximately \$2.4 billion. [The April revenue forecast](#) was covered in our Week 15 newsletter.

To make up for this gap, the state budget contains a mixture of funding cuts, new revenue streams, and a dip into the State’s roughly \$2.5 billion in reserves. Reserves will still be at around 10% of annual appropriations, down from 12-13% in the House and Senate introduced versions.

Most state agencies will experience a 5% reduction in funding, including the judicial and legislative

branches, statewide elected officials, and universities. Exceptions include K-12 education, the Department of Corrections, Indiana State Police, the Department of Child Services, mental health appropriations, and Medicaid.

Indiana’s public broadcasting service’s \$7.4 million allocation and funding for trail infrastructure were zeroed out. Additionally, local public health initiatives will see an approximately 60% cut.

Tobacco Tax Increases

To generate more revenue, lawmakers increased taxes on tobacco products, raising the state cigarette tax for the first time in 17 years. The tax now sits at almost three dollars per pack.

Taxes on other tobacco products were also raised - alternative nicotine products will be taxed at 50 cents per ounce, up from 40 cents, and cigars are up to 30% from 24% of their wholesale price. These increases are expected to raise an additional \$850 million in

April Revenue forecast chart, provided by the House Republican Caucus budget presentation, available [HERE](#)

	December 2024	April 2025	\$ Difference
FY 2025	\$22,461M	\$22,058M	(\$403M)
FY 2026	\$23,192M	\$22,228M	(\$964M)
FY 2027	\$23,264M	\$22,259M	(\$1,005M)
FY 2026/2027	\$46,456M	\$44,487M	(\$1,969M)



revenue over the biennium, with cigarettes being \$800 million of that total.

While the budget preserves planned reductions in income taxes for 2026 and 2027, the [HEA 1427](#) conference committee report included amendments to Senate Enrolled Act 1, the Senate's priority property tax relief bill signed by Governor Braun on April 15, 2025. Originally, [Senate Enrolled Act \(SEA\) 1](#) included a \$1 million business personal property tax exemption for equipment purchased after January 1, 2025, increasing to \$2 million in 2026. Provisions in HEA 1427 now return the exemption back to the \$80,000 level in current law for 2025 but maintain the 2026 increase.

### Education

K-12 education funding totals \$21.8 billion, accounting for 47% of the State's general fund appropriations. This is a 3.6% funding increase in 2026 and a 1.6% increase in 2027 for traditional public schools in tuition support. The \$160 million allocated for textbooks has been rolled into the funding formula and is reflected in the funding increases.

Legislators agreed to delay school choice expansion

until FY 2026, instead of immediately implementing universal vouchers as originally intended. The \$65 million appropriation for the State's school voucher program in the second year of the budget comes as a compromise, as Senate lawmakers sought to do away with the expansion entirely due to budget concerns. Prior to the budget forecast, fully funding the program was a priority for Gov. Braun and both majority caucuses.

While K-12 education saw funding increases, the State's higher educational institutions are receiving less than expected. At the start of the budget session, Indiana's higher education institutions made funding requests that included appropriations for capital projects. The final version of the budget does not include any new money for university capital projects and implements a 5% across-the-board cut to each of the State's seven publicly funded universities.

A provision inserted into HEA 1001 will alter the makeup of the Indiana University Board of Trustees. Previously, the Governor appointed six of the nine board members, including one student, while university alumni elected the remaining three members. The bill's new language eliminates the election

process, empowering the Governor to appoint all nine trustees and remove appointees without cause.

### Health & Human Services

In 2023, lawmakers passed [SEA 4](#), creating the Health First Indiana initiative, providing funding to local public health departments to determine the health needs of their communities and improve outcomes. This year's budget reduces funding to \$80 million, a \$145 million cut from the 2023 biennial budget. Democrats highly criticized the move, while Republicans cite the increase in cigarette taxes as a way to improve health outcomes and decrease costs throughout the State.

## Legislative Priorities

### Governor Braun

Following his first legislative session as Governor, Gov. Braun released a statement thanking legislators for their commitment to advancing key priorities of his "Freedom and Opportunity Agenda." He stated that during the 2025 legislative session, "[Indiana] took significant steps to make healthcare more affordable and transparent, empowered parents [through universal school choice], and

delivered meaningful property tax relief for Hoosiers.”

House priority bills, including [HEA 1004](#) and [HEA 1003](#), though significantly altered during the legislative process, aimed at the Governor’s goal of increasing transparency in healthcare pricing.

[SEA 1](#) was also a high priority for the Governor. The bill challenged fiscal leaders in the legislature to balance property tax relief with growing communities and the need for local funding. Gov. Braun stated he would veto the bill or call legislators back for a special session if he did not see what he believed to be meaningful relief for taxpayers. Ultimately, he signed the measure into law on April 15, 2025.

### House Republicans

House Republican priorities focused on deregulation, lowering costs, investing in growing communities, and passing a balanced budget.

The caucus passed all eight of their priority bills including [HEA 1002](#), Rep. Bob Behning’s (R-Indianapolis) education deregulation bill, aimed at cleaning up Title 20 of the Indiana Code. [HEA 1006](#) creates a review board for prosecutors who

do not enforce Indiana law uniformly. [HEA 1005](#) expands the residential Housing Infrastructure Assistance Program and aims at streamlining development regulations.

On the House floor, the budget’s main author and chair of the Ways & Means Committee, Rep. Jeff Thompson (R-Lizton), stated that the final version, “lives within [the State’s] means,” while maintaining reserves and funding priorities such as K-12 education and public safety.

Speaker Todd Huston (R-Fishers) spoke in support of the budget’s provisions during a rare floor speech. He addressed criticism from Democratic colleagues on both expanding school choice and cutting local public health funding, pointing to the accessibility of more schools through the voucher program and the health benefits of a tax increase on cigarettes.

In a statement released on Friday, April 25, Speaker Huston celebrated the budget for increasing government efficiency and supporting a fiscally responsible state. He highlighted tax relief, stating, “between property tax relief and income tax cuts, Hoosiers will see approximately \$600 million

in tax cuts in 2026 and \$700 million in 2027.”

### House Democrats

House Democrats entered the 2025 session with the “Working Hoosiers Agenda,” prioritizing lowering healthcare, utility, and living costs for Hoosiers. Minority Caucus Leader Phil GiaQuinta (D-Fort Wayne) released a statement touting the work of House Democrats in increasing transparency through [HEA 1518](#), increasing community safety through [HEA 1095](#), and lowering healthcare costs with [HEA 1226](#).

Unsuccessful initiatives from the caucus included pausing utility rate increases and making access to pre-K education universal. GiaQuinta joined Rep. Gregory Porter (D-Indianapolis) in his criticism of the Republican majority’s passed version of the budget. On Friday, April 25, in a joint statement, Rep. Porter stated that in this budget, “The wealthy are getting handouts instead of the average Hoosier getting a hand up.” Both GiaQuinta and Porter stated that the budget prioritizes universal school vouchers over local health programs and public education.

On the House floor and in various press releases, many caucus members spoke in opposition to the budget, highlighting concerns including decreases in eligibility levels for On My Way Pre-K, reduced funding for Health First Indiana, and the loss of funding for Dolly Parton's Imagination Library and other programs.

### **Senate Republicans**

Senate Republicans' 2025 legislative agenda emphasized the need for a balanced budget and sought to address the rising cost of property taxes and healthcare in the State. Leadership aimed to save Hoosiers money while limiting government expenses to only essential services.

When the House-passed version of the budget bill crossed into the Senate, majority leadership removed many provisions from the bill. The two chambers disagreed on education funding, with the Senate initially opting not to adopt universal school vouchers due to limited funding available, and on Medicaid, where Senate leadership worried over the program's rising costs. Despite discussion over adding alcohol or cigarette tax increases into the bill, these proposals were rejected

both in committee and on the Senate floor during the first consideration of the budget.

However, on the second-to-last day of session, Senate President Pro Tempore Rodric Bray (R-Martinsville) and Senate Appropriations Committee Chair Ryan Mishler (R-Mishawaka) gathered with both House and executive leadership for a press conference and the final budget proposal's unveiling.

This included \$64 million more in funding for K-12 Education, fully funded Medicaid, and aligning the Senate with the House and Gov. Braun's agendas. Senate leadership also ultimately agreed to incorporate the cigarette and tobacco tax increases to better fund the State's Medicaid program.

### **Senate Democrats**

Senate Democrats launched the "Real Solutions for Hoosier Families" agenda at the start of the session to promote policies that address access to healthcare, housing, and educational costs for working families. This included better maternal healthcare to address the State's high maternal mortality rate, ending certain medical debt practices (such

as wage garnishment), and lowering Medicaid costs through more holistic state health initiatives. Leadership also repeatedly called for raising the State's minimum annual teacher salary to \$65,000 to combat inflation and the rising cost of housing.

During the second half of session when the budget moved out of the House and over to the Senate, Democrats offered 33 amendments to address these issues. Debate on the amendments ran late into the night as Democrats called up one amendment after another only for all but one to be defeated.

However, some agenda items ultimately made it into the bill during conference committee deliberations, including the tax increases on cigarettes and other nicotine products. While funding from tobacco taxes will go to Medicaid, Senate Democrats hope it will lower the rate of lung cancer, the State's top preventable cancer.

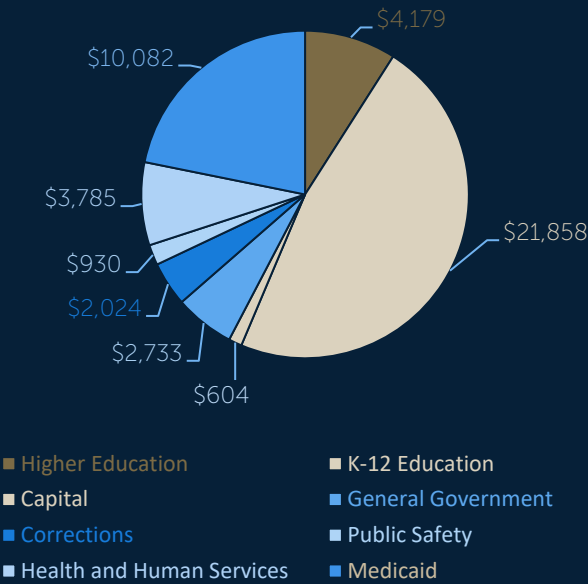
2025 BILL COUNT

	Introduced	Passed 1 <sup>st</sup> Chamber	Passed Both Chambers	Sent to Governor	Pass Rate
HOUSE BILLS	708	178	143	140	20%
HOUSE JOINT RESOLUTIONS	5	1	1	1	20%
SENATE BILLS	521	156	104	104	20%
SENATE JOINT RESOLUTIONS	16	2	2	2	13%

2025 GOVERNOR BILL WATCH

Click [HERE](#) to view legislation that the Governor has signed into law.

GENERAL FUND APPROPRIATIONS  
FY 2026/FY 2027



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