

INVEST HAMILTON COUNTY

The Impact of SEA 1 on Hamilton County Taxing Units

Levies, Revenue Shifts & the "Doing More With Less" Question

March 2026

Prepared by the Hamilton County Data Hub

EXECUTIVE SUMMARY

WHAT YOU NEED TO KNOW

Senate Enrolled Act 1 (SEA 1), signed in 2025 and effective January 1, 2028, is the most significant restructuring of Indiana's local government finance system in decades. It replaces the current county-pooled Local Income Tax (LIT) system with a new framework giving cities direct authority to levy their own income tax — while fundamentally changing how revenue flows to every taxing unit in Hamilton County.

This report examines the fiscal impact on all 36+ taxing units, provides 2027 projections, and evaluates whether elected officials are truly "having to do more with less."

36+

TAXING UNITS
AFFECTED

\$52.1M

CIRCUIT BREAKER
LOSSES (2025)

\$289M

ANNUAL LIT REVENUE
(EST.)

2.90%

NEW AGGREGATE LIT
CAP

379,704

POPULATION (2024 EST.)

22.7%

CUMULATIVE INFLATION
(2019–2024)

+12.3%

POPULATION GROWTH
(2019–2024)

4%

MLGQ LEVY GROWTH
CAP

KEY FINDING

The "doing more with less" narrative is partially true — but only tells half the story. Property tax purchasing power has declined ~14% in real per-capita terms over five years due to levy caps and inflation. However, LIT revenue and other sources have grown substantially, and SEA 1 actually *expands* total revenue capacity by raising the aggregate LIT cap from 2.5% to 2.9%. The real story is not less money — it's a fundamental shift in *who controls* the money and *who is at risk* of receiving less.

Winners & Losers Under SEA 1

Positioned to Gain

Cities (Carmel, Fishers, Noblesville, Westfield, Cicero) — Gain direct LIT authority up to 1.2%. Can control their own revenue destiny. Large, high-income populations generate substantial AGI-based revenue.

At Risk of Losing

Schools, Libraries, Townships, Small Towns — Lose guaranteed LIT certified shares. Must depend on the county additional rate — a new, untested mechanism with uncertain distribution formulas. No direct control over their income tax revenue.

SECTION 01

WHAT IS SEA 1?

SEA 1 replaces Indiana's current county-pooled LIT system with a three-tier structure that gives cities independent taxing authority while creating new uncertainty for non-city entities. It takes effect January 1, 2028.

Before vs. After: How the Money Flows

FEATURE	CURRENT SYSTEM (THROUGH 2027)	NEW SYSTEM (STARTING 2028)
Who Sets the Rate	County council sets a single countywide rate	Cities set their own rate; county sets its own rate; county sets an additional rate
Rate Structure	Single combined rate: 1.1%	Municipal (up to 1.2%) + County (up to 1.2%) + County Additional
Aggregate Cap	2.5%	2.9% (a 16% increase in capacity)
Distribution	Pooled countywide, distributed by certified shares formula to all units	Municipal rate stays with city; county rate stays with county; additional rate supports remaining units
Who Gets Revenue	All taxing units via certified shares	Cities get theirs directly; schools, libraries, townships, fire/EMS rely on county additional rate
City Eligibility	No independent authority	Cities/towns with 3,500+ population

The Three New LIT Components

Municipal LIT

UP TO 1.2% • SET BY CITY COUNCIL

Revenue stays with the adopting city. Available to cities/towns with 3,500+ population. Replaces certified shares cities currently receive.

County LIT

UP TO 1.2% • SET BY COUNTY COUNCIL

Revenue used for county government operations. Replaces the county's current share of certified shares.

County Additional

VARIABLE • SET BY COUNTY COUNCIL

Distributed to townships, schools, libraries, fire/EMS, and towns under 3,500 population. This is the lifeline for non-city entities.

Who Is Eligible for Municipal LIT?

MUNICIPALITY	POPULATION	SEA 1 ELIGIBLE?	KEY CONSIDERATION
City of Carmel	100,777	YES	Very high AGI base; even a moderate rate generates substantial revenue
City of Fishers	101,171	YES	Comparable to Carmel; strong tech sector workforce drives AGI

City of Noblesville	70,926	YES	Strong base; must balance with already-higher property tax rates
City of Westfield	50,630	YES	Fastest-growing city; AGI base expanding year-over-year
Town of Cicero	5,433	YES	Barely qualifies; small AGI base may require near-maximum rate
Town of Sheridan	3,080	NO	Below 3,500 threshold; must rely on county additional rate
Town of Arcadia	1,514	NO	Below threshold; most limited fiscal independence
Town of Atlanta	762	NO	Below threshold; entirely dependent on county decisions

THE COORDINATION CHALLENGE

The sum of all LIT rates within Hamilton County cannot exceed **2.90%**. If all five eligible cities adopt rates near the 1.2% maximum, the county's room for its own rate and the county additional rate is severely constrained. **Cities and the county must collectively manage rates** — and the entities with the least power in this negotiation (schools, libraries, townships) have the most to lose.

SECTION 02

2026 CERTIFIED LEVIES – ALL TAXING UNITS

These are the 2026 DLGF-certified levies for every major taxing unit in Hamilton County. This is the baseline from which 2027 projections and SEA 1 revenue shifts are calculated.

County Government

UNIT	2026 CERTIFIED LEVY	2026 CERTIFIED BUDGET	CERTIFIED AV	UNIT TAX RATE
Hamilton County	\$104,828,402	\$221,696,414	\$38,768,387,785	0.2704

Municipalities

MUNICIPALITY	2026 CERTIFIED LEVY	2026 CERTIFIED BUDGET	CERTIFIED AV	UNIT RATE
City of Carmel	\$96,542,175	\$201,485,301	\$12,404,236,797	0.7783
City of Fishers	\$71,809,189	\$146,071,638	\$10,164,074,982	0.7065
City of Noblesville	\$56,384,989	\$114,860,419	\$5,778,334,466	0.9758
City of Westfield	\$48,395,749	\$98,129,975	\$6,756,351,760	0.7163
Town of Cicero	\$2,851,472	\$7,445,214	\$492,822,802	0.5786
Town of Sheridan	\$2,713,467	\$8,899,237	\$445,891,401	1.0485
Town of Arcadia	\$607,953	\$1,352,603	\$64,381,334	0.9443
Town of Atlanta	\$190,093	\$462,679	\$24,799,987	0.7665
Total Municipalities	\$279,495,087	\$578,707,066		

School Corporations

SCHOOL CORPORATION	2026 CERTIFIED LEVY	2026 CERTIFIED BUDGET	UNIT RATE
Hamilton Southeastern Schools	\$140,947,246	\$339,038,996	1.1476
Carmel Clay Schools	\$111,597,413	\$255,709,460	0.8425
Westfield-Washington Schools	\$94,126,923	\$171,925,132	1.2883
Noblesville Schools	\$75,056,249	\$170,117,551	1.2510
Hamilton Heights School Corp.	\$14,525,220	\$36,946,375	1.0615
Sheridan Community Schools	\$6,004,559	\$21,944,366	1.3341
Total Schools	\$442,257,610	\$994,681,880	

Libraries & Townships

LIBRARY DISTRICT	2026 LEVY	RATE
Hamilton East	\$8,243,930	0.0472
Carmel Clay	\$7,295,098	0.0590
Westfield Washington	\$2,949,171	0.0414
Hamilton North	\$559,149	0.0526
Sheridan	\$387,033	0.0868
Total Libraries	\$19,434,381	

TOWNSHIP	2026 LEVY	RATE
Clay	\$7,517,660	0.0608
Washington	\$2,555,148	0.3314
Jackson	\$2,119,090	0.3694
Noblesville	\$1,869,981	0.2701
Delaware	\$1,590,598	0.3162
Fall Creek	\$1,541,191	0.2536
Wayne	\$740,994	0.2197
White River	\$682,452	0.2235
Total Townships	\$18,617,114	

Sources: DLGF 2026 Budget Order for Hamilton County; Hamilton_County_DLGF_Summary.csv

SECTION 03

2027 PROJECTIONS – THE LAST YEAR BEFORE SEA 1

2027 is the final year under the current countywide LIT system. These projections assume each unit maximizes its 4% MLGQ levy growth for controlled levies. Actual growth may be lower if units choose not to maximize. This represents the **ceiling** of what each unit can collect under current law before SEA 1 takes effect.

Methodology: 2027 projections = 2026 certified levy × 1.04 (MLGQ maximum). Applies to controlled levies only. Uncontrolled levies (debt service, referendums, pensions) may grow at different rates. Assessed value growth is not projected here; it would reduce rates, not increase levies.

County, Cities & Towns

TAXING UNIT	2026 LEVY	2027 PROJECTED LEVY	\$ INCREASE	SEA 1 STATUS
Hamilton County	\$104,828,402	\$109,021,538	+\$4,193,136	COUNTY RATE
City of Carmel	\$96,542,175	\$100,403,862	+\$3,861,687	MUNICIPAL LIT
City of Fishers	\$71,809,189	\$74,681,557	+\$2,872,368	MUNICIPAL LIT
City of Noblesville	\$56,384,989	\$58,640,389	+\$2,255,400	MUNICIPAL LIT
City of Westfield	\$48,395,749	\$50,331,579	+\$1,935,830	MUNICIPAL LIT
Town of Cicero	\$2,851,472	\$2,965,531	+\$114,059	MUNICIPAL LIT
Town of Sheridan	\$2,713,467	\$2,822,006	+\$108,539	COUNTY ADD'L ONLY
Town of Arcadia	\$607,953	\$632,271	+\$24,318	COUNTY ADD'L ONLY
Town of Atlanta	\$190,093	\$197,697	+\$7,604	COUNTY ADD'L ONLY

Schools, Libraries & Townships

TAXING UNIT	2026 LEVY	2027 PROJECTED	\$ INCREASE	POST-2028 LIT SOURCE
SCHOOL CORPORATIONS				
Hamilton Southeastern	\$140,947,246	\$146,585,136	+\$5,637,890	COUNTY ADD'L ONLY
Carmel Clay	\$111,597,413	\$116,061,310	+\$4,463,897	COUNTY ADD'L ONLY
Westfield-Washington	\$94,126,923	\$97,891,960	+\$3,765,037	COUNTY ADD'L ONLY
Noblesville	\$75,056,249	\$78,058,499	+\$3,002,250	COUNTY ADD'L ONLY
Hamilton Heights	\$14,525,220	\$15,106,229	+\$581,009	COUNTY ADD'L ONLY
Sheridan Community	\$6,004,559	\$6,244,741	+\$240,182	COUNTY ADD'L ONLY

LIBRARY DISTRICTS

Hamilton East	\$8,243,930	\$8,573,688	+\$329,758	COUNTY ADD'L ONLY
Carmel Clay	\$7,295,098	\$7,586,902	+\$291,804	COUNTY ADD'L ONLY
Westfield Washington	\$2,949,171	\$3,067,138	+\$117,967	COUNTY ADD'L ONLY
Hamilton North	\$559,149	\$581,515	+\$22,366	COUNTY ADD'L ONLY
Sheridan	\$387,033	\$402,514	+\$15,481	COUNTY ADD'L ONLY

TOWNSHIPS

Clay Township	\$7,517,660	\$7,818,367	+\$300,707	COUNTY ADD'L ONLY
Washington Township	\$2,555,148	\$2,657,354	+\$102,206	COUNTY ADD'L ONLY
Jackson Township	\$2,119,090	\$2,203,854	+\$84,764	COUNTY ADD'L ONLY
Noblesville Township	\$1,869,981	\$1,944,780	+\$74,799	COUNTY ADD'L ONLY
Delaware Township	\$1,590,598	\$1,654,222	+\$63,624	COUNTY ADD'L ONLY
Fall Creek Township	\$1,541,191	\$1,602,839	+\$61,648	COUNTY ADD'L ONLY
Wayne Township	\$740,994	\$770,634	+\$29,640	COUNTY ADD'L ONLY
White River Township	\$682,452	\$709,750	+\$27,298	COUNTY ADD'L ONLY

READING THE BADGES

MUNICIPAL LIT = Will set their own income tax rate under SEA 1. Revenue stays local.

COUNTY RATE = County government retains its own LIT rate.

COUNTY ADD'L ONLY = Must rely on the county additional rate — controlled by the county council, not by the receiving entity. This is the uncertainty zone.

SECTION 03A

THE FULL REVENUE PICTURE – ALL FUNDING SOURCES (2027)

Property tax levies tell only part of the story. Every taxing unit relies on multiple revenue streams — LIT certified shares, state distributions, fees, and more. This section reconstructs the **full 2027 revenue model** for each entity type, providing the baseline from which the SEA 1 shift can be measured. LIT certified shares are estimated using the levy-proportional allocation method; state tuition support is drawn from the FY2026–2027 state budget.

Methodology: Property tax levies projected at 4% MLGQ from 2026 certified. LIT certified shares estimated as each unit's share of total county levies (~\$866M) applied to ~\$301M estimated 2027 LIT pool (\$289M × 1.04 AGI growth). State tuition support for HSE and CCS from confirmed FY2027 state budget; others estimated at ~\$7,500/ADM. "Other revenue" derived as certified budget residual and grown 3%. Estimates marked with (e).

County Government & Municipalities (2027 Projected)

ENTITY	PROPERTY TAX	LIT CERT. SHARES (E)	OTHER REVENUE (E)	TOTAL REVENUE (E)
Hamilton County	\$109.0M	\$36.5M	\$84.3M	\$229.8M
City of Carmel	\$100.4M	\$33.5M	\$74.9M	\$208.8M
City of Fishers	\$74.7M	\$25.0M	\$51.8M	\$151.5M
City of Noblesville	\$58.6M	\$19.6M	\$40.9M	\$119.1M
City of Westfield	\$50.3M	\$16.8M	\$34.5M	\$101.6M
Town of Cicero	\$3.0M	\$1.0M	\$4.7M	\$8.7M
Town of Sheridan	\$2.8M	\$0.9M	\$5.5M	\$9.2M
Town of Arcadia	\$0.6M	\$0.2M	\$0.6M	\$1.4M
Town of Atlanta	\$0.2M	\$0.1M	\$0.2M	\$0.5M

Other Revenue includes: MVH/LRS state highway distributions, CVET, FIT, user fees, utility receipts, permits, impact fees, FAB tax, innkeeper's tax, and other local sources. "Total Revenue" approximates the full certified budget authority plus state/federal flows.

School Corporations (2027 Projected – All Revenue Sources)

SCHOOL CORPORATION	PROPERTY TAX	LIT SHARES (E)	STATE TUITION	OTHER LOCAL/FED (E)	TOTAL REVENUE (E)
Hamilton SE	\$146.6M	\$49.0M	\$167.9M	\$168.0M	\$531.5M
Carmel Clay	\$116.1M	\$38.8M	\$134.6M	\$119.8M	\$409.3M
Westfield-Wash.	\$97.9M	\$32.7M	\$65.5M (e)	\$52.7M	\$248.8M
Noblesville	\$78.1M	\$26.1M	\$82.9M (e)	\$77.3M	\$264.4M

Hamilton Hts.	\$15.1M	\$5.0M	\$18.3M (e)	\$20.1M	\$58.5M
Sheridan Comm.	\$6.2M	\$2.1M	\$8.0M (e)	\$16.0M	\$32.3M
Total Schools	\$460.0M	\$153.7M	\$477.2M	\$453.9M	\$1,544.8M

State tuition support: HSE (\$167.9M) and CCS (\$134.6M) confirmed from FY2027 state budget (WFYI). Others estimated at ~\$7,500–\$8,000/ADM. "Other Local/Fed" includes referendum levies, debt service, transportation, capital projects, federal Title I/IDEA, and school lunch programs.

KEY INSIGHT: LIT IS SMALL BUT CRITICAL FOR SCHOOLS

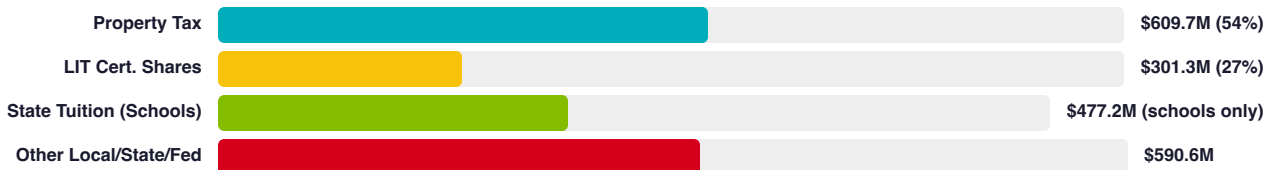
LIT certified shares represent roughly **10% of total school revenue** – but it's the 10% that funds operational flexibility. State tuition support is formula-driven and earmarked. Property tax is MLGQ-capped. LIT certified shares are the revenue schools use for the margin – and it's the line item that SEA 1 puts at risk.

Libraries & Townships (2027 Projected)

LIBRARY	PROP. TAX	LIT (E)	OTHER (E)	TOTAL (E)
Hamilton East	\$8.6M	\$2.9M	\$11.8M	\$23.3M
Carmel Clay	\$7.6M	\$2.5M	\$23.0M	\$33.1M
Westfield Wash.	\$3.1M	\$1.0M	\$2.8M	\$6.9M
Hamilton North	\$0.6M	\$0.2M	\$0.3M	\$1.1M
Sheridan	\$0.4M	\$0.1M	\$0.3M	\$0.8M
Total	\$20.3M	\$6.7M	\$38.2M	\$65.2M

TOWNSHIP	PROP. TAX	LIT (E)	OTHER (E)	TOTAL (E)
Clay	\$7.8M	\$2.6M	\$0.1M	\$10.5M
Washington	\$2.7M	\$0.9M	\$4.1M	\$7.7M
Jackson	\$2.2M	\$0.7M	\$0.1M	\$3.0M
Noblesville	\$1.9M	\$0.6M	\$3.8M	\$6.3M
Delaware	\$1.7M	\$0.6M	\$1.6M	\$3.9M
Fall Creek	\$1.6M	\$0.5M	\$3.6M	\$5.7M
Wayne	\$0.8M	\$0.3M	\$0.2M	\$1.3M
White River	\$0.7M	\$0.2M	\$0.7M	\$1.6M
Total	\$19.4M	\$6.4M	\$14.2M	\$40.0M

County-Wide Revenue Summary (2027)



~\$1.98B

TOTAL EST. REVENUE ACROSS ALL UNITS

\$301M

LIT POOL – THE REVENUE SEA 1 RESTRUCTURES

15%

LIT AS SHARE OF TOTAL COUNTY REVENUE

WHY THIS MATTERS

LIT represents roughly **15% of total revenue** across all Hamilton County taxing units – but it is the **only growth-responsive revenue source not subject to levy caps**. SEA 1 restructures this entire \$301 million flow. Understanding the full picture reveals that property tax is the foundation, state tuition support funds half of education, and LIT is the strategic

lever — small enough to be overlooked, large enough to be decisive.

Sources: DLGF 2026 Budget Order (levies and budgets); IRS SOI (AGI base for LIT); FY2027 Indiana state budget (school tuition support via WFYI); levy-proportional certified shares methodology. All LIT and "other" figures are estimates (e).

SECTION 04

THE COST PRESSURE: POPULATION GROWTH & INFLATION

To evaluate whether taxing units are truly "doing more with less," we must compare what they're *allowed* to collect against the cost of delivering services to a rapidly growing population during a period of historic inflation.

Hamilton County Population Growth (2019–2024)



+41,749

NET NEW RESIDENTS (5 YEARS)

+12.3%

TOTAL POPULATION GROWTH

+1,700

NET NEW TAX FILERS / YEAR (IRS SOI)

Inflation — Consumer Price Index (2019–2024)

YEAR	NATIONAL CPI	ANNUAL CHANGE	MIDWEST CPI	ANNUAL CHANGE
2019	258.6	+2.3%	238.7	+2.3%
2020	262.0	+1.3%	241.5	+1.1%
2021	280.8	+7.2%	259.6	+7.5%
2022	298.8	+6.4%	275.2	+6.0%
2023	308.7	+3.3%	283.9	+3.2%
2024	317.6	+2.9%	292.5	+3.0%
Cumulative 2019–2024		+22.7%		+22.5%

The Math That Matters: Levy Cap vs. Cost Growth

~21.7%

MAXIMUM LEVY GROWTH OVER 5 YEARS

4% MLGQ compounded annually: $1.04^5 = 1.2167$

~35%+

EFFECTIVE COST GROWTH (INFLATION + POPULATION)

22.7% inflation + 12.3% more people to serve = compounding demand

THE GAP IS REAL — ON THE PROPERTY TAX SIDE

Even if a taxing unit maximizes its 4% annual levy growth every year, the **purchasing power of that levy per resident has declined roughly 14% over five years**. The levy can grow ~21.7% but it must serve 12.3% more people in an economy that's 22.7% more expensive. This structural gap is built into Indiana law — MLGQ was designed to limit government growth, and it is succeeding.

BUT THAT'S NOT THE WHOLE REVENUE PICTURE

LIT revenue is not capped by MLGQ. It grows naturally with wages and population. Hamilton County's \$26.3 billion AGI base generates ~\$289M/year at 1.1%, and that base grows with every new resident, every raise, and every new job filled by a county resident. Property tax tells the constraint story; LIT tells the growth story.

Sources: FRED_Population_Hamilton.csv; BLS_CPI_National_2019_2025.json; FRED_CPI_Midwest.csv; IRS SOI County Income (Tax Year 2022)

SECTION 05

HOW SEA 1 RESHAPES LIT REVENUE FOR EVERY UNIT

Today, all \$289 million in annual LIT revenue flows into a single county pool and is distributed by formula. Starting in 2028, that pool is broken apart. Here's what changes for each type of entity.

The LIT Revenue Base

\$26.3BTOTAL COUNTY AGI
(2022)**177,350**

TAX RETURNS FILED

\$148,265AVERAGE AGI PER
RETURN**~\$289M**

EST. ANNUAL LIT AT 1.1%

Estimated Municipal LIT Revenue Under SEA 1

These estimates use population-proportional AGI allocation. Actual revenue will depend on the AGI of each city's residents specifically.

CITY	EST. RESIDENT AGI	AT 0.5% RATE	AT 1.0% RATE	AT 1.2% RATE (MAX)
Carmel	~\$7.4B	\$36.8M	\$73.7M	\$88.4M
Fishers	~\$7.4B	\$36.8M	\$73.7M	\$88.4M
Noblesville	~\$4.7B	\$23.7M	\$47.3M	\$56.8M
Westfield	~\$3.4B	\$17.1M	\$34.2M	\$41.0M
Cicero	~\$0.3B	\$1.3M	\$2.6M	\$3.2M

THE SCALE OF OPPORTUNITY FOR CITIES

At a 1.0% municipal rate, Carmel alone would generate an estimated **\$73.7 million** in annual LIT revenue — revenue that flows directly to the city, not through the county pool. For context, Carmel's entire 2026 property tax levy is \$96.5 million.

Municipal LIT could nearly match property tax as a revenue source for major Hamilton County cities.

What Changes for Each Entity Type

ENTITY	CURRENT SYSTEM (2027)	UNDER SEA 1 (2028+)	RISK ASSESSMENT
Large Cities	Receive certified shares from county pool	Set own municipal LIT (up to 1.2%); revenue stays local	GAIN Direct control; likely net revenue increase
County Gov't	Sets countywide rate; receives certified shares	Sets county LIT (up to 1.2%); also sets county additional rate	NEUTRAL TO GAIN Retains independent rate
Schools	Receive LIT certified shares (supplemental revenue)	Must rely on county additional rate	AT RISK No direct control; already vulnerable to TIF/abatement

Libraries	Receive LIT certified shares	Must rely on county additional rate	AT RISK Most limited revenue diversification
Townships	Receive LIT certified shares	Must rely on county additional rate	UNCERTAIN Property tax growth may offset
Small Towns	Receive LIT certified shares	Cannot adopt own rate; rely on county additional	MOST VULNERABLE Least fiscal independence

THE 2.90% CAP CREATES A ZERO-SUM DYNAMIC

Every tenth of a percent a city claims for its municipal LIT is a tenth of a percent *not available* for the county additional rate that funds schools, libraries, and townships. If all five eligible cities adopt rates near 1.2% (totaling up to 6.0% before the cap), the county must squeeze its own rate and the additional rate into the remaining room. **Coordination is not optional – it's mathematically required.**

Sources: IRS SOI County Income (Tax Year 2022), 22incyallagi_hamilton.csv; IC 6-3.6; SEA 1 (2025); DLGF LIT distributions

SECTION 05A

2027 VS. 2028 — THE SIDE-BY-SIDE COMPARISON

This is the core question: **what happens to each entity's revenue when the LIT system changes on January 1, 2028?** Property tax, state tuition support, and fees are unaffected by SEA 1. Only the LIT line changes. Below we model three scenarios based on how aggressively cities and the county adopt new rates.

The Three Scenarios

COMPONENT	REVENUE NEUTRAL TOTAL ~1.25%	MODERATE GROWTH TOTAL 2.00%	AT CAP TOTAL 2.90%
Municipal Rate (to Cities)	0.50%	0.80%	1.20%
County Rate (to County Gov't)	0.15%	0.50%	0.70%
County Additional (to Schools, Libraries, Townships, Small Towns)	0.60%	0.70%	1.00%
Total Rate	1.25%	2.00%	2.90%
Total LIT Revenue	~\$340M	~\$544M	~\$789M

Based on estimated 2028 county AGI of ~\$27.2B (2022 base of \$26.3B grown at ~1.1%/year for 6 years). Municipal rate applies to city-resident AGI (~92% of county). County and additional rates apply to all county AGI.

Cities: LIT Revenue — 2027 vs. 2028

CITY	2027 LIT (CERT. SHARES)	2028 NEUTRAL (0.50% MUNI)	2028 MODERATE (0.80% MUNI)	2028 AT CAP (1.20% MUNI)
Carmel	\$33.5M	\$38.5M	\$61.6M	\$92.4M
Fishers	\$25.0M	\$38.5M	\$61.6M	\$92.4M
Noblesville	\$19.6M	\$24.5M	\$39.2M	\$58.8M
Westfield	\$16.8M	\$18.0M	\$28.8M	\$43.2M
Cicero	\$1.0M	\$1.5M	\$2.4M	\$3.6M
Total Cities	\$95.9M	\$121.0M	\$193.6M	\$290.4M
	Change from 2027:	+\$25.1M (+26%)	+\$97.7M (+102%)	+\$194.5M (+203%)

County Government: LIT Revenue — 2027 vs. 2028

ENTITY	2027 LIT (CERT. SHARES)	2028 NEUTRAL (0.15% COUNTY)	2028 MODERATE (0.50% COUNTY)	2028 AT CAP (0.70% COUNTY)
Hamilton County	\$36.5M	\$40.8M	\$136.0M	\$190.4M

Change from 2027:

+\$4.3M (+12%)

+\$99.5M (+273%)

+\$153.9M (+422%)

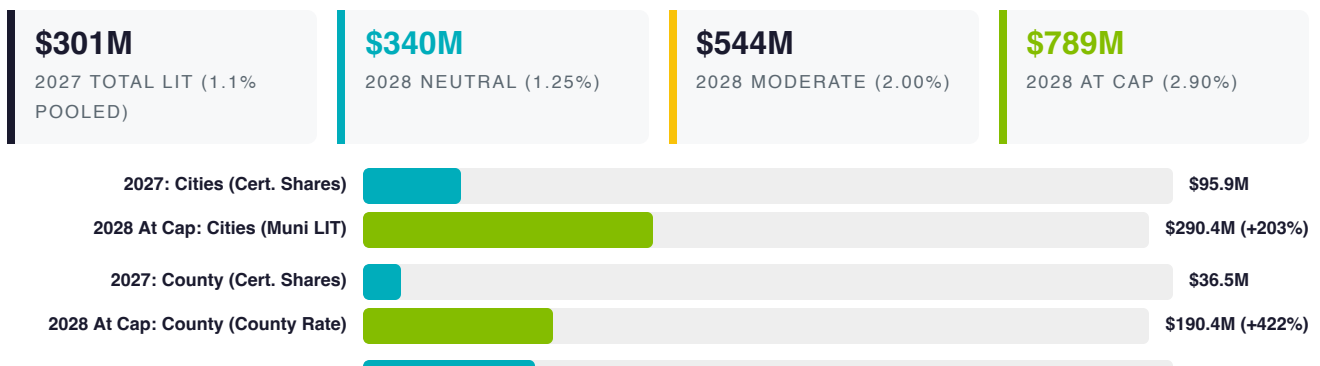
Schools, Libraries, Townships & Small Towns: LIT Revenue — 2027 vs. 2028

CRITICAL: THESE ENTITIES DEPEND ON THE COUNTY ADDITIONAL RATE

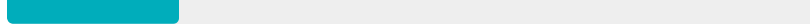
Under SEA 1, schools, libraries, townships, and small towns **no longer receive LIT certified shares**. Their income tax revenue comes exclusively from the county additional rate — set by the county council, not by them. The table below shows what each entity receives under three scenarios.

ENTITY	2027 LIT (CERT. SHARES)	2028 NEUTRAL (0.60% ADD'L)	2028 MODERATE (0.70% ADD'L)	2028 AT CAP (1.00% ADD'L)
SCHOOL CORPORATIONS (EST. SHARE OF ADDITIONAL)				
Hamilton SE	\$49.0M	\$52.4M	\$61.1M	\$87.3M
Carmel Clay	\$38.8M	\$41.5M	\$48.4M	\$69.2M
Westfield-Wash.	\$32.7M	\$35.0M	\$40.8M	\$58.3M
Noblesville	\$26.1M	\$27.9M	\$32.5M	\$46.5M
Hamilton Hts.	\$5.0M	\$5.4M	\$6.3M	\$9.0M
Sheridan Comm.	\$2.1M	\$2.2M	\$2.6M	\$3.7M
Total Schools	\$153.7M	\$164.4M	\$191.7M	\$274.0M
LIBRARY DISTRICTS				
All 5 Libraries	\$6.7M	\$7.2M	\$8.4M	\$12.0M
TOWNSHIPS				
All 8 Townships	\$6.4M	\$6.9M	\$8.0M	\$11.4M
SMALL TOWNS (UNDER 3,500)				
Sheridan, Arcadia, Atlanta	\$1.2M	\$1.3M	\$1.5M	\$2.2M
Total Non-City, Non-County	\$168.0M	\$179.8M	\$209.6M	\$299.6M
	Change from 2027:	+\$11.8M (+7%)	+\$41.6M (+25%)	+\$131.6M (+78%)

Total LIT Revenue Distribution — The Full Comparison

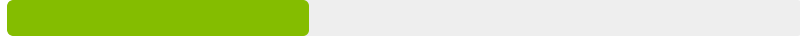


2027: Schools/Lib/Twp (Cert. Shares)



\$168.0M

2028 At Cap: Schools/Lib/Twp (Add'l)



\$299.6M (+78%)

THE CENTRAL TENSION

At **every scenario above revenue-neutral**, cities gain more than any other entity — both in absolute dollars and percentage growth. The county gains the most in percentage terms due to its small current base. Schools, libraries, and townships gain only if the **total rate rises well above 1.1%**.

At the moderate scenario (2.0% total), cities see their LIT **double** while schools see only a 25% increase. At the maximum scenario (2.9%), cities **triple** their LIT while schools gain 78%. The structural advantage overwhelmingly favors entities with direct rate-setting authority.

The county council is the critical variable. Its decisions on the county additional rate determine whether schools, libraries, and townships are funded adequately — or squeezed. Given the 2.90% aggregate cap, every tenth of a percent claimed by cities or the county is a tenth not available for the additional rate.

Sources: AGI estimates from IRS SOI (Tax Year 2022) with growth projections; IC 6-3.6 as amended by SEA 1; LIT rate structure from Tax-Revenue-Knowledge-Base/05-sea1-income-tax-overhaul.md. Distribution of county additional rate estimated proportional to current certified shares among eligible entities.

SECTION 06

"DOING MORE WITH LESS" – THE VERDICT

Local elected officials frequently describe their fiscal environment as "having to do more with less." This section tests that hypothesis against the data, examining both the constraints and the opportunities available to Hamilton County's taxing units.

The Case FOR "Doing More With Less"

CONSTRAINT	EVIDENCE
Levy Growth Cap (MLGQ) < Inflation	MLGQ allows 4%/year. Inflation averaged 4.5%/year (2019–2024). Over 5 years: levy grows ~21.7% while costs grow ~22.7%. Real purchasing power declines every year.
Population Outpaces Revenue	41,749 new residents (+12.3%) need schools, roads, police, fire, parks, and water — but levy growth is capped regardless of population growth.
Circuit Breaker Losses	\$52.1 million in revenue that units are legally entitled to levy but cannot collect due to constitutional caps (2025). County alone lost \$6.6M.
SB 1 Expanded Deductions	Increased homestead, over-65, disabled veteran, and business personal property deductions all shrink the assessable tax base.
SB 1 Homestead Credit	New 10% credit (up to \$300/year) on homestead tax bills further reduces actual collections.
Per-Capita Decline	Even with maximum 4% annual levy growth, real per-capita property tax purchasing power has declined ~14% over 5 years.

The Case AGAINST "Doing More With Less"

COUNTER-ARGUMENT	EVIDENCE
LIT Revenue Is Uncapped	LIT grows with wages and population — no MLGQ, no circuit breaker. Hamilton County's \$26.3B AGI base grows every year with in-migration and wage gains.
Assessed Values Are Booming	\$38.8B in total certified AV (2026). New construction and rising property values add tax base continuously. While MLGQ caps the levy, AV growth lowers rates for taxpayers.
LIT Rate Below State Average	Hamilton County's 1.1% LIT rate is well below the 1.6% statewide average — there is capacity to generate more income tax revenue.
SEA 1 Expands Total Capacity	The aggregate LIT cap increases from 2.5% to 2.9% — a 16% expansion of total income tax headroom. This is the opposite of "less."
Multiple Revenue Streams	Cities have access to FAB tax, innkeeper's tax, utility fees, permits, impact fees, and more. Total revenue capacity far exceeds property tax alone.

THE VERDICT: IT DEPENDS ON WHO YOU ARE

For property tax revenue specifically: **TRUE** — MLGQ limits are below inflation + population growth. Real per-capita purchasing power is declining. Circuit breakers and SB 1 deductions compound the squeeze.

For total revenue (property tax + LIT + other): **PARTIALLY FALSE** — LIT and other sources grow with the economy. The total fiscal picture is healthier than the property-tax-only narrative suggests.

For cities under SEA 1: **FALSE** — Cities are about to gain the most powerful new revenue tool in decades. Municipal LIT authority up to 1.2% on high-income populations could generate tens of millions in new, directly controlled revenue.

For schools, libraries & townships under SEA 1: **POTENTIALLY TRUE** — These entities face *dual* pressure: MLGQ-constrained property tax *and* the loss of guaranteed LIT certified shares, replaced by uncertain county additional rate distributions.

THE BOTTOM LINE

The "doing more with less" narrative is a **property tax story, not a total revenue story**. On the property tax side, the constraints are real and measurable. But Hamilton County's economy generates substantial income tax revenue, in-migration revenue, and fee revenue that is not subject to the same caps. The honest framing is: **"Property tax buys less each year, but total fiscal capacity is growing — and SEA 1 expands it further for those with the authority to use it."**

SECTION 07

ENTITY-BY-ENTITY IMPACT ASSESSMENT

County Government COUNTY LIT

2026 Levy: \$104.8M • **Budget:** \$221.7M
Circuit Breaker Loss: \$6.6M (2025)
Post-2028: Sets its own county LIT rate (up to 1.2%)

Assessment: The county retains independent taxing authority under SEA 1 and also controls the county additional rate. It is the **gatekeeper** for revenue flowing to schools, libraries, and townships. This gives the county council significant new power — and responsibility.

Cities: Carmel, Fishers, Noblesville, Westfield MUNICIPAL LIT

CITY	2026 PROPERTY TAX LEVY	EST. MUNICIPAL LIT AT 1.0%	COMBINED REVENUE POTENTIAL
Carmel	\$96.5M	\$73.7M	\$170.2M
Fishers	\$71.8M	\$73.7M	\$145.5M
Noblesville	\$56.4M	\$47.3M	\$103.7M
Westfield	\$48.4M	\$34.2M	\$82.6M

At a 1.0% municipal rate, these four cities would collectively control an estimated **\$228.9 million** in LIT revenue that previously flowed through the county pool. This represents a massive shift in fiscal authority from county to city level.

School Corporations COUNTY ADDITIONAL RATE ONLY

Schools face the most complex fiscal environment in Hamilton County. They have the **largest property tax levies** (\$442.3M combined), are **most affected by TIF districts and abatements** (which they have no vote in), and under SEA 1 will **lose guaranteed LIT certified shares** in favor of uncertain county additional rate distributions.

\$442.3M
 COMBINED SCHOOL LEVIES (2026)

45–55%
 SHARE OF TOTAL PROPERTY TAX

0
 DIRECT CONTROL OVER LIT (POST-2028)

Library Districts COUNTY ADDITIONAL RATE ONLY

Libraries are **independent taxing units** with boards that set budgets and levies — but they have the **most limited revenue diversification** of any entity. Primarily funded by property tax + LIT, they have no FAB tax, no utility fees, no user charges of significant scale. Under SEA 1, their LIT lifeline becomes the county additional rate — over which library boards have **no vote and no control**.

Townships COUNTY ADDITIONAL RATE ONLY

Townships vary enormously in size — from Clay (100,000 residents, \$7.5M levy) to White River (2,400 residents, \$682K levy). Those in fast-growing areas may see property tax revenue offset LIT uncertainty. Township-based fire departments face the most uncertainty, potentially accelerating consolidation discussions with municipal fire services.

Small Towns: Sheridan, Arcadia, Atlanta MOST VULNERABLE

These three communities **cannot adopt their own municipal LIT** (all under 3,500 population). They are entirely dependent on the county additional rate for income tax revenue. Combined, their three levies total just \$3.5 million — a rounding error in the county's \$865M+ total levy structure, yet they serve real communities with real needs.

THE FUNDAMENTAL TENSION

SEA 1 creates a system where the entities with the **most revenue tools** (cities) have the **most control**, while the entities with the **fewest tools** (schools, libraries, small towns) have the **least control**. The county council becomes the critical mediator — it alone sets the county additional rate that determines whether non-city entities are adequately funded.

SECTION 08

TIMELINE & KEY DECISIONS AHEAD

What Must Happen Before January 1, 2028

TIMEFRAME	ACTION REQUIRED
Now – Late 2026	Study & planning. Cities must analyze their AGI base, model rate scenarios, and engage stakeholders. County must assess its own rate needs plus the county additional rate required to support non-city entities.
2026 – 2027	Rate decisions. City councils and the county council must adopt LIT rate ordinances. This requires public hearings, inter-governmental coordination, and fiscal impact analysis.
Late 2027	Certification. Rates must be certified to the Indiana Department of Revenue for January 2028 implementation.
January 1, 2028	New system takes effect. Municipal LIT collection begins. Certified shares system ends.
2028 Q1–Q2	First distributions. New LIT revenue flows to cities, county, and through the county additional rate (with lag due to withholding/filing cycles).

Questions Every Entity Should Be Asking

For City Council Members

1. How much LIT do we currently receive through certified shares?
2. What municipal rate replaces that revenue (the "breakeven rate")?
3. Should we adopt above breakeven to fund growth needs?
4. How does our rate affect the 2.90% aggregate cap?
5. How does our rate compare to competing cities?

For School & Library Board Members

1. How much of our budget is LIT certified shares?
2. What county additional rate allocation replaces it?
3. Should we build reserves now against potential reductions?
4. What is our advocacy strategy with the county council?
5. Should we plan for referendum to compensate?

The Interaction With Property Tax Strategy

SEA 1 doesn't change property tax law, but it changes the strategic calculus for every property tax decision:

TIF DISTRICTS BECOME MORE CONSEQUENTIAL

Cities with independent LIT revenue may be less motivated to negotiate TIF pass-through agreements with schools and libraries — while schools and libraries are simultaneously more vulnerable because their LIT backstop is weakened.

TAX ABATEMENTS HAVE COMPOUNDING EFFECTS

An abatement that reduces property tax for a school district, combined with reduced LIT under the county additional rate, creates **dual revenue pressure** on the entities least equipped to absorb it.

MUNICIPAL LIT MAY REDUCE PROPERTY TAX PRESSURE

If cities fund services through LIT, they may hold property tax levies steady, which benefits all overlapping units through lower combined rates and fewer circuit breaker losses.

MLGQ BECOMES EVEN MORE CRITICAL

For entities losing LIT certainty, maximizing the 4% annual property tax levy growth becomes essential — it's the only revenue lever they directly control.

SECTION 09

SUMMARY: WHAT THE DATA SHOWS

36+

INDEPENDENT TAXING UNITS SHARE THE SAME TAX BASE. DECISIONS BY ONE AFFECT ALL.

\$865M+

COMBINED CERTIFIED LEVIES ACROSS ALL HAMILTON COUNTY UNITS (2026)

Eight Things Every Stakeholder Should Understand

#	FINDING
1	SEA 1 is the biggest change to local finance in decades. Every taxing unit in Hamilton County is affected. The current pooled LIT system ends January 1, 2028.
2	Cities gain significant new revenue capacity. Municipal LIT authority up to 1.2% on high-income populations could generate tens of millions in directly controlled revenue per city.
3	Schools, libraries, and townships face genuine uncertainty. They lose guaranteed certified shares and must rely on a county additional rate they do not control.
4	The 2.9% aggregate cap requires coordination. Cities and the county must collectively manage rates. Unilateral decisions could crowd out funding for schools and libraries.
5	Property tax purchasing power IS declining. MLGQ (4%) has not kept pace with inflation (22.7% cumulative) + population growth (12.3%). Real per-capita levy capacity has dropped ~14% in five years.
6	But total revenue capacity is growing. LIT, fees, and economic growth are not subject to the same caps. Hamilton County's \$26.3B AGI base is one of the strongest in Indiana.
7	Small towns are most vulnerable. Sheridan, Arcadia, and Atlanta cannot adopt municipal LIT and are entirely dependent on county council decisions about the additional rate.
8	Planning must start now. Rate ordinances need to be in place by late 2027. The window for analysis, public engagement, and inter-governmental coordination is roughly 18 months.

"DOING MORE WITH LESS" – FINAL ASSESSMENT

The data supports a more nuanced framing than the simple "doing more with less" narrative. **Property tax revenue is genuinely constrained** – the MLGQ cap, circuit breaker losses, and expanded deductions all reduce real purchasing power. But Hamilton County's economy is growing rapidly, generating substantial income tax revenue, bringing in thousands of new taxpayers annually, and building new assessed value every year.

The more accurate statement is: **"The property tax tool is losing its edge, but the total toolkit is expanding – for those who have access to it."** SEA 1 dramatically expands the toolkit for cities while leaving schools, libraries, and townships with fewer guarantees. The challenge ahead is not a shortage of money in Hamilton County – it's ensuring that money flows equitably to all the entities that serve its 380,000 residents.

APPENDIX

DATA SOURCES & METHODOLOGY

Data Sources Used in This Report

SOURCE	DATA USED	VINTAGE
DLGF Budget Order	2026 certified levies, budgets, assessed values, and tax rates for all taxing units	2026
DLGF Circuit Breaker Report	Revenue lost to constitutional tax caps by unit	2025
IRS Statistics of Income	Adjusted gross income by county, ZIP code, and income bracket; migration flows	Tax Year 2022
Census / FRED Population	Annual population estimates for Hamilton County	2019–2024
BLS Consumer Price Index	National and Midwest CPI for inflation analysis	2019–2024
SEA 1 / IC 6-3.6	Legislative text of the Local Income Tax overhaul	2025
SB 1 / IC 6-1.1	Property tax reform provisions (deductions, credits, MLGQ freeze)	2025
Tax Revenue Knowledge Base	Institutional analysis of property tax, LIT, taxing units, and strategic decisions	March 2026

Methodology Notes

2027 Levy Projections: Calculated as 2026 certified levy \times 1.04 (maximum MLGQ). Actual levies may be lower if units do not maximize growth. Uncontrolled levies (debt service, referendums) not separately projected.

Municipal LIT Revenue Estimates: Based on population-proportional allocation of Hamilton County's \$26.3B total AGI. Actual city-level AGI will vary based on income composition. ZIP code-level IRS SOI data confirms that income is not evenly distributed — Carmel and Fishers ZIPs have higher average AGI than county average.

Per-Capita Purchasing Power Calculation: $[(1.04^5) / (1.227 \times 1.123)] - 1 =$ approximately -14% . This represents the decline in real, per-capita levy value when accounting for both inflation and population growth over five years.

Circuit Breaker Losses: From DLGF 2025 Circuit Breaker Report for Hamilton County. These represent revenue legally certified but uncollectable due to Article 10, Section 1 of the Indiana Constitution.

All data files available in the Hamilton County Data Hub: [Federal-Data/DLGF-Hamilton-County/](#), [Federal-Data/IRS-SOI-County-Income/](#), [Federal-Data/BLS-National/CPI/](#), [Federal-Data/Fed-Reserve/](#), [Tax-Revenue-Knowledge-Base/](#)

DATA-DRIVEN DECISIONS FOR HAMILTON COUNTY

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Prepared by the Hamilton County Data Hub