RANDOLPH COUNTY PUBLIC / TAXPAYER GUIDE

Property Taxes: What They Pay For, Why They Matter, and What Happens If They Go Away

This is a plain-language Indiana and Randolph County explanation of the services, funding choices, and trade-offs behind the property-tax debate.

Purpose

For homeowners, voters, taxpayers, civic groups, and community leaders who want enough factual information to evaluate property-tax reform or repeal proposals for themselves.

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Indiana-specific. Source-based. Designed for independent verification.

The central point

Abolishing the property tax does not abolish the cost of local government. If communities keep the same services, the cost must be paid through another tax, a fee, a state distribution, spending reductions, or some combination of those choices.

Why Property Taxes Exist

Property taxes are one of the primary ways local governments pay for services that must be available every day. Indiana DLGF identifies property taxes as a major revenue source for counties, cities and towns, townships, libraries, fire districts, and other local governmental units. [2]

The International Association of Assessing Officers (IAAO) similarly explains that property taxes help support schools, public safety, roads, libraries, parks, recreation, and other community infrastructure. IAAO emphasizes that the benefit is broader than a single service used by a single taxpayer on a particular day. [1]

> *"Property taxes fund essential local services we rely on every day: schools, police, fire departments, roads, parks, libraries, and more."*
>
> **IAAO, Why Property Taxes Matter toolkit [1]**

Think of It as a Community Services Funding System

Most public services cannot wait until an individual resident decides to use them. A fire department must have trained personnel, equipment, communications, and a station before a fire occurs. Roads must be maintained before an ambulance, school bus, employee, or customer needs them. Police protection, courts, emergency communications, drainage, libraries, and public infrastructure all require continuing capacity.

That is why property taxes are not best understood as a fee for owning a home. They are one part of the financing system used to maintain shared local services and infrastructure.

- Public safety: police, sheriff, fire protection, emergency communications, and related facilities.
- Infrastructure: roads, bridges, streets, public buildings, drainage, and capital maintenance.
- Community services: libraries, parks, recreation, and other locally determined services.
- Schools: in Indiana, local property taxes are especially important for school operations outside the state-funded Education Fund, including transportation, capital projects, bus replacement, debt service, and voter-approved referenda. [5]

Indiana School Funding: An Important Clarification

National discussions often say that property taxes fund public schools. That is broadly true, but Indiana has a more specific structure. Since 2009, the State has funded the school Education Fund. Local property taxes are not the basic source for education-related operating expenses except for voter-approved referendum funding. Property taxes still support important local school obligations such as transportation, capital projects, bus replacement, debt service, and referendum levies. [5] [6]

What this means

Eliminating property taxes in Indiana would not mean that classroom education immediately loses every dollar. It would, however, require a replacement method for major local school expenses and existing obligations that are currently property-tax supported.

Who Determines the Assessment - and Who Determines the Tax?

The assessor determines property value under Indiana law and assessment standards. The assessor does not adopt the local budget, choose how much a school, city, county, or other unit will spend, or set the final property-tax rate. Elected and appointed fiscal bodies adopt budgets and levies, while DLGF reviews and certifies rates and levies within Indiana's statutory framework. [2]

Function	Primary responsibility	Plain-language meaning
Assess property	County/township assessing officials under state law	Determine the taxable value base; do not decide the governmental spending level.
Adopt budgets/levies	Local fiscal bodies and taxing units	Decide what services are funded and how much revenue is requested, subject to law.
Certify rates/levies	Indiana DLGF	Reviews and certifies local budgets, levies, and rates under state requirements.
Apply tax caps/credits	Indiana property-tax system	Limits eligible liability through constitutional circuit-breaker caps and statutory deductions/credits.

Indiana Property-Tax Caps

Indiana generally limits property-tax liability to 1% of gross assessed value for homesteads, 2% for other residential property and agricultural land, and 3% for other real and personal property, subject to statutory and voter-approved exceptions. [3]

A cap is not the same as a tax rate

The circuit-breaker cap limits qualifying tax liability. The tax rate is produced from the certified levies and the taxable assessed-value base within the taxing district.

Randolph County 2026: What the Certified Property-Tax Levy Supports

The 2026 Randolph County Budget Order lists approximately $37.14 million in certified property-tax levies across county government, townships, cities and towns, school corporations, and libraries. This is a levy figure - not the same thing as actual collections, an individual taxpayer's bill, or the exact amount that would be distributed under a replacement-tax proposal. [9]

Governmental category	2026 certified levy	Share of listed total
School corporations	$16,968,999	45.7%
Cities and towns	$9,915,312	26.7%
Randolph County government	$8,489,188	22.9%
Townships	$1,011,988	2.7%
Libraries	$752,869	2.0%
Total listed certified levy	**$37,138,356**	**100.0%**

Important distinction

A levy is the amount a taxing unit is authorized to raise through property taxation. Actual tax bills and collections are affected by assessed values, tax rates, deductions, exemptions, circuit-breaker credits, delinquency, and other factors. The table is a scale-of-revenue illustration, not a forecast of what any replacement tax would produce in Randolph County.

If Property Taxes Disappear, What Happens Next?

IAAO states that reducing or eliminating property taxes requires communities either to find replacement revenue or to reduce the services being supported. IAAO also identifies possible trade-offs such as higher reliance on sales or income taxes, service reductions, and less local control if local governments become more dependent on state-level funding. [1]

The practical question is therefore not simply, “Would you like your property-tax bill to disappear?” It is: “Which services should continue, what do they cost, and who should pay for them instead?”

Common Replacement Choices

Replacement	What changes	Possible advantage	Trade-off to examine
Sales tax / tax on services	Moves more burden toward consumption	Visitors and non-property owners can contribute	Collections can be more sensitive to economic cycles; burden changes by spending patterns.
Income tax	Moves more burden toward taxable earnings	More directly connected to income	Revenue changes with employment and wages; burden shifts toward earners.
User/service fees	Charges identifiable users for a service	Works well where use and cost can be measured	Poor fit for shared readiness services such as police, fire, roads, and courts; flat fees can be burdensome.
State replacement distribution	State collects revenue and sends funds to local units	Can create statewide formulas and equalization	Local governments become more dependent on state formulas, appropriations, and policy choices.
Service cuts / lower spending	Reduces the revenue that must be replaced	Can lower total governmental cost	Requires identifying which services, staffing, capital projects, or service levels will be reduced.

Research on local-government finance generally finds property-tax revenue more stable than sales-tax revenue across normal economic cycles, although no revenue source is perfectly stable. The choice is therefore a trade-off among stability, fairness, visibility, local control, and administrative complexity. [7]

What Was Proposed in Indiana in 2026?

Status as of August 21, 2026

House Bill 1288 was introduced in the 2026 Indiana General Assembly and referred to House Ways and Means. It did not become law and is inactive after adjournment. Its sponsor, **Rep. J.D. Prescott**, has publicly announced plans to reintroduce a revised property tax repeal and replacement proposal for the 2027 session.

HB 1288 proposed to end tangible-property assessment after December 31, 2026 and property taxes after December 31, 2027, abolish county and township assessor offices, and replace much of the lost local revenue through a state-administered sales and use tax on services with specified exemptions and a Local Revenue Sharing Fund. The Legislative Services Agency fiscal note estimated that the service-tax base could generate statewide revenue sufficient to replace aggregate net property-tax levies under its assumptions, but the bill also changed the distribution formula, TIF treatment, debt financing rules, school referendum mechanisms, and local administrative structure. [11] [12]

The sponsor has described the concept as a way to make taxation more predictable and transparent and to shift funding from property ownership toward consumption of services. Those are policy arguments offered in support of the proposal; they should be evaluated alongside the bill text, fiscal note, distributional effects, transition costs, and local-service implications. [13] [14]

Ten Questions Every Taxpayer Should Ask

1. How much property-tax revenue would disappear in my county, city, township, school corporation, and library?
2. Which existing services and debt obligations are currently paid from that revenue?
3. What exact tax, fee, or state distribution replaces the revenue?
4. Will my household pay less overall after considering the replacement tax or fees?
5. How does the proposal affect renters, retirees, farmers, workers, businesses, and low-income households differently?
6. How stable is the replacement revenue during a recession or a decline in consumer spending?
7. Who controls the replacement money - local elected officials or a state distribution formula? – *This is currently determined to be based on a state distribution formula.*
8. How are school transportation, capital projects, debt service, and referendum obligations handled?
9. What happens to existing bonds, TIF obligations, and long-term capital plans? – *Until they are paid off, they would continue to function as normal, then revert to the state distribution system.*
10. Could targeted relief solve the affordability problem with less disruption than full repeal?

Bottom Line

Property taxes are highly visible, and that visibility makes them a natural focus of taxpayer frustration. They are not above criticism. Assessments should be accurate and appealable; budgets should be transparent; elected officials should justify spending; and relief should be considered when tax burdens become unaffordable or inequitable.

But a sound debate separates the tax bill from the cost of the services behind it. If Indiana abolishes property taxes and keeps the services, the financial obligation moves somewhere else. ***An informed taxpayer should ask not only whether the property tax goes away, but what replaces it, who pays for the replacement, how much control remains local, and whether the new system performs better under real economic conditions.***

Sources and Research Notes

Sources are listed so readers can verify the underlying law, data, fiscal analysis, and policy research. Official Indiana sources are prioritized for statements about current Indiana law and government finance. Accessed August 21, 2026 unless otherwise noted.

[1] International Association of Assessing Officers (IAAO). Why Property Taxes Matter toolkit (including Property Tax FAQ, one-page handout, elevator pitches, and public communication materials). 2026. https://www.iaao.org/why-property-taxes-matter/ *The uploaded IAAO documents supplied for this project are components of this public toolkit.*

[2] Indiana Department of Local Government Finance (DLGF). Citizen's Guide to Property Tax. https://www.in.gov/dlgf/understanding-your-tax-bill/citizens-guide-to-property-tax/

[3] Indiana Department of Local Government Finance (DLGF). Tax Bill 101. https://www.in.gov/dlgf/understanding-your-tax-bill/tax-bill-101/

[4] Indiana Department of Local Government Finance (DLGF). Property Tax Terms. https://www.in.gov/dlgf/understanding-your-tax-bill/property-tax-terms/

[5] Indiana Department of Education. Digest of Public School Finance in Indiana, 2023-2025. https://www.in.gov/doe/files/Public-School-Digest-2023-2025.pdf

[6] Indiana State Board of Accounts. Schools - Uniform Compliance Guidelines and Fund Guidance. https://www.in.gov/sboa/library/unit-specific-uniform-compliance-guidelines/schools/

[7] Lincoln Institute of Land Policy. Analysis of Alternative Revenue Sources for Local Governments. https://www.lincolninst.edu/publications/conference-papers/analysis-alternative-revenue-sources-local-governments

[8] Indiana Department of Local Government Finance (DLGF). Randolph County - County Specific Information. https://www.in.gov/dlgf/county-specific-information/randolph/

[9] Indiana Department of Local Government Finance (DLGF). Randolph County 2026 Budget Order. January 15, 2026. https://www.in.gov/dlgf/files/2026-reports/2026-budget-orders/Randolph-260115-2026-Budget-Order.pdf *Certified property-tax levy amounts in this report are used for the Randolph County snapshots.*

[10] Indiana Department of Local Government Finance (DLGF). 2026 Certified Local Income Tax Report. https://www.in.gov/dlgf/files/2026-reports/251204-2026-Certified-Local-Income-Tax-Report.pdf

[11] Indiana General Assembly. House Bill 1288 (2026), Local government finance - bill details. https://iga.in.gov/legislative/2026/bills/house/1288/details

[12] Indiana Legislative Services Agency, Office of Fiscal and Management Analysis. Fiscal Impact Statement, House Bill 1288. January 4, 2026. https://legiscan.com/IN/supplement/HB1288/id/634203/Indiana-2026-HB1288-Fiscal_Note_1_Introduced.pdf *The fiscal note is an LSA document; this public mirror provides the downloadable copy used in this brief.*

[13] Indiana House Republicans. Prescott to reintroduce property tax repeal and replacement proposal, host public events across Indiana. June 12, 2026. https://www.indianahouserepublicans.com/news/press-releases/prescott-to-reintroduce-property-tax-repeal-and-replacement-proposal-host-public-events-across-indiana/

[14] Indiana House Republicans. Prescott announces additional public meetings on property tax reform proposal. July 29, 2026. https://www.indianahouserepublicans.com/news/press-releases/prescott-announces-additional-public-meetings-on-property-tax-reform-proposal/