



State Legislative Update

2025 Session Wrap-Up

2025 INDIANA GENERAL ASSEMBLY

General Legislative Information

- On Friday morning, April 25th, at approximately 1:40 a.m., the IN General Assembly closed out the 2025 “long” legislative session and adjourned Sine Die! The legislature finalized several key policy issues before those magic words were spoken, including pushing through a new two-year state budget, education regulation (House Enrolled Act 1002), narrowly approving a partisan school boards bill (Senate Enrolled Act 287), health care pricing and transparency legislation (House Enrolled Acts 1003 and 1004) and backed plans to eliminate two county courts – the original plan was 11 (House Enrolled Act 1144). It was a busy last day for sure!
- The focal points of the session included competing property tax relief proposals put forth by Governor Mike Braun, House Republicans, and Senate Republicans, figuring out how to fund state government and all of its agencies and programs over the next two years, numerous education initiatives, health care cost and transparency proposals, and energy legislation, to name a few.
- On the energy and utility fronts, we anticipated several bills of interest to be introduced and we were not disappointed. There were several consequential bills pertaining to the electric industry including incentives to manufacture and build Small Modular (nuclear) Reactors (SMRs), expedited regulatory procedures for electricity generation for large load customers (data centers, advanced manufacturing), siting for generation projects, regulatory processes for retiring or refueling existing coal facilities and last but not least, a measure dealing with communications providers seeking to attach their facilities to electric utility poles (IOU, REMC or municipal electrics). We kept a close eye on other areas of interest, as well, such as economic development, environment, and all things local government.
- Several interesting legislative proposals did not make it across the finish line. Some of those included measures to prohibit minors from using social media without parental permission. The Senate version passed, but the House took no action. A measure that would legalize online lottery and casino games – known as iGaming – passed one House committee but did not receive a hearing in the powerful Ways and Means Committee. Supporters of iGaming suggested it could bring in millions of dollars in revenue to the state, while opponents thought it could have a detrimental impact to in-person gaming at Indiana’s racetracks and casinos. Changes to municipal annexation once again were introduced this session, but as in the past several sessions, once it passed out of the Senate, it did not make it through the House. Much to the disappointment of many, legislation that would have made the persimmon Indiana’s state fruit died on the vine in House committee, as did the effort to make the Indiana bat the official state mammal.
- Of the 1,204 bills and 21 Joint Resolutions that were introduced this year, 337 (156 Senate bills, 2 Senate Joint Resolutions and 178 House bills and 1 House Joint



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Resolution) survived the first half of the session. About 255 bills and JRs made it through the second chamber.

- At the end of the 2025 legislative session, 244 bills and 3 joint resolutions survived the entire legislative process and have been sent to the Governor. That is about 20% of what was introduced!


Key Legislation of General Interest

- **House Enrolled Act 1001 – Biennial State Budget**

As usual, HEA 1001, the approximately \$45 Billion two-year state budget was the very last piece of legislation voted on by the IN General Assembly. It was approved by both chambers on party line votes. After a very grim financial forecast gave the legislature about \$2.4 Billion less to spend than originally anticipated, HEA 1001 went through the slicer and dicer and came out a bit thinner than it did after passing both the House and the Senate earlier in the session. In the end, fiscal leaders said it is a budget that “lives within our means.” K-12 education funding held steady at a 2% increase each year of the biennium. However, higher education took a bit of a haircut. The school voucher eligibility program expansion will be delayed until the 2026-2027 school year. To alleviate the number of cuts needed to balance the budget, leaders elected to raise the state’s cigarette and tobacco taxes. Altogether, the tax hike is expected to raise about \$810 million in additional revenue over the next two years. The cigarette tax would grow from 99.5 cents per pack to nearly \$3. Tobacco products would see a similar increase. The cigarette tax has not been increased for over 17 years. Local health department funding and economic development saw the some of the largest budget reductions.

- **Senate Enrolled Act 1 – Property Tax Relief**

SEA 1 is this session’s major property tax relief legislation that was approved and signed into law by Governor Braun on April 15th. Key provisions include a new homestead property tax credit for the lesser of 10% or \$300, on a final property tax bill, along with new deductions for homesteads, farmland, and other residential property. The legislation also includes certain limitations on general obligation debt and fire protection territory rates. As a method to replace revenue, SEA 1 includes the ability for cities and towns to adopt their own LIT rate instead of relying on the county and raises the county maximum LIT expenditure rate from 2.5% to 2.9%. All of these LIT changes will go into effect in 2028. The bill also raises the Business Personal Property Tax exemption to \$2M in 2026 and eliminates the 30% depreciation floor on all new equipment. With trailer language adopted in HEA 1427, the current exemption of \$80,000 will remain in place until then. It is projected that local units of government will lose revenue over the next three years per a fiscal analysis done by the Legislative Services Agency.



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- **House Enrolled Act 1427 – Department of Local Government and Finance Annual Legislation**

HEA 1427 is the annual DLGF bill that usually contains numerous provisions related to local governments, including finance and taxation matters. This year was no different as a number of items were included in the bill as the hours wound down. The CCR on this voluminous bill was one of the final reports approved. HEA 1427 includes a number of items related to various local government and taxation matters, pulling some language from other legislation that had been considered throughout the session. Of note, HEA 1427 provides for a reduction of the percentage of gross revenue to be paid to a unit of local government by a holder of a cable franchise. Additionally, HEA 1427 contains trailer language that makes changes to the already approved and signed by the Governor property tax relief legislation, SEA 1. This includes changes to the business personal property tax exemption and reinstates traditional veteran deductions that were previously in statute.

- **Senate Enrolled Act 43 – Study of Location of Gambling Operations**

In its original form, SEA 43 would have allowed for the transfer of a casino license from one location in the state to another and was a response to efforts to move the gaming license for one of Indiana's underperforming casinos located in southeast Indiana (Rising Sun) to a Fort Wayne suburb. As it passed out of the Senate in February, it required the Indiana Gaming Commission to contract with an independent, qualified gaming industry research firm to study and identify the top three regions in the state to which a person holding an owner's license for a riverboat casino could relocate the licensed owner's gaming operations. The results of the study would be presented to the State Budget Committee not later than October 1, 2025. That version passed the Senate 33-16. The House Public Policy Committee amended the bill and changed the study from three regions to two and the results from the independent study must be presented to the State Budget Committee by November 1, 2025. The House approved SEA 43 by a vote of 64-26. The Senate concurred with the House amendments by a vote of 37-11.

- **House Enrolled Act 1461 – Road Funding**

HEA 1461 deals with road funding for Indiana. Among the many provisions contained in HEA 1461 are increases to the maximum rate that Marion County may impose for the county wheel tax and county vehicle excise tax and specifies the purposes for which that revenue must be appropriated. Beginning in 2026, the bill lowers the percentage of funds distributed to counties, cities, and towns (local units) from the Motor Vehicle Highway Account (MVHA) that must be used for construction, reconstruction, and preservation of a local unit's highways if certain conditions related to pavement quality are satisfied. The bill allows the Indiana Department of Transportation (INDOT) to submit a request to the Federal Highway Administration (FHWA) for a waiver to toll lanes on interstate highways. It strikes language in provisions requiring the General Assembly to enact a statute before certain activities related to tolling may occur. The bill provides that money in the Local Road and Bridge Matching Grant Fund (Community Crossings Fund) must be allocated, transferred, and distributed for specified purposes.



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It specifies the timing of those allocations, transfers, and distributions. It also imposes conditions on the allocations, transfers, and distributions made from the Community Crossings Fund, including, in state fiscal years beginning after June 30, 2027, limitations on the ability of a local unit to apply for a grant in certain circumstances. Of particular note, HEA 1461 increases the speed limit on I-465 in Indianapolis from 55 mph to 65 mph.

- **House Enrolled Act 1134 – Executive Sessions**

HEA 1134 broadens the topics that may be discussed in an executive session of a state or local agency governing body. It allows a meeting in executive session for the following topics: 1) Employee health care options with respect to special exceptions to coverage; 2) Employee specific compensation or employment matters of individual employees (excluding general discussion of employee compensation during a budget process); 3) Employee handbook changes; 4) Review of negotiations on the performance of publicly bid contracts, when public knowledge may result in increased cost; and 5) Solicitation of contract proposals containing a bidder's proprietary information.

- **Senate Enrolled Act 516 – Economic Development**

SEA 516 addresses several economic development accountability and administrative matters. It establishes the Office of Entrepreneurship and Innovation which was a high priority of Governor Braun. The measure provides that before the Indiana Economic Development Corporation (IEDC) may purchase land in a county in excess of 100 acres whether acquired in one transaction or a series of transactions, the IEDC must first give notice, in writing, to the board of county commissioners of the county in which the land is located (and to the mayor of a city if the land is located within a city) not later than 30 days before the closing date for the purchase or purchases. SEA 516 also requires the IEDC to provide to the Budget Committee a copy of the notice being provided to the local unit in which certain land is being purchased. SEA 516 requires the Governor to appoint the President of the IEDC, who shall serve at the pleasure of the Governor and report to the Secretary of Commerce. Under current law, the Secretary of Commerce is the president of the IEDC. The bill provides that the IEDC and the local government in which an Innovation Development District (IDD) is designated must submit a report to the local fiscal body and the DLGF containing the IDD's activities and financial information by April 15th each year.

- **Senate Enrolled Act 472 – Cybersecurity**

SEA 472 requires political subdivisions, state agencies, school corporations, and state educational institutions (public entities), with the exception of certain hospitals and the Indianapolis Department of Public Utilities (department), to adopt, not later than December 31, 2027, a technology resources policy and a cybersecurity policy that meet certain requirements. It requires the office to develop standards and guidelines regarding cybersecurity for use by political subdivisions and state educational institutions and a uniform cybersecurity policy for use by state agencies. It requires the office to develop, in collaboration with the Department of Education a uniform policy governing



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the use of technology resources by the employees of school corporations and a uniform cybersecurity policy for use by school corporations. It requires a public entity to biennially submit to the Office the Cybersecurity policy adopted by the public entity and the office to establish a procedure for collecting and maintaining a record of submitted cybersecurity policies. In addition, the school corporations and political subdivisions would need to send the results of the assessment to the IOT if school corporations and political subdivisions engage a third party to conduct the cybersecurity policy assessment.

- **Senate Enrolled Act 26 – Signal Jamming**

SEA 26 provides that a person who knowingly or intentionally manufactures, offers for sale, imports, markets, sells, possesses, uses, or operates a signal jammer commits unlawful use of a signal jammer, a Level 6 felony. It provides that the offense is a Level 5 felony if a signal jammer is used to disrupt a component of a critical infrastructure facility or the communications of a public safety agency. This covers personal communications services, police radar, GPS, and wireless networking services. It also provides, for purposes of criminal statutes regarding offenses involving critical infrastructure, that a communications services facility includes wires and equipment used to provide communications service to a customer.


- **House Enrolled Act 1008 – Indiana-Illinois Boundary Adjustment Commission**

HEA 1008 made it across the finish line. This legislation establishes the Indiana-Illinois Boundary Commission that would explore the possibility of redrawing the state boundary and bringing those Illinois counties that have passed non-binding referenda to secede from that state. Keep in mind that Illinois also would have to agree to this and that is unlikely to happen. The bill was amended to add more commission members and require an initial meeting by September of this year.

Energy/Utility Legislation of Interest

- **Senate Enrolled Act 4 – Water Matters**

SEA 4 is a measure aimed at addressing concerns that have emerged over large water transfers as a result of the water needs associated with the LEAP industrial development project in Lebanon. SEA 4 addresses long-haul water pipeline construction and inter-basin water transfers. The legislation prohibits the construction of long-haul water pipelines without a certificate of public convenience and necessity (CPCN) from the IURC beginning July 1, 2025. It also defines long-haul water pipelines as newly constructed, continuous pipelines that can transport at least 10 million gallons of water/day to a destination at least 30 miles from the withdrawal source. Pipeline projects that return at least 50% of the water initially withdrawn are not included in the definition of a long-haul water pipeline and will not require a CPCN. The transfer, purchase, sale, or lease of a long-haul water pipeline will also not require a CPCN. A notice must be sent to the IURC for the transfer, sale, and leasing of a long-haul water pipeline. The bill also outlines



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information utilities must include in their application for a CPCN and the factors that must be considered for the commission's approval. Additionally, SEA 4 requires persons or entities to obtain a permit for inter-basin water transfers if they have the means to withdraw 100,000 or more gallons a day.

- **Senate Enrolled Act 178 – Natural Gas and Propane as Clean Energy Resources**
SEA 178 reclassifies natural gas and propane as “clean energy” or “green energy” just as wind energy, solar energy, photovoltaic cells and panels, hydropower, fuel cells, hydrogen, geothermal energy, and nuclear energy are defined for purposes of any state or federal program that provides funding or other incentives for clean or green energy initiatives or projects or any similarly designated initiatives or projects in Indiana. SEA 178 also specifies that the term clean or green energy includes natural gas and propane and does not affect other existing definitions set forth in the Indiana Code.
- **Senate Enrolled Act 422 – Advanced Transmission Technologies**
SEA 422 concerns advanced transmission technologies and their implementation by electric utilities that own and operate transmission or distribution systems in Indiana. It creates new provisions to define “advanced transmission technologies” as software or hardware that enhances the capacity, efficiency, reliability, or safety of electric transmission systems. Electric utilities must evaluate the use of and investment in these technologies in Integrated Resource Plans (IRP) filed after December 31, 2025, and again for assessments of their transmission and distribution systems in an IRP after December 31, 2029. The legislation also mandates the IURC to study and report on advanced technologies by including their impacts on utility services, costs, and the deployment processes. Furthermore, it expands the definition of “eligible transmission, distribution, and storage system improvements” to specifically include advanced transmission technologies among other modernization efforts. SEA 422 seeks to modernize Indiana’s electric transmission system, making it safer, more reliable, and more capable of meeting evolving demands through innovative technological solutions.
- **Senate Enrolled Act 423 – Small Modular Nuclear Reactor Program**
As it came out of the Senate, Senate Enrolled Act 423 contained provisions setting up a Small Modular (Nuclear) Reactor (SMR) pilot program that would allow up to two projects for the development of SMRs in Indiana. As it was amended in the House, the two-project cap was removed so that any interested developers could participate in an SMR project. It also addresses eligible project recovery of project development costs by allowing small modular nuclear reactor partnerships to recover 80% of project costs within a 3- year period, with 20% deferred until to the utilities’ next general rate case before the IURC.
- **Senate Enrolled Act 424 – Small Modular Nuclear Reactor Development Costs**
SEA 424 deals with Small Modular (Nuclear) Reactors (SMR) and the recovery of project development costs by utilities. SEA 424 authorizes a public utility to petition the IURC for approval to incur, before obtaining a CPCN, project development costs for the



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development of one or more SMRs. It sets forth what the IURC must consider in reviewing a public utility's petition to incur project development costs and it requires the IURC to issue a final order approving or denying the petition not later than 180 days after receiving the petition and the public utility's complete case in chief, subject to the IURC's right to extend the time for review if the public utility does not object to the extension. If a public utility receives approval to incur project development costs, the public utility may petition the IURC at any time before or during the development and construction of a SMR project for the approval of a rate schedule that periodically adjusts the public utility's rates and charges to provide for the timely recovery of those costs. Development costs that exceed best estimate costs may not be included in cost recovery unless the IURC finds that such costs are reasonable, necessary, and prudent. Development costs from cancelled or incomplete projects may be recovered but may not yield a return unless the IURC finds that cancelling a project was prudent. A return may also occur in cancelled or incomplete projects if the costs will be offset by factors which include but are not limited to US Department of Energy funding, cost reimbursements from a major customer whose request initiated the project, or if a return will be appropriate to avoid harm to the public utility and its customers.

- **Senate Enrolled Act 425 – Energy Production Zones**

SEA 425 provides that if an electric generation project owner is granted a CPCN by the IURC or if the IURC has declined jurisdiction over construction of a project, and if the project will be located on land with an existing generation facility (operational or not) of at least 80 MWs, or a former surface or underground mine, then the project owner is not required to apply for or receive a local permit, or any other land use or zoning approval, for construction of a facility, unless it is for a wind or commercial solar energy system.

- **Senate Enrolled Act 426 – Water Utilities**

SEA 426 seeks to accomplish several things in the water utility space, including encouraging water utility consolidation by enabling the IURC to authorize regulatory mechanisms that facilitate utility integration and investment in assets that would be outside of a general rate case resulting in a simpler process for utilities. It also addresses cost recovery for eligible water and wastewater infrastructure improvement projects. The bill also deals with dam regulations. SEA 426 includes water utilities within the scope of the same statute that subjects wastewater utilities that are not under IURC jurisdiction for rates and charges and that have been issued one or more enforcement orders by IDEM to a series of oversight actions by the IURC. This oversight includes rate review, rate regulation, and the initiation of a receivership proceeding.

- **Senate Enrolled Act 431 – Construction of Data Centers by Foreign Adversaries**

SEA 431 provides that after June 30, 2025, a company that is at least 50% owned by a foreign adversary as defined in federal law (China, Russia, North Korea, Iran) or that is headquartered in a country with a government that is a foreign adversary as defined in federal law may not construct or cause to be constructed a data center in Indiana



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unless the IURC and the Indiana Economic Development Corporation (IEDC) conduct a joint study of the anticipated electricity use of the prospective data center and certify to the Governor and the legislature that the electricity estimated to be used by the data center will be self-generated and will not affect the load supply of the RTO whose service territory includes Indiana. This legislation reflects concerns about energy security and foreign influence in energy infrastructure projects in Indiana.

- **Senate Enrolled Act 502 – Attachments to Utility Poles**

SEA 502 is important to municipal electric utilities as it concerns pole attachments and the deployment of high-speed broadband services in Indiana, especially targeting unserved, underserved, and rural areas. It is also driven by the \$868 million in federal Broadband Equity Access and Deployment (BEAD) funding that the state is receiving to accomplish that task. SEA 502 was the focus of much discussion the last few weeks of the session. As it passed out of the Senate, SEA 502 was simply a reporting bill that required attaching entities (communications providers) seeking to attach to an electric utility distribution pole (IOU, REMC or municipal) to report quarterly to the Indiana Broadband Office (IBO) certain information regarding attachment requests made during the reporting period. The bill also required the IBO to post the report on the IBO's website. As amended in the House, SEA 502 gives telecommunications providers — the attaching entities — and electric utilities that own 300-plus utility poles (IOUs, REMCs and/or municipals) a 60-day deadline to meet after a government broadband grant contract is executed by the communications provider and the IBO. The bill requires that a process management agreement be put in place between attaching entities and pole owners and if that is not finalized within four months after approval for federal BEAD funding, certain conditions come into effect. These include specific timelines for submission of pole attachment permits along with provisions for communication between the attaching entities and pole owners. Additionally, it mandates timely completion of make-ready work by pole owners, with stringent deadlines for application reviews and decisions. Importantly, the bill also contains mutual accountability provisions on both attaching entities and pole owners by allowing the IBO to set a "rapid response mediation process" when disputes arise. Significant fining provisions were pulled back from an earlier proposed amendment. The IBO would also be required to publish broadband grant contracts online shortly after they are executed by attaching entities and the IBO. The provisions in this bill sunset July 1, 2030.

- **House Enrolled Act 1007 – Energy Generation Resources**

Likely one of the most consequential pieces of energy legislation considered this session, HEA 1007 creates a 20% tax credit for the manufacture of Small Modular Nuclear Reactors (SMRs) in Indiana. The measure establishes rules for shutting down coal-fired power plants (at least 125 MWs) including requirements that the utility must replace it with equal or greater capacity and that the closure must be economically beneficial. HEA 1007 also facilitates faster approval processes for generation resource plans by creating an expedited CPCN process to address the energy needs of large load customers (i.e. data centers, advanced manufacturing) and provides that those large

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load customers will assume 80% of the project cost risk. Finally, the HEA 1007 requires the IN Economic Development Corporation (IEDC) to notify energy utilities within 15 days if they have an economic development prospect that would require new or increased demand of at least 20 MWs.

