New Indiana Laws Impact Fire Governance, Funding, and Volunteer Firefighter Allowance

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In early 2026, Governor Mike Braun signed into law House Enrolled Act 1048-2026 (HEA 1048) and House Enrolled Act 1210-2026 (HEA 1210).

These laws include provisions affecting fire protection districts, fire protection territories, and volunteer fire departments. The changes primarily address governance requirements and impose new limitations on funding for fire protection services.

Who Is Impacted?

These new laws impact entities involved in providing fire protection services, including:

- Fire protection districts;
- Fire protection territories, including participating units such as counties, municipalities, and townships; and
- Volunteer fire departments and volunteer firefighters.

Changes Affecting Fire Protection Districts

Changes to Fire District Leadership

Effective July 1, 2026, individuals serving as trustees of a fire protection district must reside within the district.

Any trustee serving on a fire protection district board who does not reside in the district will have their term automatically terminated on December 31, 2026.

Alternative Board Structure

In counties with populations between 350,000 and 400,000,[1] HEA 1210 creates a limited alternative option for establishing a nine-member board of trustees in certain fire protection districts where

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the default board structure would otherwise exceed nine members.

The board must consist of six members appointed by the county commissioners and three members appointed by the county council.

Property Tax Rate Caps for Fire Districts and Territories

New Limits on Property Taxes

For fire protection districts established after December 31, 2025, property tax rates are capped at $0.40 per $100 of assessed property value. This cap applies to all levy-supported funds, including operating funds, cumulative fire funds, and debt service funds.

For fire protection territories, HEA 1210 imposes or modifies rate caps that vary depending on when the territory was established and whether its boundaries have changed.

For fire protection territories established after December 31, 2024, the total tax rate may not exceed $0.40 per $100 of assessed property value, subject to the following phase-in:

- For Pay-2026 taxes, the $0.40 cap applies to the operating fund, equipment replacement fund, and any debt service fund;
- For Pay-2027 taxes, the $0.40 cap applies only to the operating fund; and
- Beginning with Pay-2028 taxes, the $0.40 cap applies to the operating fund and the equipment replacement fund combined.

Existing fire protection territories that change boundaries after December 31, 2025, are also subject to a $0.40 cap on the operating fund tax rate.

Changes to Equipment Funding

Fire protection territories may continue to establish equipment replacement funds for the purchase of fire trucks, equipment, and

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related capital needs. However, HEA 1210 clarifies levies imposed for equipment replacement funds are included within the territory's maximum levy calculation. As a result, the equipment replacement fund may no longer be imposed in addition to the fire protection services rate; instead, both must fit within the combined limit of $0.40 per $100 of assessed property value.

This change does not alter the treatment of these levies under Indiana's property tax caps. Because the equipment replacement fund is supported by an ad valorem property tax levy, it is included in the taxpayer's total property tax liability. HEA 1210 limits total fire territory tax rates at the outset, reducing the likelihood that tax bills exceed those caps.

Volunteer Firefighter Allowance Increase

The minimum annual clothing and vehicle allowance for volunteer firefighters will increase from $100 to $250, effective July 1, 2026. These amounts are paid directly to volunteer firefighters by the unit served and are intended to help offset personal expenses for volunteers.

What the New Laws Mean

These new laws will affect both leadership and funding for fire services.

Fire protection districts should:

- Confirm board members live within the district, and if not, inform the county commissioners and suggest candidates to fill any upcoming vacancies;
- Prepare for possible leadership changes by the end of 2026;
- Evaluate governance structure; and
- Plan around updated property tax limits.

Fire territories should:

- Expect less flexibility in raising revenue; and
- Plan budgets under the new property tax thresholds.

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Volunteer departments should:

- Ensure future budgets reflect the higher clothing and vehicle allowance payments.

For more information on these new requirements, please contact the author or any attorney with FBT Gibbons' **Government Services Practice Group**.

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[1] According to the 2020 U.S. Census, Allen County is the only county in Indiana with a population between 350,000 and 400,000, with a population of 385,410.

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