

HOUSE BILL No. 1024

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1.

Synopsis: Property tax relief. Permits counties, cities, and towns (including Marion County) to establish a neighborhood enhancement property tax relief program (program) to provide an assessed value deduction for longtime owner-occupants of homesteads having an assessed value of less than \$150,000 in certain designated areas. Authorizes the redevelopment commission (or the metropolitan development commission in the case of Marion County) to identify the areas for purposes of the program based on specified conditions. Requires the county auditor to make the deduction for the qualifying property under the program without the need for the owner to apply for the deduction. Provides a process by which an owner may opt out of the program, in which case the deduction would not apply. Provides a penalty for wrongly receiving the deduction that is the same as the penalty for wrongly receiving the homestead standard deduction.

Effective: July 1, 2021.

Pryor

January 4, 2021, read first time and referred to Committee on Ways and Means.



First Regular Session of the 122nd General Assembly (2021)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2020 Regular Session of the General Assembly.

HOUSE BILL No. 1024

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-12-17.8, AS AMENDED BY P.L.257-2019,
2 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2021]: Sec. 17.8. (a) An individual who receives a deduction
4 provided under section 1, 9, 11, 13, 14, 16, 17.4 (before its expiration),
5 or 37 of this chapter **or IC 6-1.1-48** in a particular year and who
6 remains eligible for the deduction in the following year is not required
7 to file a statement to apply for the deduction in the following year.
8 However, for purposes of a deduction under section 37 of this chapter,
9 the county auditor may, in the county auditor's discretion, terminate the
10 deduction for assessment dates after January 15, 2012, if the individual
11 does not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired
12 January 1, 2015), as determined by the county auditor, before January
13 1, 2013. Before the county auditor terminates the deduction because
14 the taxpayer claiming the deduction did not comply with the
15 requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before
16 January 1, 2013, the county auditor shall mail notice of the proposed
17 termination of the deduction to:



1 (1) the last known address of each person liable for any property
 2 taxes or special assessment, as shown on the tax duplicate or
 3 special assessment records; or

4 (2) the last known address of the most recent owner shown in the
 5 transfer book.

6 (b) An individual who receives a deduction provided under section
 7 1, 9, 11, 13, 14, 16, or 17.4 (before its expiration) of this chapter in a
 8 particular year and who becomes ineligible for the deduction in the
 9 following year shall notify the auditor of the county in which the real
 10 property, mobile home, or manufactured home for which the individual
 11 claims the deduction is located of the individual's ineligibility in the
 12 year in which the individual becomes ineligible. An individual who
 13 becomes ineligible for a deduction under section 37 of this chapter
 14 shall notify the county auditor of the county in which the property is
 15 located in conformity with section 37 of this chapter.

16 (c) The auditor of each county shall, in a particular year, apply a
 17 deduction provided under section 1, 9, 11, 13, 14, 16, 17.4 (before its
 18 expiration), or 37 of this chapter **or IC 6-1.1-48** to each individual who
 19 received the deduction in the preceding year unless the auditor
 20 determines that the individual is no longer eligible for the deduction.

21 (d) An individual who receives a deduction provided under section
 22 1, 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter **or**
 23 **IC 6-1.1-48** for property that is jointly held with another owner in a
 24 particular year and remains eligible for the deduction in the following
 25 year is not required to file a statement to reapply for the deduction
 26 following the removal of the joint owner if:

27 (1) the individual is the sole owner of the property following the
 28 death of the individual's spouse; or

29 (2) the individual is the sole owner of the property following the
 30 death of a joint owner who was not the individual's spouse.

31 If a county auditor terminates a deduction under section 9 of this
 32 chapter, a deduction under section 37 of this chapter, or a credit under
 33 IC 6-1.1-20.6-8.5 after June 30, 2017, and before May 1, 2019, because
 34 the taxpayer claiming the deduction or credit did not comply with a
 35 requirement added to this subsection by P.L.255-2017 to reapply for
 36 the deduction or credit, the county auditor shall reinstate the deduction
 37 or credit if the taxpayer provides proof that the taxpayer is eligible for
 38 the deduction or credit and is not claiming the deduction or credit for
 39 any other property.

40 (e) A trust entitled to a deduction under section 9, 11, 13, 14, 16,
 41 17.4 (before its expiration), or 37 of this chapter for real property
 42 owned by the trust and occupied by an individual in accordance with



1 section 17.9 of this chapter is not required to file a statement to apply
2 for the deduction, if:

- 3 (1) the individual who occupies the real property receives a
4 deduction provided under section 9, 11, 13, 14, 16, 17.4 (before
5 its expiration), or 37 of this chapter in a particular year; and
6 (2) the trust remains eligible for the deduction in the following
7 year.

8 However, for purposes of a deduction under section 37 of this chapter,
9 the individuals that qualify the trust for a deduction must comply with
10 the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015)
11 before January 1, 2013.

12 (f) A cooperative housing corporation (as defined in 26 U.S.C. 216)
13 that is entitled to a deduction under section 37 of this chapter in the
14 immediately preceding calendar year for a homestead (as defined in
15 section 37 of this chapter) is not required to file a statement to apply for
16 the deduction for the current calendar year if the cooperative housing
17 corporation remains eligible for the deduction for the current calendar
18 year. However, the county auditor may, in the county auditor's
19 discretion, terminate the deduction for assessment dates after January
20 15, 2012, if the individual does not comply with the requirement in
21 IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the
22 county auditor, before January 1, 2013. Before the county auditor
23 terminates a deduction because the taxpayer claiming the deduction did
24 not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired
25 January 1, 2015) before January 1, 2013, the county auditor shall mail
26 notice of the proposed termination of the deduction to:

- 27 (1) the last known address of each person liable for any property
28 taxes or special assessment, as shown on the tax duplicate or
29 special assessment records; or
30 (2) the last known address of the most recent owner shown in the
31 transfer book.

32 (g) An individual who:

- 33 (1) was eligible for a homestead credit under IC 6-1.1-20.9
34 (repealed) for property taxes imposed for the March 1, 2007, or
35 January 15, 2008, assessment date; or
36 (2) would have been eligible for a homestead credit under
37 IC 6-1.1-20.9 (repealed) for property taxes imposed for the March
38 1, 2008, or January 15, 2009, assessment date if IC 6-1.1-20.9 had
39 not been repealed;

40 is not required to file a statement to apply for a deduction under section
41 37 of this chapter if the individual remains eligible for the deduction in
42 the current year. An individual who filed for a homestead credit under



1 IC 6-1.1-20.9 (repealed) for an assessment date after March 1, 2007 (if
 2 the property is real property), or after January 1, 2008 (if the property
 3 is personal property), shall be treated as an individual who has filed for
 4 a deduction under section 37 of this chapter. However, the county
 5 auditor may, in the county auditor's discretion, terminate the deduction
 6 for assessment dates after January 15, 2012, if the individual does not
 7 comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January
 8 1, 2015), as determined by the county auditor, before January 1, 2013.
 9 Before the county auditor terminates the deduction because the
 10 taxpayer claiming the deduction did not comply with the requirement
 11 in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1,
 12 2013, the county auditor shall mail notice of the proposed termination
 13 of the deduction to the last known address of each person liable for any
 14 property taxes or special assessment, as shown on the tax duplicate or
 15 special assessment records, or to the last known address of the most
 16 recent owner shown in the transfer book.

17 (h) If a county auditor terminates a deduction because the taxpayer
 18 claiming the deduction did not comply with the requirement in
 19 IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013,
 20 the county auditor shall reinstate the deduction if the taxpayer provides
 21 proof that the taxpayer is eligible for the deduction and is not claiming
 22 the deduction for any other property.

23 (i) A taxpayer described in section 37(k) of this chapter is not
 24 required to file a statement to apply for the deduction provided by
 25 section 37 of this chapter for a calendar year beginning after December
 26 31, 2008, if the property owned by the taxpayer remains eligible for the
 27 deduction for that calendar year. However, the county auditor may
 28 terminate the deduction for assessment dates after January 15, 2012, if
 29 the individual residing on the property owned by the taxpayer does not
 30 comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January
 31 1, 2015), as determined by the county auditor, before January 1, 2013.
 32 Before the county auditor terminates a deduction because the
 33 individual residing on the property did not comply with the
 34 requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before
 35 January 1, 2013, the county auditor shall mail notice of the proposed
 36 termination of the deduction to:

- 37 (1) the last known address of each person liable for any property
 38 taxes or special assessment, as shown on the tax duplicate or
 39 special assessment records; or
- 40 (2) the last known address of the most recent owner shown in the
 41 transfer book.

42 SECTION 2. IC 6-1.1-48 IS ADDED TO THE INDIANA CODE



1 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2021]:

3 **Chapter 48. Neighborhood Enhancement Property Tax Relief**
4 **Program**

5 **Sec. 1. As used in this chapter, "designated area" refers to a**
6 **geographic territory identified as a designated area by a**
7 **redevelopment commission under section 7 of this chapter and**
8 **established as a designated area in a neighborhood enhancement**
9 **property tax relief program adopted under section 8 of this**
10 **chapter.**

11 **Sec. 2. As used in this chapter, "enhancement base value" means**
12 **the net assessed value for a qualified homestead on the assessment**
13 **date immediately preceding the assessment date to which the**
14 **deduction under this chapter is first being applied to that qualified**
15 **homestead.**

16 **Sec. 3. As used in this chapter, "homestead" refers to a**
17 **homestead that has been granted a standard deduction under**
18 **IC 6-1.1-12-37. However, the term does not include a residence that**
19 **an individual is entitled to occupy as a tenant-stockholder (as**
20 **defined in 26 U.S.C. 216) of a cooperative housing corporation (as**
21 **defined in 26 U.S.C. 216).**

22 **Sec. 4. As used in this chapter, "longtime owner-occupant"**
23 **means any individual who has, or joint property owners who all**
24 **have, owned and occupied the same homestead as a principal**
25 **residence and domicile for at least the immediately preceding ten**
26 **(10) annual assessment dates before the assessment date to which**
27 **the neighborhood enhancement property tax relief program first**
28 **applies.**

29 **Sec. 5. As used in this chapter, "qualified homestead" means a**
30 **homestead that:**

- 31 (1) is located in a designated area;
32 (2) is owned by a longtime owner-occupant; and
33 (3) has a gross assessed value of not more than one hundred
34 fifty thousand dollars (\$150,000) on the assessment date of the
35 year before the year the neighborhood enhancement property
36 tax relief program first applies.

37 **Sec. 6. As used in this chapter, "redevelopment commission"**
38 **refers to:**

- 39 (1) a redevelopment commission established under
40 IC 36-7-14-3 by a county, city, or town; or
41 (2) the metropolitan development commission acting as the
42 redevelopment commission of a consolidated city under



1 **IC 36-7-15.1.**

2 **Sec. 7. (a)** A redevelopment commission may identify an area in
3 a county, city, or town within the jurisdiction of the redevelopment
4 commission as a designated area for purposes of this chapter in
5 consultation with the county auditor, the county treasurer, and the
6 county assessor.

7 **(b)** Except as provided in section 9 of this chapter, a designated
8 area must meet the following conditions:

9 **(1)** The area must be a long established residential area with
10 deteriorated, vacant, or abandoned residences and properties
11 where homestead values are:

12 **(A)** currently rising; or

13 **(B)** expected to rise;

14 markedly as a consequence of the refurbishing or renovating
15 of deteriorating residences in the area or the construction of
16 new residences in the area.

17 **(2)** The area must include at least five (5) homesteads.

18 **(3)** All of the areas designated by the redevelopment
19 commission in the county, city, or town (whichever is
20 applicable) in the aggregate may not exceed ten percent
21 (10%) of the geographic territory of the county, city, or town.

22 **(c)** If a redevelopment commission determines that an area
23 meets the conditions in subsection (b), the redevelopment
24 commission may adopt written findings identifying the area as a
25 designated area for purposes of this chapter, or modifying the
26 boundaries of an existing designated area under this chapter,
27 subject to subsection (d). Any written findings adopted by a
28 redevelopment commission must include:

29 **(1)** the geographic boundaries of the designated area;

30 **(2)** identification of each qualified homestead in the
31 designated area on the date of the written findings; and

32 **(3)** a description of the factors supporting the required
33 conditions for designating the area.

34 A redevelopment commission must provide a certified copy of any
35 written findings adopted under this subsection to the applicable
36 adopting body under section 8 of this chapter not less than five (5)
37 days after the findings are adopted.

38 **(d)** A redevelopment commission may not:

39 **(1)** adopt findings to reduce or expand the boundaries of an
40 existing designated area in a manner that would exclude any
41 qualified homestead in the existing designated area from the
42 boundaries of the modified designated area; or



- 1 (2) adopt findings to expand the boundaries of an existing
2 designated area unless the designated area as expanded meets
3 the conditions in subsection (b).
- 4 Sec. 8. (a) The city-county council in a county having a
5 consolidated city may, after receiving written findings identifying
6 a designated area under section 7 of this chapter, adopt an
7 ordinance or a resolution to establish a neighborhood enhancement
8 property tax relief program providing for a real property assessed
9 value deduction to owners of qualified homesteads in the
10 designated area. The designated area may only be within the
11 territorial jurisdiction of the city. A designated area may be
12 subsequently modified as set forth in subsection (c).
- 13 (b) A board of county commissioners in a county not having a
14 consolidated city, a county council, a city common council, or a
15 town council may, after receiving written findings identifying a
16 designated area under section 7 of this chapter, adopt an ordinance
17 or a resolution to establish a neighborhood enhancement property
18 tax relief program providing for a real property assessed value
19 deduction to owners of qualified homesteads in the designated
20 area. A board of county commissioners or a county council may
21 designate an area only within the unincorporated area of the
22 county. For a city or town, the designated area may only be within
23 the territorial jurisdiction of the city or town. A designated area
24 may be subsequently modified as set forth in subsection (c).
- 25 (c) If, after establishing a designated area under subsection (a)
26 or (b), the adopting body receives written findings for a
27 modification of the designated area under section 7 of this chapter,
28 the adopting body may modify the existing designated area to
29 either expand or reduce the geographic boundaries of the
30 designated area using the same procedures and subject to the same
31 restrictions that apply to the establishment of a designated area
32 under this section.
- 33 (d) Before adopting an ordinance or a resolution establishing or
34 modifying a neighborhood enhancement property tax relief
35 program and a designated area under this section, the adopting
36 body shall conduct a public hearing in compliance with IC 5-14-1.5
37 on the proposed ordinance or resolution.
- 38 (e) The ordinance or resolution establishing or modifying a
39 neighborhood enhancement property tax relief program under this
40 section must include a boundary description of each designated
41 area in which a homestead is eligible to be a qualified homestead.
- 42 (f) Notwithstanding any other provision of this chapter, an



1 adopting body may not rescind a neighborhood enhancement
 2 property tax relief program establishing a designated area under
 3 this section as long as one (1) or more qualifying homesteads that
 4 are receiving the deduction under this chapter remain in that
 5 designated area.

6 **Sec. 9.** An adopting body under section 8 of this chapter may
 7 adopt an ordinance or resolution authorizing a redevelopment
 8 commission to apply additional requirements for an owner or
 9 homestead to qualify for purposes of designating an area under
 10 section 7 of this chapter. The additional requirements must be the
 11 same for all designated areas. The ordinance or resolution may
 12 include the following:

13 (1) A maximum geographic territory for all designated areas
 14 that is less than the maximum area otherwise specified in
 15 section 7 of this chapter.

16 (2) A maximum net assessed value for a homestead to qualify
 17 under the program that is less than the maximum assessed
 18 value otherwise specified in section 5 of this chapter.

19 (3) A minimum number of homesteads that must be located in
 20 an area that is greater than the minimum number of
 21 homesteads otherwise specified in section 7 of this chapter.

22 (4) Allowing an individual to be considered a longtime
 23 owner-occupant who did not own the homestead for the ten
 24 (10) annual assessment dates immediately preceding the
 25 assessment date to which the program first applies but who
 26 owned the homestead for the ten (10) annual assessment dates
 27 immediately preceding the assessment date the deduction
 28 would first apply to that owner. Notwithstanding section 10 of
 29 this chapter, a condition adopted under this subdivision may
 30 include an application requirement for such an individual to
 31 qualify for the deduction.

32 (5) Any other provision not inconsistent with this chapter.

33 However, a program may not include the income of the owner as
 34 a condition for having a qualified homestead.

35 **Sec. 10. (a)** The deduction under this chapter first applies to the
 36 assessment date in the year the homestead becomes a qualified
 37 homestead under the program for property taxes first due and
 38 payable in the following year.

39 (b) The amount of the deduction for a qualified homestead is
 40 determined as follows:

41 **STEP ONE: Determine:**

42 (A) the net assessed value for the qualified homestead for



1 the assessment date before applying the deduction for that
 2 assessment date; minus

3 **(B) that part of the assessed value that is:**

4 **(i) attributable to additions to the qualified homestead or**
 5 **parcel; and**

6 **(ii) being included in the gross assessed value of the**
 7 **qualified homestead since the assessment date that was**
 8 **used to determine the enhancement base value.**

9 **STEP TWO: Determine:**

10 **(A) the enhancement base value for the qualified**
 11 **homestead; multiplied by**

12 **(B) the sum of:**

13 **(i) one hundred three percent (103%); plus**

14 **(ii) three percent (3%) for each year after the first year**
 15 **the deduction is applied.**

16 **STEP THREE: Determine the greater of zero (0) or the**
 17 **following:**

18 **(A) the STEP ONE amount; minus**

19 **(B) the STEP TWO amount.**

20 **Sec. 11. (a) If a neighborhood enhancement property tax relief**
 21 **program is established under this chapter, the county assessor shall**
 22 **provide to the county auditor a list by parcel number of the**
 23 **qualified homesteads in each designated area, and the county**
 24 **auditor shall send a letter by certified mail to the owner of each**
 25 **qualified homestead notifying the owner of the deduction under the**
 26 **program and advising the owner of the following:**

27 **(1) The deduction will be applied to the owner's qualified**
 28 **homestead for the next following assessment date without the**
 29 **need for the owner to submit an application for the deduction,**
 30 **if applicable.**

31 **(2) The owner may opt out of the deduction, in which case the**
 32 **deduction will not apply to the owner's qualified homestead**
 33 **for any assessment date.**

34 **(3) If the owner wishes to opt out of the deduction, the owner**
 35 **must return the letter to the county auditor and signify as**
 36 **provided on the letter that the owner is declining the**
 37 **deduction. The letter must be returned to the county auditor**
 38 **not later than thirty (30) days from the mailing date of the**
 39 **letter.**

40 **The redevelopment commission that identified the designated area**
 41 **shall reimburse the county auditor for the cost of the certified**
 42 **mailings of the letters under this subsection.**



1 (b) The county auditor shall record and make the deduction for
2 the person qualifying for the deduction under this chapter, unless
3 the person has opted out of the deduction under subsection (a).

4 (c) Except as provided in section 9 of this chapter, an owner of
5 a qualified homestead is not required to apply to receive the
6 deduction provided by the program.

7 (d) Each qualified homestead is eligible for only one (1)
8 deduction under this chapter regardless of the number of owners
9 of the homestead. If the ownership of a qualified homestead
10 changes, the county auditor shall remove the designation as a
11 qualified homestead and remove the deduction effective on the
12 assessment date in that year.

13 (e) The county auditor shall, in a particular year, apply the
14 deduction provided under this chapter to the qualified homestead
15 that received the deduction in the preceding year unless the county
16 auditor determines that the homestead is no longer a qualified
17 homestead.

18 Sec. 12. (a) If an individual who is receiving the deduction
19 provided by this chapter:

20 (1) knows or should have known that the individual does not
21 qualify for the deduction under this chapter; or

22 (2) changes the use of the individual's property so that part or
23 all of the property no longer qualifies for the deduction under
24 this chapter;

25 the individual must file a certified statement with the county
26 auditor, notifying the county auditor that subdivision (1) or (2)
27 applies, not more than sixty (60) days after the date subdivision (1)
28 or (2) first applies.

29 (b) An individual who fails to file the statement required by this
30 section is liable for any additional taxes that would have been due
31 on the property if the individual had filed the statement as
32 required by this section, plus a civil penalty equal to ten percent
33 (10%) of the additional taxes due. The additional taxes owed plus
34 the civil penalty become part of the property tax liability for
35 purposes of this article.

36 (c) The civil penalty imposed under this section is in addition to
37 any interest and penalties for a delinquent payment that might
38 otherwise be due. One percent (1%) of the total civil penalty
39 collected under this section shall be transferred by the county to
40 the department of local government finance for use by the
41 department in establishing and maintaining the homestead
42 property data base under IC 6-1.1-12-37(i) and, to the extent there



1 is money remaining, for any other purposes of the department.
2 **Sec. 13. The department of local government finance may adopt**
3 **rules or guidelines concerning the deduction under this chapter,**
4 **including the opt out provision in section 11(a) of this chapter, not**
5 **later than July 1, 2022.**

