

# HOUSE BILL No. 1026

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-46; IC 36-3-3-10.

**Synopsis:** Property tax relief. Permits a board of county commissioners, a county council, a city-county council, or a city common council to establish a neighborhood enhancement property tax relief program. Specifies that under the program a property tax assessed value deduction is provided that reduces real property taxes on some longtime owner-occupants of residences. Provides that the residences must be located in designated distressed areas where real property values have risen markedly as a consequence of the renovation of other residences or the construction of new residences in the area. Specifies that the deduction is 90% of the increased value. Permits the adopting body to include a recapture requirement when the homestead is sold.

**Effective:** July 1, 2016.

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January 5, 2016, read first time and referred to Committee on Ways and Means.

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Second Regular Session of the 119th General Assembly (2016)

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 2015 Regular Session of the General Assembly.

# HOUSE BILL No. 1026

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 6-1.1-46 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2016]:  
4 **Chapter 46. Neighborhood Enhancement Property Tax Relief**  
5 **Program**  
6 **Sec. 1. As used in this chapter, "designated area" refers to the**  
7 **geographic territory designated under section 7 of this chapter.**  
8 **Sec. 2. As used in this chapter, "enhancement increase" means**  
9 **that part of the increase in the assessed value of qualified**  
10 **homestead property as a consequence of the refurbishing or**  
11 **renovating of other residences in the designated area or the**  
12 **construction of new residences in the designated area since the year**  
13 **before the homestead first qualified under the program. However,**  
14 **the enhancement increase does not include increases in assessed**  
15 **value for an annual adjustment or for any improvements to or**  
16 **expansion of the qualified homestead property since the year**  
17 **before the homestead first qualified under the program.**



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

7           **Sec. 4.** As used in this chapter, "longtime owner-occupant"  
8 means any individual who has, or joint property owners who all  
9 have, owned and occupied the same homestead as a principal  
10 residence and domicile for at least the immediately preceding ten  
11 (10) years.

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

- 14           (1) is located in a designated area;  
15           (2) is owned by a longtime owner-occupant; and  
16           (3) has a gross assessed value of not more than one hundred  
17 thousand dollars (\$100,000) on the assessment date of the year  
18 before the year the neighborhood enhancement property tax  
19 relief program is implemented.

20           **Sec. 6. (a)** A board of county commissioners, a county council,  
21 a city-county council, or a city common council may adopt an  
22 ordinance or resolution to establish a neighborhood enhancement  
23 property tax relief program providing for a real property assessed  
24 value deduction to owners of qualified homesteads in designated  
25 areas.

26           (b) The deduction first applies to the assessment date in the year  
27 the program is implemented for property taxes first due and  
28 payable in the following year.

29           (c) The deduction percentage must be applied only to the  
30 enhancement increase. The deduction percentage is ninety percent  
31 (90%) of the enhancement increase.

32           (d) Before adopting an ordinance or a resolution that proposes  
33 to establish a neighborhood enhancement property tax relief  
34 program, the adopting body shall conduct a public hearing in  
35 compliance with IC 5-14-1.5 on the proposed ordinance or  
36 resolution.

37           **Sec. 7.** The ordinance or resolution establishing a neighborhood  
38 enhancement property tax relief program must include a boundary  
39 description of each designated area in which a homestead is eligible  
40 to be a qualified homestead. The area must be a long established  
41 residential area with deteriorated, vacant, or abandoned residences  
42 and properties where homestead values are expected to rise



1 markedly as a consequence of the refurbishing or renovating of  
 2 deteriorating residences in the area or the construction of new  
 3 residences in the area.

4 **Sec. 8. The ordinance or resolution establishing a neighborhood**  
 5 **enhancement property tax relief program may include a recapture**  
 6 **requirement when a qualified homestead is sold. The recapture**  
 7 **requirement must be specified as a uniform percentage that applies**  
 8 **to all qualified homesteads. The recapture percentage must be**  
 9 **applied to the total reduction in property taxes that was granted to**  
 10 **the qualified homestead for all years under the program. The**  
 11 **recapture percentage may not be greater than twenty-five percent**  
 12 **(25%) of the total reduction. Recaptured amounts shall be**  
 13 **allocated among the various taxing units in the same manner as**  
 14 **property taxes are allocated in the year of the payment.**

15 **Sec. 9. (a) The county executive, or the city executive in the case**  
 16 **of a city, that has established a neighborhood enhancement**  
 17 **property tax relief program shall provide to the county auditor and**  
 18 **county treasurer a list by parcel number of the qualified**  
 19 **homesteads in each designated area, and the county shall apply the**  
 20 **assessed value deduction to each qualified homestead. The auditor**  
 21 **of the county shall record and make the deduction for the person**  
 22 **qualifying for the deduction. An owner of a qualified homestead is**  
 23 **not required to apply to receive the deduction provided by the**  
 24 **program.**

25 **(b) Each qualified homestead is eligible for only one (1)**  
 26 **deduction under this chapter regardless of the number of owners**  
 27 **of the homestead. If the ownership of a qualified homestead**  
 28 **changes, the county auditor shall remove the designation as a**  
 29 **qualified homestead and remove the deduction effective on the**  
 30 **assessment date in that year.**

31 **(c) The county auditor shall in a particular year apply the**  
 32 **deduction provided under this chapter to the qualified homestead**  
 33 **that received the deduction in the preceding year unless the county**  
 34 **auditor determines that the homestead is no longer a qualified**  
 35 **homestead.**

36 SECTION 2. IC 36-3-3-10 IS AMENDED TO READ AS  
 37 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 10. (a) The board of  
 38 commissioners of the county is composed of the county treasurer, the  
 39 county auditor, and the county assessor. These officers shall serve ex  
 40 officio as commissioners without additional compensation for  
 41 performing the duties of the board.

42 (b) The board of commissioners:



- 1 (1) shall make the appointments required by statute to be made by
- 2 the board of commissioners of a county;
- 3 (2) shall perform the duties and exercise the powers prescribed by
- 4 statutes pertaining to:
- 5 (A) the issuance and payment of bonds of the county and the
- 6 expenditure of the unexpended proceeds of those bonds; and
- 7 **(B) the establishment of a neighborhood enhancement**
- 8 **property tax relief program under IC 6-1.1-46; and**
- 9 (3) may exercise the powers granted it by Article 9, Section 3 of
- 10 the Constitution of the State of Indiana and by IC 12-30-3.

