

# HOUSE BILL No. 1056

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-46.

**Synopsis:** Property tax relief. Permits a board of county commissioners (outside Marion County), a county council, a city-county council, a city common council, or a town council to establish a neighborhood enhancement property tax relief program. Provides an assessed value deduction for longtime owner-occupants of homesteads having an assessed value of less than \$100,000. Provides that the homesteads 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 applies only to the extent the assessed value of a homestead has increased by more than 3% from the previous year. Provides that only homesteads and owners that qualify for the program on the first assessment date under the program are granted a deduction unless the local unit allows others to qualify. Specifies that there must be at least five homesteads in a designated area. Specifies that not more than 5% of the territory of the unit may be included in designated areas. Allows a local unit to include additional requirements in the ordinance establishing the program. Prohibits income of the owner of a homestead from being a consideration. Adds the same penalty provision for wrongly receiving the deduction that applies to the homestead standard deduction.

**Effective:** July 1, 2017.

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January 4, 2017, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

# HOUSE BILL No. 1056

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, 2017]:

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 base value" means**  
9 **the net assessed value for a qualified homestead on the assessment**  
10 **date immediately preceding the assessment date to which the**  
11 **deduction under this chapter is first being applied to that qualified**  
12 **homestead.**

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



1 defined in 26 U.S.C. 216).

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

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

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

17 **Sec. 6. (a)** A board of county commissioners in a county not  
 18 having a consolidated city, a county council, a city-county council,  
 19 a city common council, or a town council may adopt an ordinance  
 20 or resolution to establish a neighborhood enhancement property  
 21 tax relief program providing for a real property assessed value  
 22 deduction to owners of qualified homesteads in designated areas.  
 23 A board of county commissioners or a county council may only  
 24 designate an area within the unincorporated area of the county.  
 25 For a city or town, the designated area may only be within the  
 26 territorial jurisdiction of the city or town.

27 (b) The deduction first applies to the assessment date in the year  
 28 the homestead becomes a qualified homestead under the program  
 29 for property taxes first due and payable in the following year.

30 (c) The amount of the deduction for a qualified homestead is  
 31 determined as follows:

32 **STEP ONE: Determine:**

- 33 (A) the net assessed value for the qualified homestead for  
 34 the assessment date before applying the deduction for that  
 35 assessment date; minus  
 36 (B) that part of the assessed value that is:  
 37 (i) attributable to additions to the qualified homestead or  
 38 parcel; and  
 39 (ii) being included in the gross assessed value of the  
 40 qualified homestead since the assessment date that was  
 41 used to determine the enhancement base value.

42 **STEP TWO: Determine:**



- 1 (A) the enhancement base value for the qualified  
 2 homestead; multiplied by  
 3 (B) the sum of:  
 4 (i) one hundred three percent (103%); plus  
 5 (ii) three percent (3%) for each year after the first year  
 6 the deduction is applied.
- 7 **STEP THREE: Determine the greater of zero (0) or the**  
 8 **following:**  
 9 (A) the STEP ONE amount; minus  
 10 (B) the STEP TWO amount.
- 11 (d) Before adopting an ordinance or a resolution that proposes  
 12 to establish a neighborhood enhancement property tax relief  
 13 program, the adopting body shall conduct a public hearing in  
 14 compliance with IC 5-14-1.5 on the proposed ordinance or  
 15 resolution.
- 16 **Sec. 7. (a) The ordinance or resolution establishing a**  
 17 **neighborhood enhancement property tax relief program must**  
 18 **include a boundary description of each designated area in which a**  
 19 **homestead is eligible to be a qualified homestead.**
- 20 (b) The area must be a long established residential area with  
 21 deteriorated, vacant, or abandoned residences and properties  
 22 where homestead values are expected to rise markedly as a  
 23 consequence of the refurbishing or renovating of deteriorating  
 24 residences in the area or the construction of new residences in the  
 25 area.
- 26 (c) An area must include at least five (5) homesteads.
- 27 (d) Not more than five percent (5%) of the geographic territory  
 28 of the unit establishing the program may be included in all those  
 29 areas designated under the program.
- 30 **Sec. 8. The ordinance or resolution establishing a neighborhood**  
 31 **enhancement property tax relief program may include additional**  
 32 **requirements for an owner or homestead to qualify for the**  
 33 **program. The additional requirements must be the same for all**  
 34 **designated areas. The ordinance may include the following:**  
 35 (1) A maximum geographic territory for all designated areas  
 36 that is less than the maximum area otherwise specified in this  
 37 chapter.  
 38 (2) A maximum net assessed value for a homestead to qualify  
 39 under the program that is less than the maximum assessed  
 40 value otherwise specified in this chapter.  
 41 (3) A minimum number of homesteads that must be located in  
 42 an area that is greater than the minimum number of



1 homesteads otherwise specified in this chapter.

2 (4) Allowing an individual to be considered a longtime  
 3 owner-occupant who did not own the homestead for the ten  
 4 (10) annual assessment dates immediately preceding the  
 5 assessment date to which the program first applies but who  
 6 owned the homestead for the ten (10) annual assessment dates  
 7 immediately preceding the assessment date the deduction  
 8 would first apply to that owner. Notwithstanding section 9 of  
 9 this chapter, a condition adopted under this subdivision may  
 10 include an application requirement for such an individual to  
 11 qualify for the deduction.

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

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

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

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

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

35 Sec. 10. (a) If an individual who is receiving the deduction  
 36 provided by this chapter:

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

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

42 the individual must file a certified statement with the county



1 auditor, notifying the county auditor that subdivision (1) or (2)  
2 applies, not more than sixty (60) days after the date subdivision (1)  
3 or (2) first applies.

4 (b) An individual who fails to file the statement required by this  
5 section is liable for any additional taxes that would have been due  
6 on the property if the individual had filed the statement as  
7 required by this section, plus a civil penalty equal to ten percent  
8 (10%) of the additional taxes due. The additional taxes owed plus  
9 the civil penalty become part of the property tax liability for  
10 purposes of this article.

11 (c) The civil penalty imposed under this section is in addition to  
12 any interest and penalties for a delinquent payment that might  
13 otherwise be due. One percent (1%) of the total civil penalty  
14 collected under this section shall be transferred by the county to  
15 the department of local government finance for use by the  
16 department in establishing and maintaining the homestead  
17 property data base under IC 6-1.1-12-37(i) and, to the extent there  
18 is money remaining, for any other purposes of the department.

