

HOUSE BILL No. 1078

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-12-37.

Synopsis: Standard deductions. Provides that for purposes of the homestead deduction, a homestead includes residential real property used as part of a dwelling that is located: (1) across an easement or a public right-of-way; and (2) within 200 feet; of the property on which the dwelling house is located, if that property would have otherwise qualified for the homestead deduction had it been located directly contiguous to the dwelling house parcel. Makes technical corrections.

Effective: July 1, 2020.

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January 7, 2020, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 121st General Assembly (2020)

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 2019 Regular Session of the General Assembly.

HOUSE BILL No. 1078

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 6-1.1-12-37, AS AMENDED BY P.L.214-2019,
2 SECTION 16, AND AS AMENDED BY P.L.257-2019, SECTION 28,
3 AND AS AMENDED BY P.L.121-2019, SECTION 1, AND AS
4 AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE
5 2020 GENERAL ASSEMBLY, IS CORRECTED AND AMENDED
6 TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 37. (a)
7 The following definitions apply throughout this section:
8 (1) "Dwelling" means any of the following:
9 (A) Residential real property improvements that an individual
10 uses as the individual's residence, including a house or garage.
11 (B) A mobile home that is not assessed as real property that an
12 individual uses as the individual's residence.
13 (C) A manufactured home that is not assessed as real property
14 that an individual uses as the individual's residence.
15 (2) "Homestead" means an individual's principal place of
16 residence:
17 (A) that is located in Indiana;



- 1 (B) that:
- 2 (i) the individual owns;
- 3 (ii) the individual is buying under a contract recorded in the
- 4 county recorder's office, or evidenced by a memorandum of
- 5 contract recorded in the county recorder's office under
- 6 IC 36-2-11-20, that provides that the individual is to pay the
- 7 property taxes on the residence, and that obligates the owner
- 8 to convey title to the individual upon completion of all of the
- 9 individual's contract obligations;
- 10 (iii) the individual is entitled to occupy as a
- 11 tenant-stockholder (as defined in 26 U.S.C. 216) of a
- 12 cooperative housing corporation (as defined in 26 U.S.C.
- 13 216); or
- 14 (iv) is a residence described in section 17.9 of this chapter
- 15 that is owned by a trust if the individual is an individual
- 16 described in section 17.9 of this chapter; and
- 17 (C) that consists of a dwelling and the real estate, not
- 18 exceeding one (1) acre, that immediately surrounds that
- 19 dwelling. **Residential real property used as part of a**
- 20 **dwelling that is located:**
- 21 **(i) across an easement for ingress and egress or a public**
- 22 **right-of-way; and**
- 23 **(ii) within two hundred (200) feet;**
- 24 **of the property on which the dwelling house is located shall**
- 25 **be considered as immediately surrounding the dwelling**
- 26 **house for purposes of this clause if that property would**
- 27 **have otherwise qualified for the deduction under this**
- 28 **section had it been located directly contiguous to the**
- 29 **dwelling house parcel.**
- 30 Except as provided in subsection (k), the term does not include
- 31 property owned by a corporation, partnership, limited liability
- 32 company, or other entity not described in this subdivision.
- 33 (b) Each year a homestead is eligible for a standard deduction from
- 34 the assessed value of the homestead for an assessment date. Except as
- 35 provided in subsection (p), the deduction provided by this section
- 36 applies to property taxes first due and payable for an assessment date
- 37 only if an individual has an interest in the homestead described in
- 38 subsection (a)(2)(B) on:
- 39 (1) the assessment date; or
- 40 (2) any date in the same year after an assessment date that a
- 41 statement is filed under subsection (e) or section 44 of this
- 42 chapter, if the property consists of real property.



1 If more than one (1) individual or entity qualifies property as a
 2 homestead under subsection (a)(2)(B) for an assessment date, only one
 3 (1) standard deduction from the assessed value of the homestead may
 4 be applied for the assessment date. Subject to subsection (c), the
 5 auditor of the county shall record and make the deduction for the
 6 individual or entity qualifying for the deduction.

7 (c) Except as provided in section 40.5 of this chapter, the total
 8 amount of the deduction that a person may receive under this section
 9 for a particular year is the lesser of:

10 (1) sixty percent (60%) of the assessed value of the real property,
 11 mobile home not assessed as real property, or manufactured home
 12 not assessed as real property; or

13 (2) forty-five thousand dollars (\$45,000).

14 (d) A person who has sold real property, a mobile home not assessed
 15 as real property, or a manufactured home not assessed as real property
 16 to another person under a contract that provides that the contract buyer
 17 is to pay the property taxes on the real property, mobile home, or
 18 manufactured home may not claim the deduction provided under this
 19 section with respect to that real property, mobile home, or
 20 manufactured home.

21 (e) Except as provided in sections 17.8 and 44 of this chapter and
 22 subject to section 45 of this chapter, an individual who desires to claim
 23 the deduction provided by this section must file a certified statement on
 24 forms prescribed by the department of local government finance, with
 25 the auditor of the county in which the homestead is located. The
 26 statement must include:

27 (1) the parcel number or key number of the property and the name
 28 of the city, town, or township in which the property is located;

29 (2) the name of any other location in which the applicant or the
 30 applicant's spouse owns, is buying, or has a beneficial interest in
 31 residential real property;

32 (3) the names of:

33 (A) the applicant and the applicant's spouse (if any):

34 (i) as the names appear in the records of the United States
 35 Social Security Administration for the purposes of the
 36 issuance of a Social Security card and Social Security
 37 number; or

38 (ii) that they use as their legal names when they sign their
 39 names on legal documents;

40 if the applicant is an individual; or

41 (B) each individual who qualifies property as a homestead
 42 under subsection (a)(2)(B) and the individual's spouse (if any):



- 1 (i) as the names appear in the records of the United States
 2 Social Security Administration for the purposes of the
 3 issuance of a Social Security card and Social Security
 4 number; or
 5 (ii) that they use as their legal names when they sign their
 6 names on legal documents;
 7 if the applicant is not an individual; and
 8 (4) either:
 9 (A) the last five (5) digits of the applicant's Social Security
 10 number and the last five (5) digits of the Social Security
 11 number of the applicant's spouse (if any); or
 12 (B) if the applicant or the applicant's spouse (if any) does not
 13 have a Social Security number, any of the following for that
 14 individual:
 15 (i) The last five (5) digits of the individual's driver's license
 16 number.
 17 (ii) The last five (5) digits of the individual's state
 18 identification card number.
 19 (iii) The last five (5) digits of a preparer tax identification
 20 number that is obtained by the individual through the
 21 Internal Revenue Service of the United States.
 22 (iv) If the individual does not have a driver's license, a state
 23 identification card, or an Internal Revenue Service preparer
 24 tax identification number, the last five (5) digits of a control
 25 number that is on a document issued to the individual by the
 26 United States government.

27 If a form or statement provided to the county auditor under this section,
 28 IC 6-1.1-22-8.1, or IC 6-1.1-22.5-12 includes the telephone number or
 29 part or all of the Social Security number of a party or other number
 30 described in subdivision (4)(B) of a party, the telephone number and
 31 the Social Security number or other number described in subdivision
 32 (4)(B) included are confidential. The statement may be filed in person
 33 or by mail. If the statement is mailed, the mailing must be postmarked
 34 on or before the last day for filing. The statement applies for that first
 35 year and any succeeding year for which the deduction is allowed. ~~With~~
 36 ~~respect to real property.~~ *To obtain the deduction for a desired*
 37 *calendar year in which property taxes are first due and payable, the*
 38 *statement must be completed and dated in the immediately preceding*
 39 *calendar year for which the person desires to obtain the deduction and*
 40 *filed with the county auditor on or before January 5 of the immediately*
 41 *succeeding calendar year* ~~With respect to a mobile home that is not~~
 42 ~~assessed as real property, the person must file the statement during the~~



1 *twelve (12) months before March 31 of the year for which the person*
 2 *desires to obtain the deduction: in which the property taxes are first*
 3 *due and payable.*

4 (f) Except as provided in subsection (n), if a person who is
 5 receiving, or seeks to receive, the deduction provided by this section in
 6 the person's name:

7 (1) changes the use of the individual's property so that part or all
 8 of the property no longer qualifies for the deduction under this
 9 section; or

10 (2) is not eligible for a deduction under this section because the
 11 person is already receiving:

12 (A) a deduction under this section in the person's name as an
 13 individual or a spouse; or

14 (B) a deduction under the law of another state that is
 15 equivalent to the deduction provided by this section;

16 the person must file a certified statement with the auditor of the county,
 17 notifying the auditor of the person's ineligibility, not more than sixty
 18 (60) days after the date of the change in eligibility. A person who fails
 19 to file the statement required by this subsection may, under
 20 IC 6-1.1-36-17, be liable for any additional taxes that would have been
 21 due on the property if the person had filed the statement as required by
 22 this subsection plus a civil penalty equal to ten percent (10%) of the
 23 additional taxes due. The civil penalty imposed under this subsection
 24 is in addition to any interest and penalties for a delinquent payment that
 25 might otherwise be due. One percent (1%) of the total civil penalty
 26 collected under this subsection shall be transferred by the county to the
 27 department of local government finance for use by the department in
 28 establishing and maintaining the homestead property data base under
 29 subsection (i) and, to the extent there is money remaining, for any other
 30 purposes of the department. This amount becomes part of the property
 31 tax liability for purposes of this article.

32 (g) The department of local government finance may adopt rules or
 33 guidelines concerning the application for a deduction under this
 34 section.

35 (h) This subsection does not apply to property in the first year for
 36 which a deduction is claimed under this section if the sole reason that
 37 a deduction is claimed on other property is that the individual or
 38 married couple maintained a principal residence at the other property
 39 on the assessment date in the same year in which an application for a
 40 deduction is filed under this section or, if the application is for a
 41 homestead that is assessed as personal property, on the assessment date
 42 in the immediately preceding year and the individual or married couple



1 is moving the individual's or married couple's principal residence to the
 2 property that is the subject of the application. Except as provided in
 3 subsection (n), the county auditor may not grant an individual or a
 4 married couple a deduction under this section if:

5 (1) the individual or married couple, for the same year, claims the
 6 deduction on two (2) or more different applications for the
 7 deduction; and

8 (2) the applications claim the deduction for different property.

9 (i) The department of local government finance shall provide secure
 10 access to county auditors to a homestead property data base that
 11 includes access to the homestead owner's name and the numbers
 12 required from the homestead owner under subsection (e)(4) for the sole
 13 purpose of verifying whether an owner is wrongly claiming a deduction
 14 under this chapter or a credit under IC 6-1.1-20.4, IC 6-1.1-20.6, or
 15 IC 6-3.6-5 (after December 31, 2016). *Each county auditor shall*
 16 *submit data on deductions applicable to the current tax year on or*
 17 *before March 15 of each year in a manner prescribed by the*
 18 *department of local government finance.*

19 (j) A county auditor may require an individual to provide evidence
 20 proving that the individual's residence is the individual's principal place
 21 of residence as claimed in the certified statement filed under subsection
 22 (e). The county auditor may limit the evidence that an individual is
 23 required to submit to a state income tax return, a valid driver's license,
 24 or a valid voter registration card showing that the residence for which
 25 the deduction is claimed is the individual's principal place of residence.
 26 The department of local government finance shall work with county
 27 auditors to develop procedures to determine whether a property owner
 28 that is claiming a standard deduction or homestead credit is not eligible
 29 for the standard deduction or homestead credit because the property
 30 owner's principal place of residence is outside Indiana.

31 (k) As used in this section, "homestead" includes property that
 32 satisfies each of the following requirements:

33 (1) The property is located in Indiana and consists of a dwelling
 34 and the real estate, not exceeding one (1) acre, that immediately
 35 surrounds that dwelling.

36 (2) The property is the principal place of residence of an
 37 individual.

38 (3) The property is owned by an entity that is not described in
 39 subsection (a)(2)(B).

40 (4) The individual residing on the property is a shareholder,
 41 partner, or member of the entity that owns the property.

42 (5) The property was eligible for the standard deduction under



- 1 this section on March 1, 2009.
- 2 (l) If a county auditor terminates a deduction for property described
3 in subsection (k) with respect to property taxes that are:
4 (1) imposed for an assessment date in 2009; and
5 (2) first due and payable in 2010;
6 on the grounds that the property is not owned by an entity described in
7 subsection (a)(2)(B), the county auditor shall reinstate the deduction if
8 the taxpayer provides proof that the property is eligible for the
9 deduction in accordance with subsection (k) and that the individual
10 residing on the property is not claiming the deduction for any other
11 property.
- 12 (m) For assessment dates after 2009, the term "homestead" includes:
13 (1) a deck or patio;
14 (2) a gazebo; or
15 (3) another residential yard structure, as defined in rules adopted
16 by the department of local government finance (other than a
17 swimming pool);
18 that is assessed as real property and attached to the dwelling.
- 19 (n) A county auditor shall grant an individual a deduction under this
20 section regardless of whether the individual and the individual's spouse
21 claim a deduction on two (2) different applications and each
22 application claims a deduction for different property if the property
23 owned by the individual's spouse is located outside Indiana and the
24 individual files an affidavit with the county auditor containing the
25 following information:
26 (1) The names of the county and state in which the individual's
27 spouse claims a deduction substantially similar to the deduction
28 allowed by this section.
29 (2) A statement made under penalty of perjury that the following
30 are true:
31 (A) That the individual and the individual's spouse maintain
32 separate principal places of residence.
33 (B) That neither the individual nor the individual's spouse has
34 an ownership interest in the other's principal place of
35 residence.
36 (C) That neither the individual nor the individual's spouse has,
37 for that same year, claimed a standard or substantially similar
38 deduction for any property other than the property maintained
39 as a principal place of residence by the respective individuals.
40 A county auditor may require an individual or an individual's spouse to
41 provide evidence of the accuracy of the information contained in an
42 affidavit submitted under this subsection. The evidence required of the



1 individual or the individual's spouse may include state income tax
 2 returns, excise tax payment information, property tax payment
 3 information, driver license information, and voter registration
 4 information.

5 (o) If:

6 (1) a property owner files a statement under subsection (e) to
 7 claim the deduction provided by this section for a particular
 8 property; and

9 (2) the county auditor receiving the filed statement determines
 10 that the property owner's property is not eligible for the deduction;
 11 the county auditor shall inform the property owner of the county
 12 auditor's determination in writing. If a property owner's property is not
 13 eligible for the deduction because the county auditor has determined
 14 that the property is not the property owner's principal place of
 15 residence, the property owner may appeal the county auditor's
 16 determination *to the county property tax assessment board of appeals*
 17 as provided in IC 6-1.1-15. The county auditor shall inform the
 18 property owner of the owner's right to appeal *to the county property tax*
 19 *assessment board of appeals* when the county auditor informs the
 20 property owner of the county auditor's determination under this
 21 subsection.

22 (p) An individual is entitled to the deduction under this section for
 23 a homestead for a particular assessment date if:

24 (1) either:

25 (A) the individual's interest in the homestead as described in
 26 subsection (a)(2)(B) is conveyed to the individual after the
 27 assessment date, but within the calendar year in which the
 28 assessment date occurs; or

29 (B) the individual contracts to purchase the homestead after
 30 the assessment date, but within the calendar year in which the
 31 assessment date occurs;

32 (2) on the assessment date:

33 (A) the property on which the homestead is currently located
 34 was vacant land; or

35 (B) the construction of the dwelling that constitutes the
 36 homestead was not completed; and

37 (3) either:

38 (A) the individual files the certified statement required by
 39 subsection (e); or

40 (B) a sales disclosure form that meets the requirements of
 41 section 44 of this chapter is submitted to the county assessor
 42 on or before December 31 of the calendar year for the



1 individual's purchase of the homestead.
 2 An individual who satisfies the requirements of subdivisions (1)
 3 through (3) is entitled to the deduction under this section for the
 4 homestead for the assessment date, even if on the assessment date the
 5 property on which the homestead is currently located was vacant land
 6 or the construction of the dwelling that constitutes the homestead was
 7 not completed. The county auditor shall apply the deduction for the
 8 assessment date and for the assessment date in any later year in which
 9 the homestead remains eligible for the deduction. A homestead that
 10 qualifies for the deduction under this section as provided in this
 11 subsection is considered a homestead for purposes of section 37.5 of
 12 this chapter and IC 6-1.1-20.6.

13 (q) This subsection applies to an application for the deduction
 14 provided by this section that is filed for an assessment date occurring
 15 after December 31, 2013. Notwithstanding any other provision of this
 16 section, an individual buying a mobile home that is not assessed as real
 17 property or a manufactured home that is not assessed as real property
 18 under a contract providing that the individual is to pay the property
 19 taxes on the mobile home or manufactured home is not entitled to the
 20 deduction provided by this section unless the parties to the contract
 21 comply with IC 9-17-6-17.

22 (r) This subsection:
 23 (1) applies to an application for the deduction provided by this
 24 section that is filed for an assessment date occurring after
 25 December 31, 2013; and
 26 (2) does not apply to an individual described in subsection (q).
 27 The owner of a mobile home that is not assessed as real property or a
 28 manufactured home that is not assessed as real property must attach a
 29 copy of the owner's title to the mobile home or manufactured home to
 30 the application for the deduction provided by this section.

31 (s) For assessment dates after 2013, the term "homestead" includes
 32 property that is owned by an individual who:
 33 (1) is serving on active duty in any branch of the armed forces of
 34 the United States;
 35 (2) was ordered to transfer to a location outside Indiana; and
 36 (3) was otherwise eligible, without regard to this subsection, for
 37 the deduction under this section for the property for the
 38 assessment date immediately preceding the transfer date specified
 39 in the order described in subdivision (2).

40 For property to qualify under this subsection for the deduction provided
 41 by this section, the individual described in subdivisions (1) through (3)
 42 must submit to the county auditor a copy of the individual's transfer



1 orders or other information sufficient to show that the individual was
2 ordered to transfer to a location outside Indiana. The property continues
3 to qualify for the deduction provided by this section until the individual
4 ceases to be on active duty, the property is sold, or the individual's
5 ownership interest is otherwise terminated, whichever occurs first.
6 Notwithstanding subsection (a)(2), the property remains a homestead
7 regardless of whether the property continues to be the individual's
8 principal place of residence after the individual transfers to a location
9 outside Indiana. The property continues to qualify as a homestead
10 under this subsection if the property is leased while the individual is
11 away from Indiana and is serving on active duty, if the individual has
12 lived at the property at any time during the past ten (10) years.
13 Otherwise, the property ceases to qualify as a homestead under this
14 subsection if the property is leased while the individual is away from
15 Indiana. Property that qualifies as a homestead under this subsection
16 shall also be construed as a homestead for purposes of section 37.5 of
17 this chapter.

