

HOUSE BILL No. 1176

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-20-11; IC 6-1.1-51.

Synopsis: Investor ownership of single family residences. Establishes the housing down payment assistance fund. Establishes a tax of 50% of the fair market value of a single family residence for each single family residence acquired by an applicable taxpayer after the applicable date. Establishes a maximum number of single family residences that may be owned by an applicable taxpayer after the applicable date for purposes of calculating an annual tax on any excess single family residences.

Effective: July 1, 2024.

Harris

January 9, 2024, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 123rd General Assembly (2024)

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 2023 Regular Session of the General Assembly.

HOUSE BILL No. 1176

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 5-20-11 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2024]:
4 **Chapter 11. Housing Down Payment Assistance Fund**
5 **Sec. 1. As used in this chapter, "authority" refers to the Indiana**
6 **housing and community development authority created by**
7 **IC 5-20-1-3.**
8 **Sec. 2. As used in this chapter, "fund" refers to the housing**
9 **down payment assistance fund established by section 3 of this**
10 **chapter.**
11 **Sec. 3. (a) The housing down payment assistance fund is**
12 **established for the purpose of providing down payment assistance**
13 **to buyers purchasing single family residences. The fund shall be**
14 **administered by the authority.**
15 **(b) The fund consists of:**
16 **(1) payments received for taxes assessed under IC 6-1.1-51-10**
17 **and IC 6-1.1-51-11;**



- 1 (2) payments received for penalties assessed under
- 2 IC 6-1.1-51-15; and
- 3 (3) any federal funds received for the purpose of providing
- 4 down payment assistance to buyers purchasing single family
- 5 residences.

6 (c) The expenses of administering the fund shall be paid from
 7 money in the fund.

8 (d) The treasurer of state shall invest the money in the fund not
 9 currently needed to meet the obligations of the fund in the same
 10 manner as other public money may be invested. Interest that
 11 accrues from these investments shall be deposited in the fund.

12 (e) Money in the fund at the end of a state fiscal year does not
 13 revert to the state general fund.

14 **Sec. 4.** The authority shall give priority in awarding assistance
 15 from the fund to families seeking assistance to purchase a single
 16 family residence that is sold or transferred by an applicable
 17 taxpayer (as defined in IC 6-1.1-51-4).

18 **Sec. 5.** The authority shall adopt rules under IC 4-22-2 to
 19 implement this chapter.

20 SECTION 2. IC 6-1.1-51 IS ADDED TO THE INDIANA CODE
 21 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2024]:

23 **Chapter 51. Taxes on Single Family Residences Owned by**
 24 **Hedge Funds**

25 **Sec. 1.** As used in this chapter, "applicable date" means either:

- 26 (1) December 31, 2024; or
- 27 (2) for a taxpayer who was not a hedge fund taxpayer in the
- 28 preceding taxable year, the last day of the taxable year in the
- 29 taxable year immediately preceding the taxable year in which
- 30 the taxpayer qualifies as a hedge fund taxpayer.

31 **Sec. 2.** (a) As used in this chapter, "applicable entity" means a
 32 partnership, corporation, or real estate investment trust.

33 (b) The term does not include:

- 34 (1) an organization that is exempt from federal income
- 35 taxation under Section 501(c)(3) of the Internal Revenue
- 36 Code; or
- 37 (2) an organization primarily engaged in the construction or
- 38 rehabilitation of single family residences.

39 **Sec. 3.** As used in this chapter, "applicable single family
 40 residence" means a single family residence that is acquired on or
 41 before the applicable date.

42 **Sec. 4.** As used in this chapter, "applicable taxpayer" means an



1 applicable entity that:

2 (1) manages funds pooled from investors; and

3 (2) is a fiduciary with respect to the investors described in
4 subdivision (1).

5 Sec. 5. As used in this chapter, "department" means the
6 department of state revenue.

7 Sec. 6. As used in this chapter, "disqualified sale" means any
8 sale or transfer to:

9 (1) a corporation or other entity engaged in a trade or
10 business; or

11 (2) an individual who owns any other single family residence
12 at the time of such sale or transfer.

13 Sec. 7. As used in this chapter, "hedge fund taxpayer" means,
14 with respect to any taxable year, an applicable taxpayer that has
15 fifty million dollars (\$50,000,000) or more in net value or assets
16 under its management on any day during the taxable year.

17 Sec. 8. (a) As used in this chapter, "single family residence"
18 means a residential property consisting of one (1) to four (4)
19 dwelling units.

20 (b) The term does not include:

21 (1) an unoccupied single family residence acquired through
22 foreclosure;

23 (2) a single family residence that is:

24 (A) not rented or leased; and

25 (B) used as the principal residence of a person who has an
26 ownership interest in the applicable taxpayer; or

27 (3) a single family residence constructed, acquired, or
28 operated with federally appropriated funding sources.

29 Sec. 9. (a) For purposes of this chapter, an applicable taxpayer
30 shall be treated as acquiring a single family residence if the
31 applicable taxpayer acquires a majority ownership interest in the
32 single family residence, regardless of the percentage of the
33 ownership interest.

34 (b) For purposes of this chapter, an applicable taxpayer shall be
35 treated as owning a single family residence if the applicable
36 taxpayer owns a majority interest in the single family residence,
37 regardless of the percentage of the ownership interest.

38 Sec. 10. Each single family residence acquired by an applicable
39 taxpayer after the applicable date is subject to a tax equal to fifty
40 percent (50%) of the fair market value of the single family
41 residence.

42 Sec. 11. (a) If the number of applicable single family residences



1 owned by an applicable taxpayer as of the last day of the taxable
 2 year is more than the maximum permissible units under section 12
 3 of this chapter, the applicable taxpayer is subject to a tax equal to
 4 the amount determined in STEP FOUR of the following formula:

5 **STEP ONE: Determine the number of applicable single family**
 6 **residences owned by the taxpayer as of the last day of the**
 7 **taxable year.**

8 **STEP TWO: Determine the sum of:**

9 (A) zero (0), in the case of a hedge fund taxpayer; or

10 (B) fifty (50), in the case of any other applicable taxpayer;

11 plus the maximum permissible units for the taxable year.

12 **STEP THREE: Divide the number determined in STEP ONE**
 13 **by the number determined in STEP TWO.**

14 **STEP FOUR: Determine the product of:**

15 (A) the number determined in STEP THREE; multiplied
 16 by

17 (B) fifty thousand dollars (\$50,000).

18 (b) A single family residence that is sold or transferred in a
 19 disqualified sale during a taxable year shall be treated as a single
 20 family residence that is owned by the applicable taxpayer as of the
 21 last day of the taxable year.

22 (c) All persons which are treated as a single employer under
 23 Section 52(a) or Section 52(b) of the Internal Revenue Code shall
 24 be treated as a single applicable taxpayer.

25 **Sec. 12. The maximum permissible units for a taxable year is**
 26 **calculated as follows:**

27 (1) For the first full taxable year beginning after the
 28 applicable date, the following:

29 (A) For a hedge fund taxpayer, ninety percent (90%) of the
 30 number of applicable single family residences owned by
 31 the hedge fund taxpayer on the applicable date.

32 (B) For any other applicable taxpayer, fifty (50) plus ninety
 33 percent (90%) of the number of applicable single family
 34 residences owned by the applicable taxpayer on the
 35 applicable date.

36 (2) For the second taxable year beginning after the applicable
 37 date, the following:

38 (A) For a hedge fund taxpayer, eighty percent (80%) of the
 39 number of applicable single family residences owned by
 40 the hedge fund taxpayer on the applicable date.

41 (B) For any other applicable taxpayer, fifty (50) plus eighty
 42 percent (80%) of the number of applicable single family



- 1 residences owned by the applicable taxpayer on the
2 applicable date.
- 3 **(3) For the third taxable year beginning after the applicable**
4 **date, the following:**
- 5 **(A) For a hedge fund taxpayer, seventy percent (70%) of**
6 **the number of applicable single family residences owned**
7 **by the hedge fund taxpayer on the applicable date.**
- 8 **(B) For any other applicable taxpayer, fifty (50) plus**
9 **seventy percent (70%) of the number of applicable single**
10 **family residences owned by the applicable taxpayer on the**
11 **applicable date.**
- 12 **(4) For the fourth taxable year beginning after the applicable**
13 **date, the following:**
- 14 **(A) For a hedge fund taxpayer, sixty percent (60%) of the**
15 **number of applicable single family residences owned by**
16 **the hedge fund taxpayer on the applicable date.**
- 17 **(B) For any other applicable taxpayer, fifty (50) plus sixty**
18 **percent (60%) of the number of applicable single family**
19 **residences owned by the applicable taxpayer on the**
20 **applicable date.**
- 21 **(5) For the fifth taxable year beginning after the applicable**
22 **date, the following:**
- 23 **(A) For a hedge fund taxpayer, fifty percent (50%) of the**
24 **number of applicable single family residences owned by**
25 **the hedge fund taxpayer on the applicable date.**
- 26 **(B) For any other applicable taxpayer, fifty (50) plus fifty**
27 **percent (50%) of the number of applicable single family**
28 **residences owned by the applicable taxpayer on the**
29 **applicable date.**
- 30 **(6) For the sixth taxable year beginning after the applicable**
31 **date, the following:**
- 32 **(A) For a hedge fund taxpayer, forty percent (40%) of the**
33 **number of applicable single family residences owned by**
34 **the hedge fund taxpayer on the applicable date.**
- 35 **(B) For any other applicable taxpayer, fifty (50) plus forty**
36 **percent (40%) of the number of applicable single family**
37 **residences owned by the applicable taxpayer on the**
38 **applicable date.**
- 39 **(7) For the seventh taxable year beginning after the applicable**
40 **date, the following:**
- 41 **(A) For a hedge fund taxpayer, thirty percent (30%) of the**
42 **number of applicable single family residences owned by**



- 1 the hedge fund taxpayer on the applicable date.
- 2 (B) For any other applicable taxpayer, fifty (50) plus thirty
- 3 percent (30%) of the number of applicable single family
- 4 residences owned by the applicable taxpayer on the
- 5 applicable date.
- 6 (8) For the eighth taxable year beginning after the applicable
- 7 date, the following:
- 8 (A) For a hedge fund taxpayer, twenty percent (20%) of
- 9 the number of applicable single family residences owned
- 10 by the hedge fund taxpayer on the applicable date.
- 11 (B) For any other applicable taxpayer, fifty (50) plus
- 12 twenty percent (20%) of the number of applicable single
- 13 family residences owned by the applicable taxpayer on the
- 14 applicable date.
- 15 (9) For the ninth taxable year beginning after the applicable
- 16 date, the following:
- 17 (A) For a hedge fund taxpayer, ten percent (10%) of the
- 18 number of applicable single family residences owned by
- 19 the hedge fund taxpayer on the applicable date.
- 20 (B) For any other applicable taxpayer, fifty (50) plus ten
- 21 percent (10%) of the number of applicable single family
- 22 residences owned by the applicable taxpayer on the
- 23 applicable date.
- 24 (10) For a taxable year beginning more than nine (9) years
- 25 after the applicable date, the following:
- 26 (A) For a hedge fund taxpayer, zero (0) applicable single
- 27 family residences.
- 28 (B) For any other applicable taxpayer, fifty (50) applicable
- 29 single family residences.
- 30 **Sec. 13. The amounts collected for:**
- 31 (1) a tax assessed under sections 10 and 11 of this chapter;
- 32 and
- 33 (2) a penalty assessed under section 15 of this chapter;
- 34 must be transferred to the housing down payment assistance fund
- 35 established by IC 5-20-11-3.
- 36 **Sec. 14. (a) The department shall require such reporting as the**
- 37 **department deems necessary or appropriate to carry out the**
- 38 **purposes of this chapter, which must include:**
- 39 (1) the dates on which single family residences owned by an
- 40 applicable taxpayer were acquired by the applicable
- 41 taxpayer; and
- 42 (2) whether a person acquiring a single family residence from



1 an applicable taxpayer owns any other single family
2 residences at the time of the acquisition.

3 **(b) The reporting required under subsection (a)(2) must include**
4 **a certification from each person to whom a single family residence**
5 **is sold or transferred from an applicable taxpayer. The**
6 **certification must be signed by the purchaser or transferee and**
7 **state:**

8 **(1) the name and address of the purchaser or transferee;**
9 **(2) that the sale is not a disqualified sale; and**
10 **(3) that the purchaser or transferee will be subject to the**
11 **penalty imposed under section 15 of this chapter for any false**
12 **certification.**

13 **Sec. 15. (a) An applicable taxpayer that fails to report the**
14 **information required under section 14 of this chapter or fails to**
15 **include correct information in a report shall pay a penalty of**
16 **twenty thousand dollars (\$20,000) to the department.**

17 **(b) A penalty may not be assessed under subsection (a) if it is**
18 **shown that an applicable taxpayer's failure to report the**
19 **information required under section 14 of this chapter is due to**
20 **reasonable cause and not to willful neglect.**

21 **(c) Not later than January 31, 2025, the department shall**
22 **publish a form on its website to be used for calculating the amount**
23 **of tax owed under this chapter.**

