

HOUSE BILL No. 1240

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-48.

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 \$125,000 in designated areas. Specifies various conditions for the program. Allows a local unit to include additional requirements for the program. 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, 2019.

Pryor

January 10, 2019, read first time and referred to Committee on Ways and Means.



First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

HOUSE BILL No. 1240



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 6-1.1-48 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2019]:

4 **Chapter 48. 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 8 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 **an 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 twenty-five thousand dollars (\$125,000) on the assessment
 15 date of the year before the year the neighborhood
 16 enhancement property tax relief program first applies.

17 **Sec. 6. (a) The city-county council in a county having a**
 18 **consolidated city may adopt an ordinance or a resolution to**
 19 **establish a neighborhood enhancement property tax relief program**
 20 **providing for a real property assessed value deduction to owners**
 21 **of qualified homesteads in designated areas. The designated area**
 22 **may only be within the territorial jurisdiction of the city.**

23 (b) A board of county commissioners in a county not having a
 24 consolidated city, a county council, a city common council, or a
 25 town council may adopt an ordinance or a resolution to establish
 26 a neighborhood enhancement property tax relief program
 27 providing for a real property assessed value deduction to owners
 28 of qualified homesteads in designated areas. A board of county
 29 commissioners or a county council may designate an area only
 30 within the unincorporated area of the county. For a city or town,
 31 the designated area may only be within the territorial jurisdiction
 32 of the city or town.

33 **Sec. 7. (a) The deduction first applies to the assessment date in**
 34 **the year the homestead becomes a qualified homestead under the**
 35 **program for property taxes first due and payable in the following**
 36 **year.**

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

39 **STEP ONE: Determine:**

40 (A) the net assessed value for the qualified homestead for
 41 the assessment date before applying the deduction for that
 42 assessment date; minus



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

2 **(i) attributable to additions to the qualified homestead or**
 3 **parcel; and**

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

7 **STEP TWO: Determine:**

8 **(A) the enhancement base value for the qualified**
 9 **homestead; multiplied by**

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

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

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

14 **STEP THREE: Determine the greater of zero (0) or the**
 15 **following:**

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

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

18 **(c) Before adopting an ordinance or a resolution establishing a**
 19 **neighborhood enhancement property tax relief program, the**
 20 **adopting body shall conduct a public hearing in compliance with**
 21 **IC 5-14-1.5 on the proposed ordinance or resolution.**

22 **Sec. 8. (a) The ordinance or resolution establishing a**
 23 **neighborhood enhancement property tax relief program must**
 24 **include a boundary description of each designated area in which a**
 25 **homestead is eligible to be a qualified homestead.**

26 **(b) The area must be a long established residential area with**
 27 **deteriorated, vacant, or abandoned residences and properties**
 28 **where homestead values are expected to rise markedly as a**
 29 **consequence of the refurbishing or renovating of deteriorating**
 30 **residences in the area or the construction of new residences in the**
 31 **area.**

32 **(c) An area must include at least five (5) homesteads.**

33 **(d) Not more than five percent (5%) of the geographic territory**
 34 **of the county, city, or town (whichever is applicable) may be**
 35 **included in all those areas designated under the program.**

36 **Sec. 9. The ordinance or resolution establishing a neighborhood**
 37 **enhancement property tax relief program may include additional**
 38 **requirements for an owner or homestead to qualify for the**
 39 **program. The additional requirements must be the same for all**
 40 **designated areas. The ordinance or resolution may include the**
 41 **following:**

42 **(1) A maximum geographic territory for all designated areas**



- 1 that is less than the maximum area otherwise specified in this
 2 chapter.
- 3 (2) A maximum net assessed value for a homestead to qualify
 4 under the program that is less than the maximum assessed
 5 value otherwise specified in this chapter.
- 6 (3) A minimum number of homesteads that must be located in
 7 an area that is greater than the minimum number of
 8 homesteads otherwise specified in this chapter.
- 9 (4) Allowing an individual to be considered a longtime
 10 owner-occupant who did not own the homestead for the ten
 11 (10) annual assessment dates immediately preceding the
 12 assessment date to which the program first applies but who
 13 owned the homestead for the ten (10) annual assessment dates
 14 immediately preceding the assessment date the deduction
 15 would first apply to that owner. Notwithstanding section 10 of
 16 this chapter, a condition adopted under this subdivision may
 17 include an application requirement for such an individual to
 18 qualify for the deduction.
- 19 (5) Any other provision not inconsistent with this chapter.
- 20 However, a program may not include the income of the owner as
 21 a condition for having a qualified homestead.
- 22 Sec. 10. (a) If a neighborhood enhancement property tax relief
 23 program is established under this chapter, the county assessor shall
 24 provide to the county auditor and county treasurer a list by parcel
 25 number of the qualified homesteads in each designated area, and
 26 the county shall apply the assessed value deduction to each
 27 qualified homestead. The auditor of the county shall record and
 28 make the deduction for the person qualifying for the deduction.
 29 Except as provided in section 9 of this chapter, an owner of a
 30 qualified homestead is not required to apply to receive the
 31 deduction provided by the program.
- 32 (b) Each qualified homestead is eligible for only one (1)
 33 deduction under this chapter regardless of the number of owners
 34 of the homestead. If the ownership of a qualified homestead
 35 changes, the county auditor shall remove the designation as a
 36 qualified homestead and remove the deduction effective on the
 37 assessment date in that year.
- 38 (c) The county auditor shall, in a particular year, apply the
 39 deduction provided under this chapter to the qualified homestead
 40 that received the deduction in the preceding year unless the county
 41 auditor determines that the homestead is no longer a qualified
 42 homestead.



1 **Sec. 11. (a) If an individual who is receiving the deduction**
2 **provided by this chapter:**

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

5 **(2) changes the use of the individual's property so that part or**
6 **all of the property no longer qualifies for the deduction under**
7 **this chapter;**

8 **the individual must file a certified statement with the county**
9 **auditor, notifying the county auditor that subdivision (1) or (2)**
10 **applies, not more than sixty (60) days after the date subdivision (1)**
11 **or (2) first applies.**

12 **(b) An individual who fails to file the statement required by this**
13 **section is liable for any additional taxes that would have been due**
14 **on the property if the individual had filed the statement as**
15 **required by this section, plus a civil penalty equal to ten percent**
16 **(10%) of the additional taxes due. The additional taxes owed plus**
17 **the civil penalty become part of the property tax liability for**
18 **purposes of this article.**

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

