

HOUSE BILL No. 1574

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-48.

Synopsis: Property tax deferrals for qualified seniors. Establishes the property tax payment deferral program (program). Provides that a qualified individual participating in the program may defer the payment of part of the property taxes that would otherwise be due on a homestead. Provides that property taxes deferred under the program are due after the occurrence of a deferral termination event. Defines a deferral termination event.

Effective: July 1, 2021.

Pressel, Jordan, Pryor

January 14, 2021, read first time and referred to Committee on Ways and Means.



First Regular Session of the 122nd General Assembly (2021)

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 2020 Regular Session of the General Assembly.

HOUSE BILL No. 1574

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, 2021]:
4 **Chapter 48. Property Tax Payment Deferral Program**
5 **Sec. 1. As used in this chapter, "base amount" means the**
6 **amount of homestead property tax liability that is not subject to**
7 **deferral, as determined under this chapter.**
8 **Sec. 2. As used in this chapter, "defer" means to delay the due**
9 **date on which property taxes would otherwise be first due and**
10 **payable.**
11 **Sec. 3. As used in this chapter, "homestead" means a homestead**
12 **(as defined in IC 6-1.1-12-37) that has a gross assessed value of not**
13 **more than two hundred thousand dollars (\$200,000).**
14 **Sec. 4. As used in this chapter, "homestead property tax**
15 **liability" refers to a liability for property taxes:**
16 **(1) that are assessed on tangible property that is a homestead;**
17 **and**



1 (2) that would be first due and payable in a certain year if the
2 property taxes were not deferred under this chapter.

3 The term refers to a property tax liability after the application of
4 all deductions and credits for which the homestead is eligible.

5 Sec. 5. (a) As used in this chapter, "property taxes" refers to ad
6 valorem property taxes.

7 (b) The term does not include the following:

8 (1) Special assessments.

9 (2) Fees or charges that are included by law on a tax
10 statement issued under IC 6-1.1-22-8.1 or IC 6-1.1-22.5.

11 Sec. 6. As used in this chapter, "qualified individual" means an
12 individual who:

13 (1) has a qualified interest in a homestead on the assessment
14 date for which homestead property tax liability is imposed;

15 (2) uses the homestead in which the individual has a qualified
16 interest as the individual's principal place of residence;

17 (3) either:

18 (A) is not delinquent in the payment of:

19 (i) any property taxes that are not deferred under this
20 chapter, special assessments, or fees or charges that are
21 included by law on a tax statement issued under
22 IC 6-1.1-22-8.1 or IC 6-1.1-22.5; or

23 (ii) penalties or interest imposed for property taxes,
24 special assessments, or fees or charges, including any
25 deferred property taxes; or

26 (B) has been granted a waiver under this requirement from
27 the county auditor in the county where the homestead is
28 located;

29 (4) is at least sixty-five (65) years of age; and

30 (5) had:

31 (A) in the case of an individual who filed a single return,
32 adjusted gross income (as defined in Section 62 of the
33 Internal Revenue Code) not exceeding thirty thousand
34 dollars (\$30,000); or

35 (B) in the case of an individual who filed a joint income tax
36 return with the individual's spouse, combined adjusted
37 gross income (as defined in Section 62 of the Internal
38 Revenue Code) not exceeding forty thousand dollars
39 (\$40,000);

40 for the calendar year preceding by two (2) years the calendar
41 year in which the homestead property tax liability was
42 assessed.



1 **Sec. 7. As used in this chapter, "qualified interest" means the**
 2 **following:**

- 3 **(1) An ownership interest in a homestead.**
 4 **(2) An interest in a contract for the purchase of a homestead**
 5 **that:**
 6 **(A) is recorded in the county recorder's office; and**
 7 **(B) provides that a person purchasing the homestead is to**
 8 **pay the property taxes on the homestead.**

9 **Sec. 8. Beginning with property taxes first due and payable in**
 10 **2022, a qualified individual may defer the due date for the part of**
 11 **the qualified taxpayer's homestead property tax liability as**
 12 **permitted under this chapter.**

13 **Sec. 9. Property taxes deferred under this chapter are due and**
 14 **payable sixty (60) days after the date on which a deferral**
 15 **termination event occurs.**

16 **Sec. 10. (a) Subject to subsections (b) and (c), a deferral**
 17 **termination event occurs on the earliest of the following dates:**

- 18 **(1) The first date on which the qualified individual who had a**
 19 **qualified interest in the homestead when the property taxes**
 20 **were deferred:**
 21 **(A) ceases to use the homestead as the individual's**
 22 **principal place of residence; or**
 23 **(B) no longer has a qualified interest in the homestead.**
 24 **(2) The first date on which the mortgages and liens of record**
 25 **on the homestead exceed the assessed value of the homestead.**
 26 **(3) The date on which a person with an ownership interest in**
 27 **the homestead files for bankruptcy or the homestead property**
 28 **is placed in receivership.**
 29 **(4) The date of the death of the qualified individual who had**
 30 **a qualified interest in the homestead when property taxes**
 31 **were deferred.**

32 **(b) For purposes of subsection (a), an individual shall be treated**
 33 **as using a homestead as the individual's principal place of**
 34 **residence if the individual:**

- 35 **(1) is absent from the homestead while in a health care facility**
 36 **(as defined in IC 16-18-2-161 or IC 16-28-13-0.5); but**
 37 **(2) used the homestead as the individual's principal place of**
 38 **residence immediately before being admitted to a health care**
 39 **facility (as defined in IC 16-18-2-161 or IC 16-28-13-0.5).**

40 **(c) This subsection applies only to a surviving spouse who was**
 41 **not a qualified individual on the date on which property taxes were**
 42 **deferred. If a deceased individual was a qualified individual on the**



1 date on which property taxes were deferred, the deceased
 2 individual's surviving spouse shall be treated after the deceased
 3 individual's death as if the surviving spouse had been a qualified
 4 individual on the date on which property taxes were deferred if:

5 (1) the homestead was the surviving spouse's principal place
 6 of residence when the deceased qualified individual died; and

7 (2) the surviving spouse has a qualifying interest in the
 8 homestead not later than the later of:

9 (A) the date of the deceased individual's death; or

10 (B) the date on which the estate of the deceased individual
 11 transfers any part of the ownership of the homestead from
 12 the estate.

13 Sec. 11. (a) The maximum amount that may be deferred for a
 14 particular year under this chapter is equal to the amount by which
 15 the homestead property tax liability on the current assessment date
 16 exceeds the base amount for the homestead.

17 (b) Amounts deferred under subsection (a) for prior years may
 18 continue to accumulate until the delayed due date established
 19 under section 9 of this chapter.

20 Sec. 12. The base amount for a homestead is the homestead
 21 property tax liability for the assessment date for the homestead:

22 (1) on which at least one (1) individual who is a qualified
 23 individual on the current assessment date qualified as a
 24 qualified individual; and

25 (2) that immediately preceded the assessment date for which
 26 an application for deferral of property taxes due and payable
 27 is initially filed under section 14 of this chapter.

28 Sec. 13. To qualify for a deferral of homestead property tax
 29 liability, a qualified individual must apply for the deferral on the
 30 form, in the manner, and with the information prescribed by the
 31 department of local government finance. The department of local
 32 government finance may provide forms allowing a qualified
 33 individual to elect to defer property taxes for more than one (1)
 34 year. However, a qualified individual who remains eligible for a
 35 deferral in the following year is not required to file an application
 36 to apply for the deferral in the following year.

37 Sec. 14. To obtain a deferral of homestead property tax liability
 38 for a desired calendar year in which property taxes are first due
 39 and payable, an application must be completed and dated in the
 40 immediately preceding calendar year and filed with the county
 41 auditor on or before January 5 of the calendar year in which the
 42 property taxes are first due and payable. The application may be



1 filed in person or by mail. If mailed, the mailing must be
 2 postmarked on or before the last day for filing. An application for
 3 a deferral must be filed with the county auditor in the county
 4 where the homestead is located. Upon the filing of an application,
 5 the county auditor shall immediately:

- 6 (1) notify the county treasurer and transmit the information
 7 that the county treasurer needs to match the application with
 8 the county treasurer's records related to the homestead; and
 9 (2) review the application to determine:
 10 (A) whether the applicant qualifies for a deferral; and
 11 (B) the amount that may be deferred.

12 **Sec. 15.** The filing of an application waives any interest and
 13 penalties that would otherwise be imposed for the nonpayment of
 14 property taxes by the due date only to the extent that the county
 15 auditor approves the application for the amount of the unpaid
 16 property taxes.

17 **Sec. 16.** If the applicant is qualified under this chapter for a
 18 deferral, the county auditor shall:

- 19 (1) approve the deferral in the lesser of:
 20 (A) the amount requested by the applicant; or
 21 (B) the maximum amount that may be deferred in the
 22 year;
 23 (2) provide for the recording of the deferral in the office of the
 24 county recorder on the form and in the manner prescribed by
 25 the department of local government finance; and
 26 (3) notify the county treasurer and the department of local
 27 government finance of the amount deferred on the form and
 28 in the manner prescribed by the department of local
 29 government finance.

30 **Sec. 17. (a)** Deferred property taxes may be paid at any time on
 31 or before the delayed due date established under section 9 of this
 32 chapter without interest and penalties. Payment of deferred
 33 property taxes after the delayed due date established by this
 34 chapter shall be collected in the same manner as delinquent
 35 property taxes.

36 (b) If a payment of deferred property taxes is made, the county
 37 treasurer shall notify the county auditor, the county recorder, and
 38 the department of local government finance on the form and in the
 39 manner prescribed by the department of local government finance.
 40 Notice to the county recorder must be in the form of a release of
 41 the lien on the homestead for the deferred property taxes.

42 (c) When payment of deferred property taxes is made, the



1 deferred property taxes shall be apportioned and distributed
 2 among the respective funds of the taxing units in the same manner
 3 as if the property taxes had been paid when initially due.

4 **Sec. 18. Whenever an individual who is a qualified individual on**
 5 **an assessment date for which property taxes were deferred:**

6 (1) ceases to use the homestead as the individual's principal
 7 place of residence;

8 (2) ceases to have a qualified interest in the homestead; or

9 (3) changes the individual's qualified interest in the
 10 homestead;

11 or a surviving spouse becomes a qualified individual, a person
 12 responsible for paying the property taxes on the homestead shall
 13 notify the county auditor in the county where the homestead is
 14 located on the form and in the manner prescribed by the
 15 department of local government finance. The county auditor shall
 16 review the information filed under this section to determine
 17 whether a deferral termination event has occurred.

18 **Sec. 19. If, as the result of the filing of information with the**
 19 **county auditor or on the county auditor's own motion, the county**
 20 **auditor determines that a deferral termination event has occurred,**
 21 **the county auditor shall notify the county treasurer, the county**
 22 **recorder, and the department of local government finance on the**
 23 **form and in the manner prescribed by the department of local**
 24 **government finance.**

25 **Sec. 20. A county auditor shall give written notice of each**
 26 **determination under this chapter to the qualified individuals and**
 27 **mortgage holders of record for the affected homestead. A qualified**
 28 **individual may appeal an adverse determination under this chapter**
 29 **to the Indiana board not later than forty-five (45) days after notice**
 30 **of the determination.**

31 **Sec. 21. The county recorder shall record the following without**
 32 **charge in the miscellaneous records of the county recorder:**

33 (1) A statement of the amount of property tax deferred.

34 (2) A statement of payment of deferred property taxes.

35 (3) A notice of termination of a deferral.

36 **Sec. 22. (a) Except:**

37 (1) as required by federal law or regulation;

38 (2) if a loan from a lender:

39 (A) is made, guaranteed, or insured by a federal
 40 government lending or insuring agency; and

41 (B) requires the borrower to make payments to a lender
 42 with respect to an escrow or other type of account; or



1 **(3) if the application of this section would impair the**
2 **obligations of a borrower under an agreement executed**
3 **before April 15, 2021;**
4 **a lender may not require a borrower to maintain an escrow or**
5 **other type of account with regard to taxes for which the borrower**
6 **has elected to defer taxes under this chapter.**
7 **(b) Notice of a tax deferral in the records of the county recorder**
8 **shall be treated as notice of a tax deferral to a lender.**
9 **(c) Any payments that are made by the borrower to the escrow**
10 **or other type of account with regard to property taxes and that:**
11 **(1) were submitted before the time of submission of evidence**
12 **of the tax deferral, for any period; and**
13 **(2) have not been used in payment or partial payment of**
14 **taxes;**
15 **must be refunded to the borrower within thirty (30) days after the**
16 **tax deferral is approved and filed with the county recorder.**

