

SENATE BILL No. 285

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1.

Synopsis: Property taxes. Provides a property tax credit for homesteads (homestead credit), excluding the property tax liability on a homestead for any voter approved referenda, which applies beginning on January 1 of the year that immediately succeeds the year in which the balance in the pension stabilization fund is sufficient to pay the liabilities of the pre-1996 account without the need for further appropriation by the general assembly. Requires the Indiana public retirement system to determine whether the balance of the pension stabilization fund is sufficient to pay the liabilities of the pre-1996 account without the need for an appropriation by the general assembly and report the determination to the state budget committee on or before March 1, 2025, and on or before March 1 of each odd-numbered year thereafter. Establishes the homestead grant fund (fund) beginning on January 1 of the year in which the homestead credit first applies to provide homestead grants (grants). Provides that appropriations to the fund may not exceed more than: (1) \$1,000,000,000 for the first state fiscal year in which the fund takes effect; and (2) for each state fiscal year after the first state fiscal year in which the fund takes effect, \$1,000,000,000 increased by 2% each year, compounded annually. Provides that, if the total amount of grant funding exceeds the cap, then the total amount of grants that are determined for the year shall be reduced proportionately on a pro rata basis. Makes an appropriation.

Effective: July 1, 2024.

Mishler

January 16, 2024, read first time and referred to Committee on Appropriations.



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.

SENATE BILL No. 285

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-10.2 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2024]:

4 **Chapter 10.2. Homestead Credit**
5 **Sec. 1. This chapter applies to assessment dates beginning on**
6 **January 1 of the year that immediately succeeds the year in which**
7 **the balance in the pension stabilization fund established by**
8 **IC 5-10.4-2-5 is sufficient to pay the liabilities of the pre-1996**
9 **account (as defined in IC 5-10.2-1-5.5) as determined in section 5**
10 **of this chapter without the need for further appropriation by the**
11 **general assembly, and each assessment date thereafter.**

12 **Sec. 2. As used in this chapter, "homestead" means any**
13 **property that receives the standard deduction under**
14 **IC 6-1.1-12-37.**

15 **Sec. 3. To make a homestead exempt from property taxation**
16 **under this article, the part of the property tax liability on a**
17 **homestead that remains after taking into account all deductions**



1 and credits provided under any other law, excluding the property
 2 tax liability for any voter approved referenda under
 3 IC 6-1.1-20-3.6, IC 20-46-1, and IC 20-46-9, and including
 4 IC 5-1-5-2.5, is eliminated. A deduction, credit, or allocation of
 5 revenue that reduces the property tax liability on a homestead
 6 using a local revenue source may not be changed after the
 7 assessment date on which the exemption is first applicable.

8 **Sec. 4. (a)** A person who receives the standard deduction
 9 provided by IC 6-1.1-12-37 on a homestead is entitled to the credit
 10 provided by this chapter and does not need to file a claim for the
 11 credit under this chapter. The auditor of each county shall, in a
 12 particular year, apply the credit to each person who received the
 13 credit in the preceding year unless the county auditor determines
 14 that the person is no longer eligible for the credit.

15 **(b)** The termination of the standard deduction provided by
 16 IC 6-1.1-12-37 on a homestead terminates the credit under this
 17 chapter.

18 **Sec. 5.** On or before March 1, 2025, and on or before March 1
 19 of each odd-numbered year thereafter, the Indiana public
 20 retirement system shall determine whether the balance of the
 21 pension stabilization fund established by IC 5-10.4-2-5 is sufficient
 22 to pay the liabilities of the pre-1996 account (as defined in
 23 IC 5-10.2-1-5.5) without the need for an appropriation by the
 24 general assembly. The Indiana public retirement system shall make
 25 the calculation and report the determination under this section to
 26 the budget committee on or before March 1, 2025, and on or before
 27 March 1 of each odd-numbered year thereafter.

28 SECTION 2. IC 6-1.1-52 IS ADDED TO THE INDIANA CODE
 29 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2024]:

31 **Chapter 52. Homestead Grant Fund**

32 **Sec. 1.** This chapter applies beginning on January 1 of the year
 33 in which the property tax credit under IC 6-1.1-10.2 is first
 34 applicable as set forth in IC 6-1.1-10.2-1.

35 **Sec. 2.** As used in this chapter, "fund" refers to the homestead
 36 grant fund established by section 3 of this chapter.

37 **Sec. 3. (a)** The homestead grant fund is established for the
 38 purpose of providing homestead grants under this chapter.

39 **(b)** The fund consists of:

- 40 (1) appropriations from the general assembly;
- 41 (2) gifts or donations intended for deposit in the fund; and
- 42 (3) interest that accrues from money in the fund.



1 (c) Appropriations to the fund by the general assembly may not
2 exceed more than:

3 (1) one billion dollars (\$1,000,000,000) for the first state fiscal
4 year in which this chapter takes effect; and

5 (2) for each state fiscal year after the first state fiscal year in
6 which this chapter takes effect, one billion dollars
7 (\$1,000,000,000) increased by two percent (2%) each year,
8 compounded annually.

9 If the total amount of funding determined under section 4 of this
10 chapter exceeds the amount described in this subsection, then the
11 total amount of homestead grants that are determined under
12 section 4 of this chapter shall be reduced proportionately on a pro
13 rata basis.

14 (d) The fund shall be administered by the department of local
15 government finance. The treasurer of state shall invest the money
16 in the fund not currently needed to meet the obligations of the fund
17 in the same manner as public money is invested. Money in the fund
18 at the end of a state fiscal year does not revert to the state general
19 fund.

20 Sec. 4. (a) Subject to section 3(c) of this chapter, the department
21 of local government finance shall determine for each county a
22 homestead grant amount for the upcoming calendar year. A
23 county's homestead grant amount is the amount of net property
24 taxes that would be first due and payable in the calendar year in
25 the county on all homesteads (as defined in IC 6-1.1-12-37),
26 excluding any property tax liability for voter approved referenda
27 under IC 6-1.1-20-3.6, IC 20-46-1, and IC 20-46-9, and including
28 IC 5-1-5-2.5. This determination shall be made by using the net
29 property tax liability on the homestead before applying the credit
30 provided by IC 6-1.1-10.2 and after applying all assessed value
31 deductions, credits, or abatements provided under any other law,
32 and then excluding any property tax liability for voter approved
33 referenda under IC 6-1.1-20-3.6, IC 20-46-1, and IC 20-46-9, and
34 including IC 5-1-5-2.5.

35 (b) Before July 15 of each year, the department of local
36 government finance shall certify in writing to each county auditor
37 and to the budget agency the amount of the county's certified
38 homestead grant amount for the following year. Each taxing unit
39 in a county is entitled to receive its allocation of the certified
40 homestead grant amount based on the amount that each taxing
41 unit would have received in property taxes if the credit under
42 IC 6-1.1-10.2 were not applied, subject to section 3(c) of this



1 **chapter.**
2 **Sec. 5. A taxing unit shall treat the homestead grant amount**
3 **certified for a year as property tax revenue for the purpose of**
4 **fixing the taxing unit's budget for that budget year. However, the**
5 **county auditor shall report distributions of grant money to taxing**
6 **units separately from property tax proceeds in the county's data**
7 **submission under IC 5-14-3.8-9.**
8 **Sec. 6. Each distribution under this chapter shall be made by the**
9 **state comptroller to the appropriate county treasurer. The**
10 **distribution for a year shall be made to the county treasurer on or**
11 **before January 15 of each year. The county auditor shall credit**
12 **each installment to each taxing unit in the county at the same time**
13 **and in the same manner as property taxes are credited.**
14 **Sec. 7. There is appropriated from the state general fund the**
15 **amount necessary to provide distributions under this chapter each**
16 **year, subject to section 3(c) of this chapter.**
17 **Sec. 8. The state comptroller shall annually report to the budget**
18 **committee the total amount of grants distributed statewide under**
19 **this chapter for the year and the total amount distributed to each**
20 **county.**

