SENATE BILL No. 292

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1.

Synopsis: Property taxes. Authorizes a county fiscal body to adopt an ordinance to establish a senior homestead assessed value deduction. Defines a "qualified senior homestead" for purposes of the deduction as homestead property that is owned by one or more owner-occupants who is at least 50 years of age. Provides that the deduction is equal to: (1) the difference of the percentage increase in the assessed value of the property that is due to the annual adjustment (or "trending") minus the assessed value growth quotient percentage, multiplied by; (2) the gross assessed value. Requires an individual who desires to claim the deduction following the enactment of an ordinance to file a certified statement with the county auditor. Provides that the county auditor shall apply the deduction in succeeding years after the certified statement is filed unless the auditor determines that the individual is no longer eligible for the deduction. 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, 2020.

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January 9, 2020, read first time and referred to Committee on Tax and Fiscal Policy.

Introduced

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.

SENATE BILL No. 292

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

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

SECTION 1. IC 6-1.1-12-17.8, AS AMENDED BY P.L.257-2019, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 17.8. (a) An individual who receives a deduction provided under section 1, 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter **or IC 6-1.1-49** in a particular year and who remains eligible for the deduction in the following year is not required to file a statement to apply for the deduction in the following year. However, for purposes of a deduction under section 37 of this chapter, the county auditor may, in the county auditor's discretion, terminate the deduction for assessment dates after January 15, 2012, if the individual does not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates the deduction because the taxpayer claiming the deduction did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the deduction to:

(1) the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records; or

(2) the last known address of the most recent owner shown in the transfer book.

(b) An individual who receives a deduction provided under section 1, 9, 11, 13, 14, 16, or 17.4 (before its expiration) of this chapter in a particular year and who becomes ineligible for the deduction in the following year shall notify the auditor of the county in which the real property, mobile home, or manufactured home for which the individual claims the deduction is located of the individual's ineligibility in the year in which the individual becomes ineligible. An individual who becomes ineligible for a deduction under section 37 of this chapter shall notify the county auditor of the county in which the property is located in conformity with section 37 of this chapter. **An individual who becomes ineligible for a deduction under IC 6-1.1-49 shall notify the county auditor of the county in which the property is located in conformity with IC 6-1.1-49.**

(c) The auditor of each county shall, in a particular year, apply a deduction provided under section 1, 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter **or IC 6-1.1-49** to each individual who received the deduction in the preceding year unless the auditor determines that the individual is no longer eligible for the deduction.

(d) An individual who receives a deduction provided under section 1, 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter **or IC 6-1.1-49** for property that is jointly held with another owner in a particular year and remains eligible for the deduction in the following year is not required to file a statement to reapply for the deduction following the removal of the joint owner if:

(1) the individual is the sole owner of the property following the death of the individual's spouse; or

(2) the individual is the sole owner of the property following the death of a joint owner who was not the individual's spouse.

If a county auditor terminates a deduction under section 9 of this chapter, a deduction under section 37 of this chapter, or a credit under IC 6-1.1-20.6-8.5 after June 30, 2017, and before May 1, 2019, because the taxpayer claiming the deduction or credit did not comply with a requirement added to this subsection by P.L.255-2017 to reapply for the deduction or credit, the county auditor shall reinstate the deduction or credit if the taxpayer provides proof that the taxpayer is eligible for the deduction or credit and is not claiming the deduction or credit for any other property.

(e) A trust entitled to a deduction under section 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter for real property owned by the trust and occupied by an individual in accordance with section 17.9 of this chapter is not required to file a statement to apply for the deduction, if:

(1) the individual who occupies the real property receives a deduction provided under section 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter in a particular year; and

(2) the trust remains eligible for the deduction in the following year.

However, for purposes of a deduction under section 37 of this chapter, the individuals that qualify the trust for a deduction must comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013.

(f) A cooperative housing corporation (as defined in 26 U.S.C. 216) that is entitled to a deduction under section 37 of this chapter in the immediately preceding calendar year for a homestead (as defined in section 37 of this chapter) is not required to file a statement to apply for the deduction for the current calendar year if the cooperative housing corporation remains eligible for the deduction for the current calendar year. However, the county auditor may, in the county auditor's discretion, terminate the deduction for assessment dates after January 15, 2012, if the individual does not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates a deduction because the taxpayer claiming the deduction did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the deduction to:

(1) the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records; or

(2) the last known address of the most recent owner shown in the transfer book.

(g) An individual who:

(1) was eligible for a homestead credit under IC 6-1.1-20.9 (repealed) for property taxes imposed for the March 1, 2007, or January 15, 2008, assessment date; or

(2) would have been eligible for a homestead credit under IC 6-1.1-20.9 (repealed) for property taxes imposed for the March 1, 2008, or January 15, 2009, assessment date if IC 6-1.1-20.9 had not been repealed;

is not required to file a statement to apply for a deduction under section 37 of this chapter if the individual remains eligible for the deduction in the current year. An individual who filed for a homestead credit under IC 6-1.1-20.9 (repealed) for an assessment date after March 1, 2007 (if the property is real property), or after January 1, 2008 (if the property is personal property), shall be treated as an individual who has filed for a deduction under section 37 of this chapter. However, the county auditor may, in the county auditor's discretion, terminate the deduction for assessment dates after January 15, 2012, if the individual does not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates the deduction because the taxpayer claiming the deduction did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the deduction to the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records, or to the last known address of the most recent owner shown in the transfer book.

(h) If a county auditor terminates a deduction because the taxpayer claiming the deduction did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall reinstate the deduction if the taxpayer provides proof that the taxpayer is eligible for the deduction and is not claiming the deduction for any other property.

(i) A taxpayer described in section 37(k) of this chapter is not required to file a statement to apply for the deduction provided by section 37 of this chapter for a calendar year beginning after December 31, 2008, if the property owned by the taxpayer remains eligible for the deduction for that calendar year. However, the county auditor may terminate the deduction for assessment dates after January 15, 2012, if the individual residing on the property owned by the taxpayer does not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates a deduction because the individual residing on the property did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the deduction to:

(1) the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records; or

(2) the last known address of the most recent owner shown in the transfer book.

SECTION 2. IC 6-1.1-49 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]:

Chapter 49. Senior Homestead Assessed Value Deduction

Sec. 1. As used in this chapter, "homestead" refers to a homestead that has been granted a standard deduction under IC 6-1.1-12-37.

Sec. 2. As used in this chapter, "qualified senior homestead" means a homestead that is owned by one (1) or more owner-occupants who is at least fifty (50) years of age.

Sec. 3. (a) A county fiscal body may adopt an ordinance to provide a deduction from the assessed value of qualified senior homestead property as set forth in this chapter.

(b) If a county fiscal body adopts an ordinance under this section, the county fiscal body shall provide a certified copy of the adopted ordinance to the department of local government finance and the county auditor.

Sec. 4. (a) Subject to subsection (b), the amount of the deduction under this chapter is equal to STEP TWO of the following formula:

STEP ONE: Determine the greater of zero (0) or the difference of:

(A) the percentage increase in the amount of the assessed value of the qualified senior homestead property that is due solely to the annual adjustment under IC 6-1.1-4-4.5; minus

(B) the result of the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the ensuing calendar year minus one (1).

STEP TWO: Multiply the percentage determined in STEP ONE by the gross assessed value of the qualified senior homestead property.

(b) The deduction provided by this chapter shall not apply to any portion of a qualified senior homestead property that is used for trade or business purposes in connection with the production of income.

Sec. 5. (a) An individual who desires to claim the deduction provided by this chapter must file a certified statement on forms prescribed by the department of local government finance with the auditor of the county in which the qualified senior homestead is located. The department of local government finance shall

prescribe a standard certified statement form that must be used for purposes of this section. The department shall require the form to be notarized.

(b) The certified statement under subsection (a) applies for that first year and any succeeding year for which the deduction is allowed.

Sec. 6. A qualified senior homestead is eligible for only one (1) deduction under this chapter regardless of the number of owners of the homestead. If the ownership of a qualified homestead changes, the county auditor shall remove the designation as a qualified senior homestead and remove the deduction effective on the assessment date in that year.

Sec. 7. (a) If an individual who is receiving the deduction provided by this chapter:

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

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

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

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

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