

SENATE BILL No. 396

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-12.

Synopsis: Veterans' property tax matters. Provides that a veteran who is classified as individually unemployable is entitled to a property tax deduction. Increases the limit of the gross assessed value below which the veteran's property tax deduction is allowable for a veteran who is totally disabled, is at least 62 years of age and has a disability of at least 10%, or is individually unemployable. Provides that the surviving spouse of an individual who dies while serving in the military or naval forces of the United States is entitled to a property tax deduction. Provides a county option deduction to eligible individuals for the acquisition and occupation of abandoned dwellings as homesteads.

Effective: July 1, 2018.

Walker

January 8, 2018, read first time and referred to Committee on Appropriations.



Second Regular Session 120th General Assembly (2018)

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 2017 Regular Session of the General Assembly.

SENATE BILL No. 396

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 6-1.1-12-14, AS AMENDED BY P.L.100-2016,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2018]: Sec. 14. (a) Except as provided in subsection ~~(c)~~ **(d)**
4 and except as provided in section 40.5 of this chapter, an individual
5 may have the sum of ~~twelve thousand four hundred eighty dollars~~
6 ~~(\$12,480)~~ **determined under subsection (b)** deducted from the
7 assessed value of the tangible property that the individual owns (or the
8 real property, mobile home not assessed as real property, or
9 manufactured home not assessed as real property that the individual is
10 buying under a contract that provides that the individual is to pay
11 property taxes on the real property, mobile home, or manufactured
12 home if the contract or a memorandum of the contract is recorded in
13 the county recorder's office) if:
14 (1) the individual served in the military or naval forces of the
15 United States for at least ninety (90) days;
16 (2) the individual received an honorable discharge;
17 (3) the individual: ~~either:~~



- 1 (A) has a total disability; ~~or~~
 2 (B) is at least sixty-two (62) years old and has a disability of at
 3 least ten percent (10%); ~~or~~
 4 **(C) is classified as individually unemployable by the United**
 5 **States Department of Veterans Affairs, regardless of the**
 6 **individual's service connected disability rating, if any;**
 7 (4) the individual's disability ~~or classification~~ is evidenced by:
 8 (A) a pension certificate or an award of compensation issued
 9 by the United States Department of Veterans Affairs; or
 10 (B) a certificate of eligibility issued to the individual by the
 11 Indiana department of veterans' affairs after the Indiana
 12 department of veterans' affairs has determined that the
 13 individual's disability ~~or classification~~ qualifies the individual
 14 to receive a deduction under this section; and
 15 (5) the individual:
 16 (A) owns the real property, mobile home, or manufactured
 17 home; or
 18 (B) is buying the real property, mobile home, or manufactured
 19 home under contract;
 20 on the date the statement required by section 15 of this chapter is
 21 filed.
 22 **(b) Except as provided in subsections (d) and (e), the amount of**
 23 **a deduction under this section is equal to:**
 24 **(1) twelve thousand four hundred eighty dollars (\$12,480), for**
 25 **an individual who qualifies for the deduction under subsection**
 26 **(a)(3)(A) or (a)(3)(B); or**
 27 **(2) one hundred percent (100%) of assessed value, for an**
 28 **individual who qualifies for the deduction under subsection**
 29 **(a)(3)(C).**
 30 ~~(b)~~ **(c)** Except as provided in subsections ~~(e)~~ ~~and~~ (d) ~~and~~ (e), the
 31 surviving spouse of an individual may receive the deduction provided
 32 by this section if the individual satisfied the requirements of subsection
 33 (a)(1) through (a)(4) at the time of death and the surviving spouse
 34 satisfies the requirement of subsection (a)(5) at the time the deduction
 35 statement is filed. The surviving spouse is entitled to the deduction
 36 regardless of whether the property for which the deduction is claimed
 37 was owned by the deceased veteran or the surviving spouse before the
 38 deceased veteran's death.
 39 ~~(e)~~ **(d)** No one is entitled to the deduction provided by this section
 40 if the assessed value of the individual's Indiana real property, Indiana
 41 mobile home not assessed as real property, and Indiana manufactured
 42 home not assessed as real property, as shown by the tax duplicate,



1 exceeds the assessed value limit specified in subsection ~~(d)~~: **(e)**.

2 ~~(d) For the January 1, 2017, assessment date and for each~~
 3 ~~assessment date thereafter;~~ **(e)** The assessed value limit for purposes of
 4 subsection ~~(e)~~ **(d)** is:

5 **(1) one hundred seventy-five thousand dollars (\$175,000), for the**
 6 **2017 assessment date; or**

7 **(2) one hundred ninety-five thousand dollars (\$195,000), for**
 8 **assessment dates occurring after 2017.**

9 ~~(e)~~ **(f)** An individual who has sold real property, a mobile home not
 10 assessed as real property, or a manufactured home not assessed as real
 11 property to another person under a contract that provides that the
 12 contract buyer is to pay the property taxes on the real property, mobile
 13 home, or manufactured home may not claim the deduction provided
 14 under this section against that real property, mobile home, or
 15 manufactured home.

16 SECTION 2. IC 6-1.1-12-16.5 IS ADDED TO THE INDIANA
 17 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
 18 [EFFECTIVE JULY 1, 2018]: **Sec. 16.5. (a) Except as provided in**
 19 **section 40.5 of this chapter, a surviving spouse may have the sum**
 20 **of eighteen thousand seven hundred twenty dollars (\$18,720)**
 21 **deducted from the assessed value of the surviving spouse's tangible**
 22 **property, or real property, mobile home not assessed as real**
 23 **property, or manufactured home not assessed as real property that**
 24 **the surviving spouse is buying under a contract that provides that**
 25 **the surviving spouse is to pay property taxes on the real property,**
 26 **mobile home, or manufactured home, if the contract or a**
 27 **memorandum of the contract is recorded in the county recorder's**
 28 **office, and if:**

29 **(1) the deceased spouse died while serving in the military or**
 30 **naval forces of the United States; and**

31 **(2) the surviving spouse:**

32 **(A) owns the real property, mobile home, or manufactured**
 33 **home; or**

34 **(B) is buying the real property, mobile home, or**
 35 **manufactured home under contract;**

36 **on the date the statement required by section 17 of this**
 37 **chapter is filed.**

38 **(b) A surviving spouse who receives the deduction provided by**
 39 **this section may not also receive the deduction provided by section**
 40 **13, 14, or 14.5 of this chapter as a surviving spouse. However, the**
 41 **surviving spouse may receive any other deduction which the**
 42 **surviving spouse is entitled to by law.**



1 (c) **An individual who has sold real property, a mobile home not**
 2 **assessed as real property, or a manufactured home not assessed as**
 3 **real property to another person under a contract that provides that**
 4 **the contract buyer is to pay the property taxes on the real**
 5 **property, mobile home, or manufactured home may not claim the**
 6 **deduction provided under this section against that real property,**
 7 **mobile home, or manufactured home.**

8 SECTION 3. IC 6-1.1-12-17, AS AMENDED BY P.L.183-2014,
 9 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JULY 1, 2018]: Sec. 17. (a) Except as provided in section 17.8 of this
 11 chapter and subject to section 45 of this chapter, a surviving spouse
 12 who desires to claim the deduction provided by section 16 **or 16.5** of
 13 this chapter must file a statement with the auditor of the county in
 14 which the surviving spouse resides. With respect to real property, the
 15 statement must be completed and dated in the calendar year for which
 16 the person wishes to obtain the deduction and filed with the county
 17 auditor on or before January 5 of the immediately succeeding calendar
 18 year. With respect to a mobile home that is not assessed as real
 19 property or a manufactured home that is not assessed as real property,
 20 the statement must be filed during the twelve (12) months before
 21 March 31 of each year for which the individual wishes to obtain the
 22 deduction. The statement may be filed in person or by mail. If mailed,
 23 the mailing must be postmarked on or before the last day for filing. The
 24 statement shall contain:

- 25 (1) a sworn statement that the surviving spouse is entitled to the
 26 deduction; and
 27 (2) the record number and page where the contract or
 28 memorandum of the contract is recorded, if the individual is
 29 buying the real property on a contract that provides that the
 30 individual is to pay property taxes on the real property.

31 **(b) This subsection applies to a claim for a deduction under**
 32 **section 16 of this chapter.** In addition to the statement, the surviving
 33 spouse shall submit to the county auditor for the auditor's inspection a
 34 letter or certificate from the United States Department of Veterans
 35 Affairs establishing the service of the deceased spouse in the military
 36 or naval forces of the United States before November 12, 1918.

37 **(c) This subsection applies to a claim for a deduction under**
 38 **section 16.5 of this chapter.** In addition to the statement, the
 39 surviving spouse shall submit to the county auditor for the
 40 auditor's inspection a letter or certificate from the United States
 41 Department of Veterans Affairs establishing the service of the
 42 deceased spouse in the military or naval forces of the United States



1 **at the time of the deceased spouse's death.**

2 SECTION 4. IC 6-1.1-12-17.8, AS AMENDED BY P.L.255-2017,
 3 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 4 JULY 1, 2018]: Sec. 17.8. (a) An individual who receives a deduction
 5 provided under section 1, 9, 11, 13, 14, 16, **16.5**, 17.4 (before its
 6 expiration), **or 37, or 47** of this chapter in a particular year and who
 7 remains eligible for the deduction in the following year is not required
 8 to file a statement to apply for the deduction in the following year.
 9 However, for purposes of a deduction under section 37 of this chapter,
 10 the county auditor may, in the county auditor's discretion, terminate the
 11 deduction for assessment dates after January 15, 2012, if the individual
 12 does not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired
 13 January 1, 2015), as determined by the county auditor, before January
 14 1, 2013. Before the county auditor terminates the deduction because
 15 the taxpayer claiming the deduction did not comply with the
 16 requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before
 17 January 1, 2013, the county auditor shall mail notice of the proposed
 18 termination of the deduction to:

- 19 (1) the last known address of each person liable for any property
 20 taxes or special assessment, as shown on the tax duplicate or
 21 special assessment records; or
 22 (2) the last known address of the most recent owner shown in the
 23 transfer book.

24 (b) An individual who receives a deduction provided under section
 25 1, 9, 11, 13, 14, 16, **16.5**, **or 17.4** (before its expiration), **or 47** of this
 26 chapter in a particular year and who becomes ineligible for the
 27 deduction in the following year shall notify the auditor of the county in
 28 which the real property, mobile home, or manufactured home for which
 29 the individual claims the deduction is located of the individual's
 30 ineligibility in the year in which the individual becomes ineligible. An
 31 individual who becomes ineligible for a deduction under section 37 of
 32 this chapter shall notify the county auditor of the county in which the
 33 property is located in conformity with section 37 of this chapter.

34 (c) The auditor of each county shall, in a particular year, apply a
 35 deduction provided under section 1, 9, 11, 13, 14, 16, **16.5**, 17.4
 36 (before its expiration), **or 37, or 47** of this chapter to each individual
 37 who received the deduction in the preceding year unless the auditor
 38 determines that the individual is no longer eligible for the deduction.

39 (d) An individual who receives a deduction provided under section
 40 1, 9, 11, 13, 14, 16, **16.5**, 17.4 (before its expiration), **or 37, or 47** of
 41 this chapter for property that is jointly held with another owner in a
 42 particular year and remains eligible for the deduction in the following



1 year is not required to file a statement to reapply for the deduction
2 following the removal of the joint owner if:

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

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

7 If an unmarried individual who is receiving a deduction under section
8 37 of this chapter for a property subsequently marries, desires to
9 continue claiming the deduction for the property, and remains eligible
10 for the deduction, the individual must reapply for the deduction for the
11 following assessment date. If a married individual who is receiving a
12 deduction under section 37 of this chapter for a property with the
13 individual's spouse subsequently divorces, desires to continue claiming
14 the deduction for the property, and remains eligible for the deduction,
15 the individual must reapply for the deduction for the following
16 assessment date. However, the individual's failure to reapply for the
17 deduction does not make the individual's former spouse ineligible for
18 a deduction under section 37 of this chapter. If a person who is
19 receiving a deduction under section 9 of this chapter for a property
20 subsequently comes to own the property with another person jointly or
21 as a tenant in common, desires to continue claiming the deduction for
22 the property, and remains eligible for the deduction, the person must
23 reapply for the deduction for the following assessment date. If an
24 unmarried individual who is receiving a credit under IC 6-1.1-20.6-8.5
25 for a property subsequently marries, desires to continue claiming the
26 credit for the property, and remains eligible for the credit, the
27 individual must reapply for the credit for the following assessment
28 date.

29 (e) A trust entitled to a deduction under section 9, 11, 13, 14, 16,
30 **16.5**, 17.4 (before its expiration), **or 37, or 47** of this chapter for real
31 property owned by the trust and occupied by an individual in
32 accordance with section 17.9 of this chapter is not required to file a
33 statement to apply for the deduction, if:

34 (1) the individual who occupies the real property receives a
35 deduction provided under section 9, 11, 13, 14, 16, **16.5**, 17.4
36 (before its expiration), **or 37, or 47** of this chapter in a particular
37 year; and

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

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



1 before January 1, 2013.

2 (f) A cooperative housing corporation (as defined in 26 U.S.C. 216)

3 that is entitled to a deduction under section 37 of this chapter in the

4 immediately preceding calendar year for a homestead (as defined in

5 section 37 of this chapter) is not required to file a statement to apply for

6 the deduction for the current calendar year if the cooperative housing

7 corporation remains eligible for the deduction for the current calendar

8 year. However, the county auditor may, in the county auditor's

9 discretion, terminate the deduction for assessment dates after January

10 15, 2012, if the individual does not comply with the requirement in

11 IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the

12 county auditor, before January 1, 2013. Before the county auditor

13 terminates a deduction because the taxpayer claiming the deduction did

14 not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired

15 January 1, 2015) before January 1, 2013, the county auditor shall mail

16 notice of the proposed termination of the deduction to:

17 (1) the last known address of each person liable for any property

18 taxes or special assessment, as shown on the tax duplicate or

19 special assessment records; or

20 (2) the last known address of the most recent owner shown in the

21 transfer book.

22 (g) An individual who:

23 (1) was eligible for a homestead credit under IC 6-1.1-20.9

24 (repealed) for property taxes imposed for the March 1, 2007, or

25 January 15, 2008, assessment date; or

26 (2) would have been eligible for a homestead credit under

27 IC 6-1.1-20.9 (repealed) for property taxes imposed for the March

28 1, 2008, or January 15, 2009, assessment date if IC 6-1.1-20.9 had

29 not been repealed;

30 is not required to file a statement to apply for a deduction under section

31 37 of this chapter if the individual remains eligible for the deduction in

32 the current year. An individual who filed for a homestead credit under

33 IC 6-1.1-20.9 (repealed) for an assessment date after March 1, 2007 (if

34 the property is real property), or after January 1, 2008 (if the property

35 is personal property), shall be treated as an individual who has filed for

36 a deduction under section 37 of this chapter. However, the county

37 auditor may, in the county auditor's discretion, terminate the deduction

38 for assessment dates after January 15, 2012, if the individual does not

39 comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January

40 1, 2015), as determined by the county auditor, before January 1, 2013.

41 Before the county auditor terminates the deduction because the

42 taxpayer claiming the deduction did not comply with the requirement



1 in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1,
 2 2013, the county auditor shall mail notice of the proposed termination
 3 of the deduction to the last known address of each person liable for any
 4 property taxes or special assessment, as shown on the tax duplicate or
 5 special assessment records, or to the last known address of the most
 6 recent owner shown in the transfer book.

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

13 (i) A taxpayer described in section 37(k) of this chapter is not
 14 required to file a statement to apply for the deduction provided by
 15 section 37 of this chapter for a calendar year beginning after December
 16 31, 2008, if the property owned by the taxpayer remains eligible for the
 17 deduction for that calendar year. However, the county auditor may
 18 terminate the deduction for assessment dates after January 15, 2012, if
 19 the individual residing on the property owned by the taxpayer does not
 20 comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January
 21 1, 2015), as determined by the county auditor, before January 1, 2013.
 22 Before the county auditor terminates a deduction because the
 23 individual residing on the property did not comply with the
 24 requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before
 25 January 1, 2013, the county auditor shall mail notice of the proposed
 26 termination of the deduction to:

- 27 (1) the last known address of each person liable for any property
 28 taxes or special assessment, as shown on the tax duplicate or
 29 special assessment records; or
 30 (2) the last known address of the most recent owner shown in the
 31 transfer book.

32 SECTION 5. IC 6-1.1-12-47 IS ADDED TO THE INDIANA CODE
 33 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 34 1, 2018]: **Sec. 47. (a) The following definitions apply throughout
 35 this chapter:**

- 36 (1) "Abandoned dwelling" means a dwelling that:
 37 (A) is determined to be abandoned under IC 36-7-37; or
 38 (B) is acquired in a tax sale of vacant or abandoned real
 39 property under IC 6-1.1-24-1.5 or IC 6-1.1-24-6.8.
 40 (2) "Dwelling" has the meaning set forth in IC 6-1.1-12-37.
 41 (3) "Eligible individual" means:
 42 (A) a member of the military or public safety officer (as



- 1 defined in IC 10-14-2-5);
 2 (B) a teacher licensed under IC 20-28; or
 3 (C) an individual who:
 4 (i) served in the military or naval forces of the United
 5 States for at least ninety (90) days; and
 6 (ii) received an honorable discharge.
 7 (4) "Fiscal body" has the meaning set forth in IC 36-1-2-6.
 8 (5) "Homestead" has the meaning set forth in IC 6-1.1-12-37.
 9 (6) "Municipality" has the meaning set forth in IC 36-1-2-11.
 10 (b) The fiscal body of a county or a municipality may adopt an
 11 ordinance to provide a deduction from assessed value to each
 12 eligible individual who acquires an abandoned dwelling in the
 13 territory of the county or municipality and occupies the abandoned
 14 dwelling as the eligible individual's homestead.
 15 (c) An ordinance adopted under subsection (b) by the fiscal body
 16 of a county applies only in the unincorporated areas of the county.
 17 (d) The fiscal body of a county or municipality may amend or
 18 rescind an ordinance adopted under subsection (b) at any time.
 19 (e) An ordinance adopted under subsection (b) must specify the
 20 following:
 21 (1) The amount of the deduction as a dollar amount or as a
 22 percentage of the assessed value of the homestead.
 23 (2) The maximum number of consecutive years that an
 24 eligible individual may claim the deduction, which may not
 25 exceed ten (10) years.
 26 (f) An ordinance adopted under subsection (b) or (d) may
 27 specify additional criteria that an abandoned dwelling or an
 28 eligible individual must meet in order to qualify for the deduction
 29 provided by the ordinance.
 30 (g) An ordinance adopted under this chapter applies only to
 31 property taxes first due and payable after December 31 of the year
 32 in which the ordinance is adopted.
 33 (h) The fiscal body of a county or municipality shall promptly
 34 transmit a copy of an ordinance adopted under this chapter to the
 35 department in the manner prescribed by the department.
 36 (i) An eligible individual may receive a deduction provided by
 37 this chapter for a homestead only if the eligible individual may
 38 claim the standard deduction for the homestead under
 39 IC 6-1.1-12-37.
 40 (j) The department may adopt rules necessary to administer this
 41 section under IC 4-22-2.
 42 SECTION 6. IC 6-1.1-12-48 IS ADDED TO THE INDIANA CODE



1 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
2 1, 2018]: **Sec. 48. (a)** As used in this section, "eligible individual"
3 has the meaning set forth in section 47 of this chapter.

4 **(b)** Except as provided in section 17.8 of this chapter and subject
5 to section 45 of this chapter, an eligible individual who desires to
6 claim a deduction provided by an ordinance adopted under section
7 47 of this chapter must file a statement with the auditor of the
8 county in which the eligible individual resides. With respect to real
9 property, the statement must be completed and dated in the
10 calendar year for which the person wishes to obtain the deduction
11 and filed with the county auditor on or before January 5 of the
12 immediately succeeding calendar year. With respect to a mobile
13 home that is not assessed as real property or a manufactured home
14 that is not assessed as real property, the statement must be filed
15 during the twelve (12) months before March 31 of each year for
16 which the individual wishes to obtain the deduction. The statement
17 may be filed in person or by mail. If mailed, the mailing must be
18 postmarked on or before the last day for filing. The statement shall
19 contain:

20 (1) a sworn statement that the eligible individual is entitled to
21 the deduction; and

22 (2) the record number and page where the contract or
23 memorandum of the contract is recorded, if the individual is
24 buying the real property on a contract that provides that the
25 individual is to pay property taxes on the real property.

26 SECTION 7. [EFFECTIVE JULY 1, 2018] (a) IC 6-1.1-12-14,
27 IC 6-1.1-12-17, and IC 6-1.1-12-17.8, all as amended by this act,
28 apply only to property taxes for assessment dates occurring after
29 December 31, 2017.

30 (b) IC 6-1.1-12-16.5, IC 6-1.1-12-47, and IC 6-1.1-12-48, all as
31 added by this act, apply only to property taxes for assessment dates
32 occurring after December 31, 2017.

33 (c) This SECTION expires January 1, 2019.

