HOUSE BILL No. 1307

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1.

Synopsis: Property tax exemption for senior citizens. Exempts a homestead from property taxation if: (1) all owners of the homestead are at least 65 years of age; (2) at least one owner of the homestead uses the homestead as a primary residence and has been an owner of the homestead for at least ten consecutive years; (3) the annual income of the individual claiming the exemption, in combination with the annual income of the individual's spouse or co-owners, is less than $25,000; (4) the assessed value of the property is not more than $144,000; and (5) the individual claiming the exemption is not subject to certain delinquent property taxes, assessments, fees, or charges.

Effective: January 1, 2008.

Cheatham

January 16, 2007, read first time and referred to Committee on Ways and Means.

Introduced

First Regular Session 115th General Assembly (2007)

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 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1307

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 6-1.1-10-16.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 16.8. (a) As used in this section, "homestead" has the meaning set forth in IC 6-1.1-20.9-1.**

(b) A homestead is exempt from property taxation if:

(1) all the individuals who:

(A) own the homestead;

(B) are purchasing the homestead under a contract; or

(C) have a beneficial interest in the owner of the homestead;

are at least sixty-five (65) years of age on or before December 31 of the calendar year preceding the assessment year;

(2) at least one (1) individual who:

(A) owns the homestead;

(B) is purchasing the homestead under a contract; or

(C) has a beneficial interest in the homestead;

is using the homestead as the individual's principal place of

residence;

(3) the combined adjusted gross income (as defined in Section 62 of the Internal Revenue Code) of:

(A) the individual claiming the exemption and the individual's spouse; or

(B) the individual claiming the exemption and all other individuals with whom:

(i) the individual shares ownership of the homestead;

(ii) the individual is purchasing the homestead under a contract as joint tenants or tenants in common; or

(iii) the individual shares a beneficial interest in the homestead;

for the calendar year preceding the assessment year does not exceed twenty-five thousand dollars ($25,000);

(4) at least one (1) individual who uses the homestead as the individual's principal place of residence has any combination of:

(A) an ownership interest in the homestead;

(B) a contract interest in a contract to purchase the homestead that:

(i) requires the individual to pay the property taxes on the homestead; and

(ii) is either recorded in the county recorder's office or incorporated by reference into a memorandum of the contract that is recorded in the county recorder's office; or

(C) a beneficial interest in the owner of the homestead;

for at least ten (10) consecutive years before claiming the exemption;

(5) the assessed value of the homestead does not exceed one hundred forty-four thousand dollars ($144,000); and

(6) the individual claiming the exemption:

(A) is not delinquent in the payment of:

(i) any property taxes that are not exempt under this section, special assessments, or fees or charges that are included by law on a tax statement issued under IC 6-1.1-22-8 or IC 6-1.1-22.5 or a statement in another state; or

(ii) penalties or interest imposed for property taxes, special assessments, fees, or charges; or

(B) has been granted a waiver from the requirement under clause (A) from the county auditor in the county where the

homestead is located.

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

(1) is absent from the homestead while in a health care facility (as defined in IC 16-18-2-161 or IC 16-28-13-0.5); and

(2) used the homestead as the individual's principal place of residence immediately before being admitted to a health care facility (as defined in IC 16-18-2-161 or IC 16-28-13-0.5).

SECTION 2. IC 6-1.1-11-3, AS AMENDED BY P.L.154-2006, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) Subject to subsections (e), (f), and (g), an owner of tangible property who wishes to obtain an exemption from property taxation shall file a certified application in duplicate with the county assessor of the county in which the property that is the subject of the exemption is located. The application must be filed annually before May 15 on forms prescribed by the department of local government finance. Except as provided in sections 1, 3.5, and 4 of this chapter, the application applies only for the taxes imposed for the year for which the application is filed.

(b) The authority for signing an exemption application may not be delegated by the owner of the property to any other person except by an executed power of attorney.

(c) An exemption application which is required under this chapter shall contain the following information:

(1) A description of the property claimed to be exempt in sufficient detail to afford identification.

(2) A statement showing the ownership, possession, and use of the property.

(3) The grounds for claiming the exemption.

(4) The full name and address of the applicant.

(5) For the year that ends on the assessment date of the property, identification of:

(A) each part of the property used or occupied; and

(B) each part of the property not used or occupied;

for one (1) or more exempt purposes under IC 6-1.1-10 during the time the property is used or occupied.

(6) For the exemption provided by IC 6-1.1-10-16.8, the application must contain a description of the source and the exact amount of gross income received by:

(A) the individual and the individual's spouse during the preceding calendar year; or

preceding calendar year; or

(B) the individual and all other individuals with whom:
(i) the individual shares ownership in the homestead;
(ii) the individual is purchasing the homestead under a contract; or
(iii) the individual shares a beneficial interest in the homestead.

~~(6)~~ **(7)** Any additional information which the department of local government finance may require.

(d) A person who signs an exemption application shall attest in writing and under penalties of perjury that, to the best of the person's knowledge and belief:

(1) a predominant part of the property claimed to be exempt is not being used or occupied in connection with a trade or business that is not substantially related to the exercise or performance of the organization's exempt purpose; **or**

(2) the person meets the requirements provided under IC 6-1.1-10-16.8 to exempt the person's homestead.

(e) An owner must file with an application for exemption of real property under subsection (a) or section 5 of this chapter a copy of the township assessor's record kept under IC 6-1.1-4-25(a) that shows the calculation of the assessed value of the real property for the assessment date for which the exemption is claimed. Upon receipt of the exemption application, the county assessor shall examine that record and determine if the real property for which the exemption is claimed is properly assessed. If the county assessor determines that the real property is not properly assessed, the county assessor shall direct the township assessor of the township in which the real property is located to:

(1) properly assess the real property; and

(2) notify the county assessor and county auditor of the proper assessment.

(f) If the county assessor determines that the applicant has not filed with an application for exemption a copy of the record referred to in subsection (e), the county assessor shall notify the applicant in writing of that requirement. The applicant then has thirty (30) days after the date of the notice to comply with that requirement. The county property tax assessment board of appeals shall deny an application described in this subsection if the applicant does not comply with that requirement within the time permitted under this subsection.

(g) This subsection applies whenever a law requires an exemption to be claimed on or in an application accompanying a personal property tax return. The claim or application may be filed on or with a personal property tax return not more than thirty (30) days after the filing date for the personal property tax return, regardless of whether an extension of the filing date has been granted under IC 6-1.1-3-7.

SECTION 3. IC 6-1.1-12-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9. (a) **In addition to any exemption to which the individual is entitled under IC 6-1.1-10-16.8,** an individual may obtain a deduction from the assessed value of the individual's **taxable** real property or **taxable** mobile home or manufactured home which is not assessed as real property, if:

(1) the individual is at least sixty-five (65) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;

(2) the combined adjusted gross income (as defined in Section 62 of the Internal Revenue Code) of:

(A) the individual and the individual's spouse; or

(B) the individual and all other individuals with whom:

(i) the individual shares ownership; or

(ii) the individual is purchasing the property under a contract;

as joint tenants or tenants in common;

for the calendar year preceding the year in which the deduction is claimed did not exceed twenty-five thousand dollars ($25,000);

(3) the individual has owned the real property, mobile home, or manufactured home for at least one (1) year before claiming the deduction; or the individual has been buying the real property, mobile home, or manufactured home under a contract that provides that the individual is to pay the property taxes on the real property, mobile home, or manufactured home for at least one (1) year before claiming the deduction, and the contract or a memorandum of the contract is recorded in the county recorder's office;

(4) the individual and any individuals covered by subdivision (2)(B) reside on the real property, mobile home, or manufactured home;

(5) the assessed value of the real property, mobile home, or manufactured home does not exceed one hundred forty-four thousand dollars ($144,000); and

(6) the individual receives no other property tax deduction for the year in which the deduction is claimed, except the deductions provided by sections 1, 37, and 38 of this chapter.

(b) Except as provided in subsection (h), in the case of real property, an individual's deduction under this section equals the lesser of:

(1) one-half (1/2) of the assessed value of the real property; or

(2) twelve thousand four hundred eighty dollars ($12,480).

(c) Except as provided in subsection (h) and section 40.5 of this chapter, in the case of a mobile home that is not assessed as real property or a manufactured home which is not assessed as real property, an individual's deduction under this section equals the lesser of:

(1) one-half (1/2) of the assessed value of the mobile home or manufactured home; or

(2) twelve thousand four hundred eighty dollars ($12,480).

(d) An individual may not be denied the deduction provided under this section because the individual is absent from the real property, mobile home, or manufactured home while in a nursing home or hospital.

(e) For purposes of this section, if real property, a mobile home, or a manufactured home is owned by:

(1) tenants by the entirety;

(2) joint tenants; or

(3) tenants in common;

only one (1) deduction may be allowed. However, the age requirement is satisfied if any one (1) of the tenants is at least sixty-five (65) years of age.

(f) A surviving spouse is entitled to the deduction provided by this section if:

(1) the surviving spouse is at least sixty (60) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;

(2) the surviving spouse's deceased husband or wife was at least sixty-five (65) years of age at the time of a death;

(3) the surviving spouse has not remarried; and

(4) the surviving spouse satisfies the requirements prescribed in subsection (a)(2) through (a)(6).

(g) An individual who has sold real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property may not claim the deduction provided under this section against that real property.

(h) In the case of tenants covered by subsection (a)(2)(B), if all of the tenants are not at least sixty-five (65) years of age, the deduction allowed under this section shall be reduced by an amount equal to the deduction multiplied by a fraction. The numerator of the fraction is the number of tenants who are not at least sixty-five (65) years of age, and the denominator is the total number of tenants.

SECTION 4. [EFFECTIVE JANUARY 1, 2008] **(a) The definitions in IC 6-1.1-1 apply throughout this SECTION.**

(b) IC 6-1.1-10-16.8, as added by this act, and IC 6-1.1-11-3 and IC 6-1.1-12-9, both as amended by this act, apply only to ad valorem property taxes first due and payable for assessment dates after February 29, 2008.