

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6382**

**BILL NUMBER:** HB 1046

**NOTE PREPARED:** Dec 8, 2010

**BILL AMENDED:**

**SUBJECT:** Property Tax Deduction for New Unsold Residences.

**FIRST AUTHOR:** Rep. Crouch

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill provides a 100% property tax deduction to a residential builder for a single family residence, townhouse, or condominium that has never been occupied as a principal residence. The deduction terminates when title to the structure is transferred to the homeowner. The deduction applies for one assessment date for which the structure is assessed as partially completed and not more than three assessment dates for which the structure is assessed as fully completed.

**Effective Date:** Upon passage; January 1, 2011 (retroactive).

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under current law, new homes that are complete but unoccupied on the assessment date are assessed as any other home. The assessments for homes that are partially complete on the assessment date are prorated. The owner of a model home may receive a 50% AV deduction for up to three years. Each owner is limited to three model home deductions, statewide.

Under this bill, beginning with taxes payable in 2012, new single-family residences, townhouses, and condominiums that are held by a residential builder and have never been occupied as a primary residence would qualify for a 100% deduction. The deduction would apply for up to one year while partially complete and up to three years after completion. The deduction would be terminated for a year if the property is

transferred after March 1<sup>st</sup> but not later than December 31<sup>st</sup>. The deduction could not be claimed in a TIF area.

The delay of adding future new home AV to the base would delay the normally occurring tax shift from existing properties to the new homes until the homes are sold.

**State Agencies Affected:**

**Local Agencies Affected:** County auditors.

**Information Sources:**

**Fiscal Analyst:** Bob Sigalow, 317-232-9859.