LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6382 | **NOTE PREPARED:** May 18, 2011
BILL NUMBER: HB 1046 | **BILL AMENDED:** Mar 14, 2011

SUBJECT: Property Tax Deduction for New Unsold Residences.

FIRST AUTHOR: Rep. Crouch | **BILL STATUS:** Enrolled
FIRST SPONSOR: Sen. Hershman

FUNDS AFFECTED: **GENERAL** **DEDICATED** **FEDERAL** | **IMPACT:** Local

Summary of Legislation: This bill provides a 50% property tax deduction to a residential builder for a single family residence, townhouse, or condominium that has never been occupied. It specifies that the deduction terminates when title to the structure is transferred to the homeowner.

The bill provides that 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. The bill also provides that a residential builder may not claim deductions for more than three residences in Indiana per assessment date.

Effective Date: July 1, 2011.

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 2013, up to 3 new single-family residences, townhouses, and condominiums that are held by a residential builder and have never been occupied would qualify for a 50% 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 1st but not later than December 31st. The deduction could not be claimed in a TIF area. The 3 home limit for each owner would apply statewide.

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 new homes are sold or leased.

State Agencies Affected:

Local Agencies Affected: County auditors.

Information Sources:

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