LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6205 **NOTE PREPARED:** Nov 28, 2011
BILL NUMBER: SB 88 **BILL AMENDED:**

SUBJECT: Proof of Residency for Homestead Deduction.

FIRST AUTHOR: Sen. Kruse **BILL STATUS:** As Introduced
FIRST SPONSOR:

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

Summary of Legislation: This bill provides that a county auditor may require an individual to provide evidence proving that the individual's residence is the individual's principal place of residence for purposes of the homestead standard deduction. It provides that the county auditor may limit the evidence that an individual may submit to a state income tax return, a valid driver's license, or a valid voter registration card showing that the residence for which the deduction is claimed is the individual's principal place of residence. The bill provides that if an individual's property is not eligible for the deduction because the county auditor has determined that the property is not the property owner's principal place of residence, the property owner may appeal the county auditor's determination to the county property tax assessment board of appeals.

Effective Date: July 1, 2012.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, a homestead is defined as an owner-occupied dwelling and up to one acre of land immediately surrounding the dwelling. Homesteads receive a standard deduction worth 60% of AV up to $45,000 and the supplemental standard deduction worth 35% on the first $600,000 of net AV after the standard deduction plus 25% of the net AV that exceeds $600,000. In addition, homestead property is subject to a 1% circuit breaker cap.

Under the current DLGF rule for homestead standard deduction applications, county auditors may require an individual to provide proof of principal residence. An applicant may provide any of the following documents to the county auditor as proof of the applicant's principal residence:
(1) An Indiana identification card.
(2) An Indiana driver's license or permit.
(3) An Indiana gun permit.
(4) A bank statement issued within 60 days of application.
(5) Form W-2 (federal or state) or Form 1099.
(6) A state or federal tax return.
(7) A computer-generated pay check stub.
(8) A valid employee identification card with a photo.
(9) A valid Indiana professional license.
(10) A valid insurance card.
(11) A Medicare or Medicaid card.
(12) U.S. military discharge or DD214 separation papers.
(13) An Indiana residency affidavit.
(14) A voter registration card.
(15) A valid Indiana vehicle or watercraft title or registration.
(16) Any other document with the applicant's name and the address of the residence that has reliability similar to the above listed documents.

This bill would void the above rule. The bill would permit county auditors to require an individual to provide proof of principal residence and would allow the auditors to limit the proof of residency documents to the following:
(1) A state income tax return.
(2) A valid driver's license.
(3) A valid voter registration card.

If a county auditor limits the proof of residency documents to the three listed above, some applicants might not qualify. Nonhomestead residential property does not qualify for the standard and supplemental standard deductions. It is subject to a 2% circuit breaker cap.

If the county auditor determines that a property is not the owner's principal residence, the owner may appeal the determination to the county property tax assessment board of appeals (PTABOA).

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: County auditors; County property tax assessment boards of appeals.

Information Sources:

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