

Adopted	Rejected
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COMMITTEE REPORT

YES:	25
NO:	0

MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred Senate Bill 286, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning
- 3 taxation and to make an appropriation.
- 4 Page 1, between the enacting clause and line 1, begin a new
- 5 paragraph and insert:
- 6 "SECTION 1. IC 6-1.1-1-13.5 IS ADDED TO THE INDIANA
- 7 CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
- 8 MARCH 1, 2004 (RETROACTIVE)]: **Sec. 13.5. (a) "Principal rental**
- 9 **dwelling" refers to residential improvements to land that an**
- 10 **individual with a leasehold interest in the property uses as the**
- 11 **individual's principal place of residence, regardless of whether the**
- 12 **individual is absent from the property while in a facility described**
- 13 **in subsection (b).**

1 **(b) The term does not include any of the following:**

2 **(1) A hospital licensed under IC 16-21.**

3 **(2) A health facility licensed under IC 16-28.**

4 **(3) A facility licensed under IC 16-28.**

5 **(4) A Christian Science home or sanatorium.**

6 **(5) A group home licensed under IC 12-17.4 or IC 12-28-4.**

7 **(6) An establishment that serves as an emergency shelter for**
 8 **victims of domestic violence, homeless persons, or other**
 9 **similar purposes.**

10 **(7) A fraternity, sorority, or student cooperative housing**
 11 **organization described in IC 6-2.5-5-21.**

12 SECTION 2. IC 6-1.1-12-18, AS AMENDED BY P.L.90-2002,
 13 SECTION 110, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 UPON PASSAGE]: Sec. 18. (a) If the assessed value of residential real
 15 property described in subsection (d) is increased because ~~it~~ **the**
 16 **property** has been rehabilitated, the owner may have deducted from the
 17 assessed value of the property an amount not to exceed the lesser of:

18 (1) the total increase in assessed value resulting from the
 19 rehabilitation; or

20 (2) nine thousand dollars (\$9,000) per rehabilitated dwelling unit.

21 The owner is entitled to this deduction annually for a five (5) year
 22 period.

23 (b) For purposes of this section, the term "rehabilitation" means
 24 ~~significant~~ repairs, replacements, **remodelings, additions, or other**
 25 improvements to an existing structure ~~which are intended to that~~
 26 increase the ~~livability, utility, safety, or~~ value of the property. ~~under~~
 27 ~~rules adopted by the department of local government finance.~~

28 (c) For the purposes of this section, the term "owner" or "property
 29 owner" includes any person who has the legal obligation, or has
 30 otherwise assumed the obligation, to pay the real property taxes on the
 31 rehabilitated property.

32 (d) The deduction provided by this section applies only for the
 33 rehabilitation of residential real property which is located within this
 34 state and which is described in one (1) of the following classifications:

35 (1) a single family dwelling if before rehabilitation the assessed
 36 value (excluding any exemptions or deductions) of the

- 1 improvements does not exceed eighteen thousand dollars
- 2 (\$18,000);
- 3 (2) a two (2) family dwelling if before rehabilitation the assessed
- 4 value (excluding exemptions or deductions) of the improvements
- 5 does not exceed twenty-four thousand dollars (\$24,000); and
- 6 (3) a dwelling with more than two (2) family units if before
- 7 rehabilitation the assessed value (excluding any exemptions or
- 8 deductions) of the improvements does not exceed nine thousand
- 9 dollars (\$9,000) per dwelling unit.

10 **(e) If an assessed value increase referred to in subsection (a)**
 11 **is attributable to both rehabilitation and:**

- 12 **(1) a general reassessment of real property under**
- 13 **IC 6-1.1-4-4; or**
- 14 **(2) an annual adjustment of the assessed value of real**
- 15 **property under IC 6-1.1-4-4.5;**

16 **the township assessor shall determine the amount of the increase**
 17 **attributable to rehabilitation for purposes of determining the**
 18 **deduction provided by this section. In making the determination**
 19 **under this subsection, the township assessor shall consider any**
 20 **information contained in the application under section 20(e) of**
 21 **this chapter.**

22 SECTION 3. IC 6-1.1-12-19 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 19. (a) **Except as**
 24 **provided in subsection (b),** the deduction from assessed value
 25 provided by section 18 of this chapter is first available in the year in
 26 which the increase in assessed value resulting from the rehabilitation
 27 occurs and ~~shall continue~~ **continues** for **each of the immediately**
 28 **following four (4) years in the sixth (6th) year; the county auditor shall**
 29 **add the amount of the deduction to the assessed value of the real**
 30 **property; which the property owner remains the owner of the**
 31 **property as of the assessment date.**

- 32 **(b) A property owner may:**
- 33 **(1) in a year after the year referred to in subsection (a),**
- 34 **obtain a deduction that:**
- 35 **(A) would otherwise first apply for the assessment date in**
- 36 **2004 or a later year; and**

- 1 **(B) was not made to the assessed value for any year; or**
 2 **(2) obtain a deduction that:**
 3 **(A) would otherwise have first applied for the assessment**
 4 **date in 2003 or an earlier year; and**
 5 **(B) was not made to the assessed value for any year.**

6 **If the property owner obtains a deduction under this subsection,**
 7 **the deduction applies in the year for which the application is filed**
 8 **and continues for each of the immediately following four (4) years**
 9 **in which the property owner remains the owner of the property as**
 10 **of the assessment date.**

11 (c) A general reassessment of real property which occurs within the
 12 five (5) year period of the deduction does not affect the amount of the
 13 deduction.

14 SECTION 4. IC 6-1.1-12-20, AS AMENDED BY P.L.90-2002,
 15 SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 UPON PASSAGE]: Sec. 20. (a) A property owner who desires to
 17 obtain the deduction provided by section 18 of this chapter must file a
 18 certified deduction application, on forms prescribed by the department
 19 of local government finance, with the auditor of the county in which the
 20 rehabilitated property is located. The application may be filed in person
 21 or by mail. If mailed, the mailing must be postmarked on or before the
 22 last day for filing. Except as provided in subsection (b) **or (c)**, the
 23 application must be filed before May 10 of the year in which the
 24 addition to assessed value is made.

25 (b) If notice of the addition to assessed value for any year is not
 26 given to the property owner before April 10 of that year, the application
 27 required by ~~this section~~ **subsection (a)** may be filed not later than thirty
 28 (30) days after the date ~~such a~~ **the** notice is mailed to the property
 29 owner at the address shown on the records of the township assessor.

30 **(c) An application for a deduction referred to in section 19(b)**
 31 **of this chapter with respect to an assessment date must be filed**
 32 **before the May 10 that next follows the assessment date.**

33 (d) The application required by this section shall contain the
 34 following information:

- 35 (1) A description of the property for which a deduction is claimed
 36 in sufficient detail to afford identification.

- 1 (2) Statements of the ownership of the property.
- 2 (3) The assessed value of the improvements on the property
- 3 before rehabilitation.
- 4 (4) The number of dwelling units on the property.
- 5 (5) The number of dwelling units rehabilitated.
- 6 (6) The increase in assessed value resulting from the rehabilitation.
- 7 ~~and~~
- 8 (7) The amount of deduction claimed.

9 ~~(d)~~ **(e) The application required by this section may contain**
 10 **information to assist the township assessor in making the**
 11 **determination under section 18(e) of this chapter, including:**

- 12 **(1) fair market value appraisals before and after the**
- 13 **rehabilitation; and**
- 14 **(2) general market data on the extent to which particular**
- 15 **types of rehabilitation add to the value of a dwelling.**

16 **(f) A deduction application filed under this section is applicable for:**

- 17 **(1) the year in for which the increase in assessed value occurs**
- 18 **deduction application is filed; and for**
- 19 **(2) each of the immediately following four (4) years in which the**
- 20 **property owner remains the owner of the property as of the**
- 21 **assessment date;**

22 without any additional application being filed.

23 ~~(e)~~ **(g) On verification of an application by the assessor of the**
 24 **township in which the property is located, the county auditor shall make**
 25 **the deduction.**

26 SECTION 5. IC 6-1.1-12-22, AS AMENDED BY P.L.90-2002,
 27 SECTION 112, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 UPON PASSAGE]: Sec. 22. (a) If the assessed value of property is
 29 increased because ~~it~~ **the property** has been rehabilitated and the owner
 30 has paid at least ten thousand dollars (\$10,000) for the rehabilitation, the
 31 owner is entitled to have deducted from the assessed value of the
 32 property an amount equal to fifty percent (50%) of the increase in
 33 assessed value resulting from the rehabilitation. The owner is entitled to
 34 this deduction annually for a five (5) year period. However, the
 35 maximum deduction which a property owner may receive under this
 36 section for a particular year is:

- 1 (1) sixty thousand dollars (\$60,000) for a single family dwelling
- 2 unit; or
- 3 (2) three hundred thousand dollars (\$300,000) for any other type
- 4 of property.

5 (b) For purposes of this section, the term "property" means a
 6 building or structure which was erected at least fifty (50) years before
 7 the date of application for the deduction provided by this section. The
 8 term "property" does not include land.

9 (c) For purposes of this section, the term "rehabilitation" means
 10 ~~significant~~ repairs, replacements, **remodelings, additions, or other**
 11 improvements to an existing structure that ~~are intended to~~ increase the
 12 ~~livability, utility, safety, or value of the property. under rules adopted by~~
 13 ~~the department of local government finance.~~

14 **(d) If an assessed value increase referred to in subsection (a)**
 15 **is attributable to both rehabilitation and:**

- 16 **(1) a general reassessment of real property under**
- 17 **IC 6-1.1-4-4; or**
- 18 **(2) an annual adjustment of the assessed value of real**
- 19 **property under IC 6-1.1-4-4.5;**

20 **the township assessor shall determine the amount of the increase**
 21 **attributable to rehabilitation for purposes of determining the**
 22 **deduction provided by this section. In making the determination**
 23 **under this subsection, the township assessor shall consider any**
 24 **information contained in the application under section 24(e) of**
 25 **this chapter.**

26 SECTION 6. IC 6-1.1-12-23, AS AMENDED BY P.L.129-2001,
 27 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 UPON PASSAGE]: Sec. 23. **(a) Except as provided in subsection (b),**
 29 the deduction from assessed value provided by section 22 of this
 30 chapter is first available ~~after the first assessment date following in the~~
 31 **year in which the increase in assessed value resulting from the**
 32 **rehabilitation occurs and shall continue continues for the taxes first due**
 33 **and payable in each of the immediately following five (5) four (4)**
 34 **years in the sixth (6th) year; the county auditor shall add the amount of**
 35 **the deduction to the assessed value of the property. which the**
 36 **property owner remains the owner of the property as of the**

- 1 **assessment date.**
- 2 **(b) A property owner may:**
- 3 **(1) in a year after the year referred to in subsection (a),**
- 4 **obtain a deduction that:**
- 5 **(A) would otherwise first apply for the assessment date in**
- 6 **2004 or a later year; and**
- 7 **(B) was not made to the assessed value for any year; or**
- 8 **(2) obtain a deduction that:**
- 9 **(A) would otherwise have first applied for the assessment**
- 10 **date in 2003 or an earlier year; and**
- 11 **(B) was not made to the assessed value for any year.**

12 **If the property owner obtains a deduction under this subsection,**

13 **the deduction applies in the year for which the application is filed**

14 **and continues for each of the immediately following four (4) years**

15 **in which the property owner remains the owner of the property as**

16 **of the assessment date.**

17 **(c) Any general reassessment of real property which occurs within**

18 **the five (5) year period of the deduction does not affect the amount of**

19 **the deduction.**

20 SECTION 7. IC 6-1.1-12-24, AS AMENDED BY P.L.90-2002,

21 SECTION 113, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

22 UPON PASSAGE]: Sec. 24. (a) A property owner who desires to

23 obtain the deduction provided by section 22 of this chapter must file a

24 certified deduction application, on forms prescribed by the department

25 of local government finance, with the auditor of the county in which the

26 property is located. The application may be filed in person or by mail.

27 If mailed, the mailing must be postmarked on or before the last day for

28 filing. Except as provided in subsection (b) **or (c)**, the application must

29 be filed before May 10 of the year in which the addition to assessed

30 ~~valuation~~ **value** is made.

31 (b) If notice of the addition to assessed ~~valuation~~ **value** for any year

32 is not given to the property owner before April 10 of that year, the

33 application required by ~~this section~~ **subsection (a)** may be filed not later

34 than thirty (30) days after the date such a notice is mailed to the

35 property owner at the address shown on the records of the township

36 assessor.

1 (c) **An application for a deduction referred to in section 23(b)**
2 **of this chapter with respect to an assessment date must be filed**
3 **before the May 10 that next follows the assessment date.**

4 (d) The application required by this section shall contain the
5 following information:

- 6 (1) The name of the property owner.
- 7 (2) A description of the property for which a deduction is claimed
- 8 in sufficient detail to afford identification.
- 9 (3) The assessed value of the improvements on the property
- 10 before rehabilitation.
- 11 (4) The increase in the assessed value of improvements resulting
- 12 from the rehabilitation. ~~and~~
- 13 (5) The amount of deduction claimed.

14 ~~(d)~~ (e) **The application required by this section may contain**
15 **information to assist the township assessor in making the**
16 **determination under section 22(d) of this chapter, including:**

- 17 (1) **fair market value appraisals before and after the**
- 18 **rehabilitation; and**
- 19 (2) **general market data on the extent to which particular**
- 20 **types of rehabilitation add to the value of property.**

21 (f) A deduction application filed under this section is applicable for:

- 22 (1) the year ~~in~~ for which the ~~addition to assessed value is made~~
- 23 **deduction application is filed; and in**
- 24 (2) **each of the ~~immediate~~ immediately following four (4) years**
- 25 **in which the property owner remains the property owner as**
- 26 **of the assessment date;**

27 without any additional application being filed.

28 ~~(e)~~ (g) On verification of the correctness of an application by the
29 assessor of the township in which the property is located, the county
30 auditor shall make the deduction.

31 SECTION 8. IC 6-1.1-12-37, AS AMENDED BY P.L.192-2002(ss),
32 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
33 MARCH 1, 2004 (RETROACTIVE)]: Sec. 37. (a) Each year a person
34 who is entitled to receive the homestead credit provided under
35 IC 6-1.1-20.9 for property taxes payable in the following year is entitled
36 to a standard deduction from the assessed value of the real property,

1 mobile home not assessed as real property, or manufactured home not
 2 assessed as real property that qualifies for the homestead credit. The
 3 auditor of the county shall record and make the deduction for the
 4 person qualifying for the deduction.

5 (b) Except as provided in section 40.5 of this chapter, the total
 6 amount of the deduction that a person may receive under this section
 7 for a particular year is the lesser of:

8 (1) one-half (1/2) of the assessed value of the real property,
 9 mobile home not assessed as real property, or manufactured home
 10 not assessed as real property; or

11 (2) for:

12 (A) **2003 and 2004**, thirty-five thousand dollars (\$35,000);

13 **and**

14 (B) **2005 and thereafter, thirty-seven thousand dollars**
 15 **(\$37,000).**

16 (c) A person who has sold real property, a mobile home not
 17 assessed as real property, or a manufactured home not assessed as real
 18 property to another person under a contract that provides that the
 19 contract buyer is to pay the property taxes on the real property, mobile
 20 home, or manufactured home may not claim the deduction provided
 21 under this section with respect to that real property, mobile home, or
 22 manufactured home.

23 SECTION 9. IC 6-1.1-12-43 IS ADDED TO THE INDIANA CODE
 24 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
 25 MARCH 1, 2004 (RETROACTIVE)]: **Sec. 43. (a) Subject to**
 26 **subsections (d) and (e), the owner of a building that contains one**
 27 **(1) or more principal rental dwellings is entitled to a deduction**
 28 **from the assessed value of the building and the land on which the**
 29 **building is located equal to the lesser of:**

30 (1) **fifty percent (50%) of the combined assessed value of the**
 31 **building and the land; or**

32 (2) **the product of:**

33 (A) **the number of principal rental dwellings in the**
 34 **building; multiplied by**

35 (B) **two thousand dollars (\$2,000).**

36 (b) **A certificate of occupancy that complies with this subsection**

1 is prima facie evidence that a building and the land on which it is
 2 located contains the number of principal rental dwellings specified
 3 in the certificate. To comply with this subsection, the certificate
 4 of occupancy must:

5 (1) be prepared on a form prescribed by the department of
 6 local government finance;

7 (2) be signed under penalties of perjury by the owner of the
 8 building containing a rental unit or the principal officer of
 9 the entity owning the building; and

10 (3) indicate that:

11 (A) with respect to a building that contains one (1) rental
 12 unit, the unit was used as a principal rental dwelling; and

13 (B) with respect to a building that contains more than one
 14 (1) unit, substantially all the units in the building were
 15 used as principal rental dwelling units;

16 on an assessment date or within two (2) years before the
 17 assessment date.

18 (c) To obtain the deduction under this section, the:

19 (1) owner of the building containing a principal rental
 20 dwelling; or

21 (2) principal officer for the cooperative, common interest
 22 community, owner's association, or other entity owning the
 23 building;

24 must file a certified application in duplicate, on forms prescribed
 25 by the department of local government finance, with the auditor
 26 of the county in which the property is subject to assessment. The
 27 certified application must be filed before May 11 in the year
 28 containing the assessment date to which the application applies.

29 (d) If the owner of a building containing a principal rental
 30 dwelling is eligible to receive:

31 (1) a homestead credit for the building under IC 6-1.1-20.9;
 32 or

33 (2) the standard deduction for the building under section 37
 34 of this chapter;

35 the owner may not claim the deduction provided under this

1 section.

2 (e) If a parcel of land contains more than one (1) building for
3 which a deduction is claimed under this section, the township
4 assessor shall allocate the assessed value of the land among the
5 buildings on the parcel in proportion to the assessed value of each
6 building. The county auditor shall use the allocated assessed value
7 of land under this section in determining the amount of the
8 deduction that is to be granted under this section.

9 SECTION 10. IC 6-1.1-20.6 IS ADDED TO THE INDIANA CODE
10 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
11 MARCH 1, 2004 (RETROACTIVE)]:

12 **Chapter 20.6. Farmland Credit**

13 **Sec. 1. This chapter applies to an area of land that meets all the**
14 **following criteria:**

15 (1) Consists of one (1) or more contiguous tracts in the same
16 county, disregarding any intervening public ways.

17 (2) Includes agricultural land.

18 (3) Contains total farm acreage of at least ten (10) acres.

19 (4) Is at least fifty percent (50%) devoted to farm production
20 activities on a regular, substantial, and continuing basis
21 during the year immediately preceding an assessment date.

22 (5) Is actively farmed during the year immediately preceding
23 an assessment date by eligible individuals.

24 **Sec. 2. As used in this chapter, "actively farm" means the**
25 **following:**

26 (1) Personal participation on a regular, substantial, and
27 continuing basis, on land that is not leased to another person,
28 in any of the following:

29 (A) Inspecting the farm production activities of the farm
30 operation periodically, furnishing at least fifty percent
31 (50%) of the value of the tools, and paying at least fifty
32 percent (50%) of the direct cost of production.

33 (B) Regularly and frequently making or taking an
34 important part in making management decisions
35 substantially contributing to or affecting the success of

- 1 **the farm production activities.**
- 2 **(C) Performing physical work that significantly**
3 **contributes to the farm production activities.**
- 4 **(2) Leasing the land to another person if the individuals who**
5 **engaged in the activities described in subdivision (1) on the**
6 **leased land are eligible individuals described in section 6(c)**
7 **of this chapter.**
- 8 **Sec. 3. As used in this chapter, "agricultural land" means land**
9 **assessed as agricultural land under IC 6-1.1-4-13.**
- 10 **Sec. 4. As used in this chapter, "application" refers to an**
11 **application under this chapter.**
- 12 **Sec. 5. As used in this chapter, "eligible farm" refers to land**
13 **described in section 1 of this chapter.**
- 14 **Sec. 6. (a) As used in this chapter, "eligible individuals" means**
15 **any combination of individuals described in subsection (b) or (c).**
- 16 **(b) The following owners are eligible individuals:**
- 17 **(1) An individual who owns at least a fifty-one percent (51%)**
18 **ownership interest in land that is the subject of an**
19 **application.**
- 20 **(2) Related individuals who together:**
- 21 **(A) own at least a fifty-one percent (51%) ownership**
22 **interest in the land that is the subject of an application; or**
23 **(B) have at least fifty-one percent (51%) of the ownership**
24 **and control rights for an entity that has a one hundred**
25 **percent (100%) ownership interest in the land that is the**
26 **subject of an application;**
- 27 **or will qualify under clause (A) or (B) after any tangible or**
28 **intangible interest of a deceased related individual is**
29 **distributed from the deceased related individual's estate.**
- 30 **(c) For purposes of leased agricultural land, the following are**
31 **eligible individuals:**
- 32 **(1) An individual who has at least a fifty-one percent (51%)**
33 **contract interest in a lease of land that is the subject of an**
34 **application; or**
- 35 **(2) related individuals who together:**

1 **(A) have at least a fifty-one percent (51%) contract**
 2 **interest in the lease of land that is the subject of an**
 3 **application; or**

4 **(B) have at least fifty-one percent (51%) of the ownership**
 5 **and control rights for an entity that has a one hundred**
 6 **percent (100%) contract interest in a lease of land that is**
 7 **the subject of an application.**

8 **Sec. 7. As used in this chapter, "farm production activities"**
 9 **means any combination of the following:**

- 10 **(1) Production of crops, fruits, or timber.**
 11 **(2) Raising livestock.**
 12 **(3) If the land is tillable land, participation in a federal set**
 13 **aside program of the United States Department of**
 14 **Agriculture that withdraws land from production.**
 15 **(4) If the land is tillable land, participation in a regular**
 16 **practice of allowing land to be out of production for the**
 17 **purpose of restoring nutrients to the soil or reversing the**
 18 **effects of overgrazing.**

19 **Sec. 8. As used in this chapter, "farmland credit" refers to a**
 20 **credit granted under this chapter.**

21 **Sec. 9. As used in this chapter, "maximum eligible acreage"**
 22 **means two hundred fifty (250) acres.**

23 **Sec. 10. As used in this chapter, "related individuals" means**
 24 **individuals who are related to each other as:**

- 25 **(1) spouse;**
 26 **(2) child;**
 27 **(3) stepchild;**
 28 **(4) grandchild;**
 29 **(5) great grandchild;**
 30 **(6) parent;**
 31 **(7) grandparent;**
 32 **(8) great grandparent;**
 33 **(9) brother;**
 34 **(10) sister;**
 35 **(11) uncle;**

- 1 (12) aunt;
 2 (13) niece;
 3 (14) nephew; or
 4 (15) spouse of an individual described in subdivisions (1)
 5 through (14).

6 **Sec. 11. As used in this chapter, "tax liability" has the meaning**
 7 **set forth in IC 6-1.1-21-5.**

8 **Sec. 12. As used in this chapter, "tillable land" means tillable**
 9 **land as determined under the rules of the department of local**
 10 **government finance.**

11 **Sec. 13. As used in this chapter, "total farm acreage" means**
 12 **total farm acreage as determined under this rules adopted by the**
 13 **department of local government finance for the assessment of**
 14 **agricultural land.**

15 **Sec 14. The owners of an eligible tract are entitled to a**
 16 **farmland credit against the tax liability imposed on an eligible**
 17 **farm.**

18 **Sec. 15. The amount of the farmland credit is equal to the**
 19 **amount determined under STEP SIX of the following formula:**

20 **STEP ONE: Determine the assessed valuation of the total**
 21 **farm acreage in the eligible farm.**

22 **STEP TWO: Divide the STEP ONE amount by the total farm**
 23 **acreage in the eligible farm.**

24 **STEP THREE: Multiply the STEP TWO amount by the lesser**
 25 **of the following:**

26 **(A) The total farm acreage in the eligible farm.**

27 **(B) The maximum eligible acreage.**

28 **STEP FOUR: Determine the statewide farmland credit**
 29 **amount certified under section 26 of this chapter.**

30 **STEP FIVE: Multiply the STEP THREE amount by the STEP**
 31 **FOUR amount.**

32 **STEP SIX: Determine the lesser of the following:**

33 **(A) The owner's tax liability for the eligible farm.**

34 **(B) The STEP FIVE amount.**

35 **Sec. 16. The county auditor shall apply the farmland credit to**

1 the tracts in an eligible farm in the manner prescribed by the
2 department of local government finance.

3 Sec. 17. An eligible farm that would otherwise qualify for a
4 farmland credit under this chapter is ineligible if:

5 (1) any owner is an owner of another eligible farm that is
6 granted a farmland credit under this chapter; or

7 (2) any shareholder, partner, member, or beneficiary of an
8 owner is:

9 (A) an owner; or

10 (B) a shareholder, partner, member, or beneficiary of an
11 entity that is an owner;

12 of any other eligible farm that is granted a farmland credit
13 under this chapter.

14 Sec. 18. The owners of an eligible farm, or an owner acting as
15 the agent of all of the owners of an eligible farm, that desire to
16 claim the farmland credit provided by this chapter must file a
17 certified application, under penalty of perjury, on forms and in the
18 manner prescribed by the department of local government
19 finance, with the county auditor of the county in which the eligible
20 farm is located.

21 Sec. 19. The application must include the following information:

22 (1) The parcel numbers or key numbers for the eligible farm.

23 (2) The name of the townships in which the eligible farm is
24 located.

25 (3) The total farm acreage in the eligible farm.

26 (4) The names of the owners of the eligible farm.

27 (5) The names of each shareholder, partner, member, or
28 beneficiary of any entity that is an owner of the eligible
29 farm.

30 (6) Whether:

31 (A) an owner;

32 (B) a shareholder, partner, member, or beneficiary of the
33 owner; or

34 (C) any entity in which a shareholder, partner, member,
35 or beneficiary of the owner is a shareholder, partner,

1 **member, or beneficiary;**
2 **has applied for or been granted a farmland credit for another**
3 **eligible farm.**

4 **(7) Any other information required by the department of**
5 **local government finance.**

6 **Sec. 20. A statement filed before May 11 in a year:**

7 **(1) first applies to taxes first due and payable in the**
8 **immediately succeeding year; and**

9 **(2) unless the land that is the subject of the farmland credit**
10 **ceases to qualify for the farmland credit, each year**
11 **thereafter.**

12 **Sec. 21. The county auditor shall approve farmland credits for**
13 **eligible farms that qualify for a farmland credit under this**
14 **chapter.**

15 **Sec. 22. As soon as practicable after an application is approved,**
16 **the county auditor shall submit to the department of local**
17 **government, on the form required by the department of local**
18 **government, the information concerning an application that is**
19 **prescribed by the department of local government finance.**

20 **Sec. 23. The department of local government finance shall**
21 **establish a program to assist county auditors in determining**
22 **whether eligible farms are disqualified under section 17 of this**
23 **chapter from receiving a farmland credit.**

24 **Sec. 24. If:**

25 **(1) land ceases in any part to qualify for a farmland credit**
26 **under this chapter;**

27 **(2) there is a change in:**

28 **(A) the ownership of the land that is the subject of a**
29 **farmland credit; or**

30 **(B) the ownership of an entity that is an owner of the land**
31 **that is the subject of a farmland credit; or**

32 **(3) ownership of an individual who is receiving the farmland**
33 **credit provided by this chapter changes the use of the**
34 **individual's real property or structures, buildings, and**
35 **improvements;**

1 the owners, after the change, shall notify the county auditor of
2 the county in which the eligible farm is located of the changes, on
3 the form prescribed by the department of local government
4 finance, not more than sixty (60) days after the date of the
5 change. If the notice is not filed as required by this section, the
6 owners of the land that is the subject of the farmland credit are
7 liable for the amount of any farmland credit that is applied to the
8 tax liability imposed on the land after the change.

9 **Sec. 25.** Before April 1 of each year containing an assessment
10 date, the county auditor of each county shall certify to the
11 department of local government finance the amount of the
12 assessed valuation on the assessment date that qualifies for the
13 farmland credit.

14 **Sec. 26.** Not later than August 1 of each year containing an
15 assessment date, the department of local government finance
16 shall certify the statewide farmland credit amount determined
17 under STEP TWO of the following formula that will apply to
18 property taxes imposed for the assessment date:

19 **STEP ONE:** Determine the sum of the assessed valuation
20 certified under section 27 of this chapter, as adjusted (if
21 necessary) by the department of local government finance to
22 conform with the requirements of this chapter.

23 **STEP TWO:** Divide seventy million dollars (\$70,000,000) by
24 the STEP ONE amount.

25 **Sec. 27.** Before February 1 of each year, a county auditor shall
26 certify to the department of local government finance the amount
27 of farmland credits allowed in the county for tax liability first due
28 and payable in the year.

29 SECTION 11. IC 6-1.1-20.9-2, AS AMENDED BY
30 P.L.192-2002(ss), SECTION 38, IS AMENDED TO READ AS
31 FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]:Sec. 2.
32 (a) Except as otherwise provided in section 5 of this chapter, an
33 individual who on March 1 of a particular year either owns or is buying
34 a homestead under a contract that provides the individual is to pay the
35 property taxes on the homestead is entitled each calendar year to a
36 credit against the property taxes which the individual pays on the

1 individual's homestead. However, only one (1) individual may receive
 2 a credit under this chapter for a particular homestead in a particular
 3 year.

4 (b) **Subject to IC 6-1.1-21-5**, the amount of the credit to which the
 5 individual is entitled equals the product of:

6 (1) the percentage prescribed in subsection (d); multiplied by
 7 (2) the amount of the individual's property tax liability, as that term
 8 is defined in IC 6-1.1-21-5, which is:

9 (A) attributable to the homestead during the particular calendar
 10 year; and

11 (B) determined after the application of the property tax
 12 replacement credit under IC 6-1.1-21.

13 (c) For purposes of determining that part of an individual's property
 14 tax liability that is attributable to the individual's homestead, all
 15 deductions from assessed valuation which the individual claims under
 16 IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's
 17 homestead is located must be applied first against the assessed value of
 18 the individual's homestead before those deductions are applied against
 19 any other property.

20 (d) The percentage of the credit referred to in subsection (b)(1) is
 21 as follows:

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2002	10%
2003 and thereafter	20%

28 However, the property tax replacement fund board established under
 29 IC 6-1.1-21-10, in its sole discretion, may increase the percentage of
 30 the credit provided in the schedule for any year, if the board feels that
 31 the property tax replacement fund contains enough money for the
 32 resulting increased distribution. If the board increases the percentage of
 33 the credit provided in the schedule for any year, the percentage of the
 34 credit for the immediately following year is the percentage provided in
 35 the schedule for that particular year, unless as provided in this
 36 subsection the board in its discretion increases the percentage of the
 37 credit provided in the schedule for that particular year. However, the

1 percentage credit allowed in a particular county for a particular year
 2 shall be increased if on January 1 of a year an ordinance adopted by a
 3 county income tax council was in effect in the county which increased
 4 the homestead credit. The amount of the increase equals the amount
 5 designated in the ordinance.

6 (e) Before October 1 of each year, the assessor shall furnish to the
 7 county auditor the amount of the assessed valuation of each homestead
 8 for which a homestead credit has been properly filed under this chapter.

9 (f) The county auditor shall apply the credit equally to each
 10 installment of taxes that the individual pays for the property.

11 (g) Notwithstanding the provisions of this chapter, a taxpayer other
 12 than an individual is entitled to the credit provided by this chapter if:

13 (1) an individual uses the residence as the individual's principal
 14 place of residence;

15 (2) the residence is located in Indiana;

16 (3) the individual has a beneficial interest in the taxpayer;

17 (4) the taxpayer either owns the residence or is buying it under a
 18 contract, recorded in the county recorder's office, that provides
 19 that the individual is to pay the property taxes on the residence;
 20 and

21 (5) the residence consists of a single-family dwelling and the real
 22 estate, not exceeding one (1) acre, that immediately surrounds that
 23 dwelling.

24 SECTION 12. IC 6-1.1-21-3, AS AMENDED BY P.L.192-2002(ss),
 25 SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 MARCH 1, 2004 (RETROACTIVE)]: Sec. 3. (a) The department, with
 27 the assistance of the auditor of state and the department of local
 28 government finance, shall determine an amount equal to the eligible
 29 property tax replacement amount, which is the estimated property tax
 30 replacement.

31 (b) The department of local government finance shall certify to the
 32 department the amount of:

33 **(1) farmland credits provided under IC 6-1.1-20.6 that are**
 34 **allowed by the county for the particular calendar year; and**

35 **(2) homestead credits provided under IC 6-1.1-20.9 which are**
 36 **allowed by the county for the particular calendar year.**

37 (c) If there are one (1) or more taxing districts in the county that

1 contain all or part of an economic development district that meets the
 2 requirements of section 5.5 of this chapter, the department of local
 3 government finance shall estimate an additional distribution for the
 4 county in the same report required under subsection (a). This additional
 5 distribution equals the sum of the amounts determined under the
 6 following STEPS for all taxing districts in the county that contain all or
 7 part of an economic development district:

8 STEP ONE: Estimate that part of the sum of the amounts under
 9 section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable
 10 to the taxing district.

11 STEP TWO: Divide:

12 (A) that part of the estimated property tax replacement amount
 13 attributable to the taxing district; by

14 (B) the STEP ONE sum.

15 STEP THREE: Multiply:

16 (A) the STEP TWO quotient; times

17 (B) the taxes levied in the taxing district that are allocated to a
 18 special fund under IC 6-1.1-39-5.

19 (d) The sum of the amounts determined under subsections (a)
 20 through (c) is the particular county's estimated distribution for the
 21 calendar year.

22 SECTION 13. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003,
 23 SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12,
 24 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 25 [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: Sec. 4. (a) Each
 26 year the department shall allocate from the property tax replacement
 27 fund an amount equal to the sum of:

28 (1) each county's total eligible property tax replacement amount
 29 for that year; plus

30 (2) the total amount of homestead tax credits that are provided
 31 under IC 6-1.1-20.9 and allowed by each county for that year;
 32 plus

33 (3) an amount for each county that has one (1) or more taxing
 34 districts that contain all or part of an economic development
 35 district that meets the requirements of section 5.5 of this chapter.

36 This amount is the sum of the amounts determined under the
 37 following STEPS for all taxing districts in the county that contain

- 1 all or part of an economic development district:
- 2 STEP ONE: Determine that part of the sum of the amounts
- 3 under section 2(g)(1)(A) and 2(g)(2) of this chapter that is
- 4 attributable to the taxing district.
- 5 STEP TWO: Divide:
- 6 (A) that part of the subdivision (1) amount that is attributable
- 7 to the taxing district; by
- 8 (B) the STEP ONE sum.
- 9 STEP THREE: Multiply:
- 10 (A) the STEP TWO quotient; times
- 11 (B) the taxes levied in the taxing district that are allocated to
- 12 a special fund under IC 6-1.1-39-5; **plus**
- 13 **(4) the total amount of farmland credits that are provided**
- 14 **under IC 6-1.1-20.6 and allowed by each county for that year.**
- 15 (b) Except as provided in subsection (e), between March 1 and
- 16 August 31 of each year, the department shall distribute to each county
- 17 treasurer from the property tax replacement fund one-half (1/2) of the
- 18 estimated distribution for that year for the county. Between September
- 19 1 and December 15 of that year, the department shall distribute to each
- 20 county treasurer from the property tax replacement fund the remaining
- 21 one-half (1/2) of each estimated distribution for that year. The amount
- 22 of the distribution for each of these periods shall be according to a
- 23 schedule determined by the property tax replacement fund board under
- 24 section 10 of this chapter. The estimated distribution for each county
- 25 may be adjusted from time to time by the department to reflect any
- 26 changes in the total county tax levy upon which the estimated
- 27 distribution is based.
- 28 (c) On or before December 31 of each year or as soon thereafter as
- 29 possible, the department shall make a final determination of the amount
- 30 which should be distributed from the property tax replacement fund to
- 31 each county for that calendar year. This determination shall be known
- 32 as the final determination of distribution. The department shall distribute
- 33 to the county treasurer or receive back from the county treasurer any
- 34 deficit or excess, as the case may be, between the sum of the
- 35 distributions made for that calendar year based on the estimated
- 36 distribution and the final determination of distribution. The final
- 37 determination of distribution shall be based on the auditor's abstract filed

1 with the auditor of state, adjusted for postabstract adjustments included
 2 in the December settlement sheet for the year, and such additional
 3 information as the department may require.

4 (d) All distributions provided for in this section shall be made on
 5 warrants issued by the auditor of state drawn on the treasurer of state.
 6 If the amounts allocated by the department from the property tax
 7 replacement fund exceed in the aggregate the balance of money in the
 8 fund, then the amount of the deficiency shall be transferred from the
 9 state general fund to the property tax replacement fund, and the auditor
 10 of state shall issue a warrant to the treasurer of state ordering the
 11 payment of that amount. However, any amount transferred under this
 12 section from the general fund to the property tax replacement fund
 13 shall, as soon as funds are available in the property tax replacement
 14 fund, be retransferred from the property tax replacement fund to the
 15 state general fund, and the auditor of state shall issue a warrant to the
 16 treasurer of state ordering the replacement of that amount.

17 (e) Except as provided in subsection (i), the department shall not
 18 distribute under subsection (b) and section 10 of this chapter the money
 19 attributable to the county's property reassessment fund if:

20 (1) by the date the distribution is scheduled to be made, ~~(1)~~ the
 21 county auditor has not sent a certified statement required to be
 22 sent by that date under IC 6-1.1-17-1 to the department of local
 23 government finance; ~~or~~

24 (2) *by the deadline under IC 36-2-9-20, the county auditor has not*
 25 *transmitted data as required under that section; or*

26 ~~(2)~~ **(3) the county assessor has not forwarded to the department**
 27 **of local government finance the duplicate copies of all**
 28 *approved exemption applications required to be forwarded by that*
 29 *date under IC 6-1.1-11-8(a).*

30 (f) Except as provided in subsection (i), if the elected township
 31 assessors in the county, the elected township assessors and the county
 32 assessor, or the county assessor has not transmitted to the department
 33 of local government finance by October 1 of the year in which the
 34 distribution is scheduled to be made the data for all townships in the
 35 county required to be transmitted under IC 6-1.1-4-25(b), the state
 36 board or the department shall not distribute under subsection (b) and
 37 section 10 of this chapter a part of the money attributable to the

1 county's property reassessment fund. The portion not distributed is the
 2 amount that bears the same proportion to the total potential distribution
 3 as the number of townships in the county for which data was not
 4 transmitted by ~~August 4~~ *October 1* as described in this section bears to
 5 the total number of townships in the county.

6 (g) Money not distributed ~~under subsection (e)~~ *for the reasons stated*
 7 *in subsection (e)(1) and (e)(2)* shall be distributed to the county when:

8 (1) the county auditor sends to the department of local
 9 government finance the certified statement required to be sent
 10 under IC 6-1.1-17-1; *and*

11 (2) *the county assessor forwards to the department of local*
 12 *government finance the approved exemption applications required*
 13 *to be forwarded under IC 6-1.1-11-8(a);*

14 with respect to which the failure to send *or forward* resulted in the
 15 withholding of the distribution under subsection (e).

16 (h) Money not distributed under subsection (f) shall be distributed
 17 to the county when the elected township assessors in the county, the
 18 elected township assessors and the county assessor, or the county
 19 assessor transmits to the department of local government finance the
 20 data required to be transmitted under IC 6-1.1-4-25(b) with respect to
 21 which the failure to transmit resulted in the withholding of the
 22 distribution under subsection (f).

23 (i) The restrictions on distributions under subsections (e) and (f) do
 24 not apply if the department of local government finance determines that:

25 (1) the failure of:

26 (A) a county auditor to send a certified statement; *or*

27 (B) *a county assessor to forward copies of all approved*
 28 *exemption applications;*

29 as described in subsection (e); *or*

30 (2) the failure of an official to transmit data as described in
 31 subsection (f);

32 is justified by unusual circumstances.

33 SECTION 14. IC 6-1.1-21-5, AS AMENDED BY P.L.1-2004,
 34 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 MARCH 1, 2004 (RETROACTIVE)]: Sec. 5. (a) Each year the
 36 taxpayers of each county shall receive a credit for property tax
 37 replacement in the amount of each taxpayer's property tax replacement

1 credit amount for taxes which:

2 (1) under IC 6-1.1-22-9 are due and payable in May and
3 November of that year; or

4 (2) under IC 6-1.1-22-9.5 are due in installments established by
5 the department of local government finance for that year.

6 The credit shall be applied to each installment of taxes. The dollar
7 amount of the credit for each taxpayer shall be determined by the
8 county auditor, based on data furnished by the department of local
9 government finance.

10 (b) The tax liability of a taxpayer for the purpose of computing the
11 credit for a particular year shall be based upon the taxpayer's tax liability
12 as is evidenced by the tax duplicate for the taxes payable in that year,
13 plus the amount by which the tax payable by the taxpayer had been
14 reduced due to the application of county adjusted gross income tax
15 revenues to the extent the county adjusted gross income tax revenues
16 were included in the determination of the total county tax levy for that
17 year, as provided in sections 2(g) and 3 of this chapter, adjusted,
18 however, for any change in assessed valuation which may have been
19 made pursuant to a post-abstract adjustment if the change is set forth
20 on the tax statement or on a corrected tax statement stating the
21 taxpayer's tax liability, as prepared by the county treasurer in
22 accordance with IC 6-1.1-22-8(a). However, except when using the
23 term under section 2(l)(1) of this chapter, the tax liability of a taxpayer
24 does not include the amount of any property tax owed by the taxpayer
25 that is attributable to that part of any property tax levy subtracted under
26 section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F),
27 2(g)(1)(G), 2(g)(1)(H), 2(g)(1)(I), 2(g)(1)(J), or 2(g)(1)(K) of this
28 chapter in computing the total county tax levy.

29 (c) The credit for taxes payable in a particular year with respect to
30 mobile homes which are assessed under IC 6-1.1-7 is equivalent to the
31 taxpayer's property tax replacement credit amount for the taxes payable
32 with respect to the assessments plus the adjustments stated in this
33 section.

34 (d) Each taxpayer in a taxing district that contains all or part of an
35 economic development district that meets the requirements of section
36 5.5 of this chapter is entitled to an additional credit for property tax
37 replacement. This credit is equal to the product of:

- 1 (1) the STEP TWO quotient determined under section 4(a)(3) of
 2 this chapter for the taxing district; multiplied by
 3 (2) the taxpayer's taxes levied in the taxing district that are
 4 allocated to a special fund under IC 6-1.1-39-5.

5 **(e) If in any year the sum of:**

- 6 **(1) the amount of the credit granted under this section; and**
 7 **(2) the amount of the homestead credit granted under**
 8 **IC 6-1.1-20.9-2;**

9 **against the tax liability on a homestead exceeds two thousand**
 10 **dollars (\$2,000), the aggregate total of the credits is reduced to**
 11 **two thousand dollars (\$2,000). If the tax due is paid in**
 12 **installments, the reduction in the credits shall be applied to each**
 13 **installment in proportion to the relative amount of each**
 14 **installment."**

15 Page 1, after line 10, begin a new paragraph and insert:

16 "SECTION 16. [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]

17 **(a) The definitions in IC 6-1.1-1 and IC 6-1.1-20.9, as added by**
 18 **this act, and P.L.224-2003, SECTION 1, apply throughout this**
 19 **SECTION.**

20 **(b) IC 6-1.1-20.6, as added by this act, and IC 6-1.1-20.9-2,**
 21 **IC 6-1.1-21-3, IC 6-1.1-21-4, and IC 6-1.1-21-5(e), all as amended**
 22 **by this act, apply only to property taxes first due and payable after**
 23 **December 31, 2004.**

24 **(c) The department of local government finance shall prescribe**
 25 **application forms and make them available to county auditors and**
 26 **the public as soon as practicable after the passage of this act.**

27 **(d) There is appropriated to the property tax replacement board**
 28 **(IC 6-1.1-21) twenty-three million three hundred thirty-three**
 29 **thousand three hundred fifty dollars (\$23,333,350) from the**
 30 **property tax replacement fund for its use for total operating**
 31 **expense to distribute farmland credit replacement amounts for**
 32 **farmland credits applied against tax liability imposed for property**
 33 **taxes first due and payable in 2005, for the state fiscal year**
 34 **beginning July 1, 2004, and ending June 30, 2005. Adjustments**
 35 **may be made to this appropriation under IC 6-1.1-21-4, as**

1 amended by this act. The appropriation made by this subsection is
 2 supplemental to all other appropriations made to the property tax
 3 replacement board in P.L.224-2003, SECTION 10. For purposes of
 4 applying IC 6-1.1-20.6-26, as added by this act, to farmland credits
 5 for property taxes first due and payable in calendar year 2005, the
 6 amount appropriated for farmstead credits shall be treated as
 7 seventy million dollars (\$70,000,000). The amount appropriated by
 8 this SECTION constitutes the amount necessary to pay the first
 9 two (2) distributions required under IC 6-1.1-21-10 for property
 10 taxes first due and payable in calendar year 2005. The general
 11 assembly will appropriate the remainder necessary for calendar
 12 year 2005 as part of the budget bill applicable to the next
 13 biennium beginning July 1, 2005.

14 (e) The department of local government finance may adopt
 15 temporary rules in the manner provided in IC 4-22-2-37.1 for the
 16 adoption of emergency rules to implement IC 6-1.1-20.6, as added
 17 by this act, and this SECTION. A temporary rule adopted under
 18 this SECTION expires on the earlier of the following:

19 (1) The date that another temporary rule is adopted under
 20 this SECTION or a permanent rule is adopted under
 21 IC 4-22-2 to supersede a previously adopted temporary rule.

22 (2) July 1, 2005.

23 SECTION 17. [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]
 24 IC 6-1.1-6.9 and IC 6-1.1-12-43, both as added by this act, and
 25 IC 6-1.1-12-37, as amended by this act, apply only to assessment
 26 dates after February 28, 2004, and property taxes first due and
 27 payable after December 31, 2004.

28 SECTION 18. An emergency is declared for this act."

29 Renumber all SECTIONamS consecutively.

(Reference is to SB 286 as printed January 30, 2004.)

and when so amended that said bill do pass.

Representative Crawford