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## SENATE BILL No. 410

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-12; IC 6-1.1-12.1-4.1.

**Synopsis:** Property tax deductions. Increases certain property tax deduction limits by 108%. Applies to the following deductions: mortgage; elderly; blind or disabled; wartime service disabled; disabled veteran; WWI veteran; surviving spouse of a WWI veteran; residential property rehabilitation; historic property rehabilitation; and residentially distressed area property rehabilitation.

**Effective:** Upon passage.

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January 12, 2004, read first time and referred to Committee on Finance.

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Second Regular Session 113th General Assembly (2004)

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 2003 Regular Session of the General Assembly.

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# SENATE BILL No. 410



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-1.1-12-1, AS AMENDED BY P.L.291-2001,  
2 SECTION 129, IS AMENDED TO READ AS FOLLOWS  
3 [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Each year a person who  
4 is a resident of this state may receive a deduction from the assessed  
5 value of:

6 (1) mortgaged real property, an installment loan financed mobile  
7 home that is not assessed as real property, or an installment loan  
8 financed manufactured home that is not assessed as real property  
9 that he owns; or

10 (2) real property, a mobile home that is not assessed as real  
11 property, or a manufactured home that is not assessed as real  
12 property that he is buying under a contract, with the contract or a  
13 memorandum of the contract recorded in the county recorder's  
14 office, which provides that he is to pay the property taxes on the  
15 real property, mobile home, or manufactured home.

16 (b) Except as provided in section 40.5 of this chapter, the total  
17 amount of the deduction which the person may receive under this



1 section for a particular year is:

2 (1) the balance of the mortgage or contract indebtedness on the

3 assessment date of that year;

4 (2) one-half (1/2) of the assessed value of the real property,

5 mobile home, or manufactured home; or

6 (3) ~~three six thousand two hundred forty dollars (\$3,000);~~

7 **(\$6,240);**

8 whichever is least.

9 (c) A person who has sold real property, a mobile home not assessed

10 as real property, or a manufactured home not assessed as real property

11 to another person under a contract which provides that the contract

12 buyer is to pay the property taxes on the real property, mobile home, or

13 manufactured home may not claim the deduction provided under this

14 section with respect to that real property, mobile home, or

15 manufactured home.

16 SECTION 2. IC 6-1.1-12-9, AS AMENDED BY P.L.272-2003,

17 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

18 UPON PASSAGE]: Sec. 9. (a) An individual may obtain a deduction

19 from the assessed value of the individual's real property, or mobile

20 home or manufactured home which is not assessed as real property, if:

21 (1) the individual is at least sixty-five (65) years of age on or

22 before December 31 of the calendar year preceding the year in

23 which the deduction is claimed;

24 (2) the combined adjusted gross income (as defined in Section 62

25 of the Internal Revenue Code) of:

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

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

28 (i) the individual shares ownership; or

29 (ii) the individual is purchasing the property under a

30 contract;

31 as joint tenants or tenants in common;

32 for the calendar year preceding the year in which the deduction is

33 claimed did not exceed twenty-five thousand dollars (\$25,000);

34 (3) the individual has owned the real property, mobile home, or

35 manufactured home for at least one (1) year before claiming the

36 deduction; or the individual has been buying the real property,

37 mobile home, or manufactured home under a contract that

38 provides that the individual is to pay the property taxes on the real

39 property, mobile home, or manufactured home for at least one (1)

40 year before claiming the deduction, and the contract or a

41 memorandum of the contract is recorded in the county recorder's

42 office;

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1 (4) the individual and any individuals covered by subdivision  
 2 (2)(B) reside on the real property, mobile home, or manufactured  
 3 home;  
 4 (5) the assessed value of the real property, mobile home, or  
 5 manufactured home does not exceed one hundred forty-four  
 6 thousand dollars (\$144,000); and  
 7 (6) the individual receives no other property tax deduction for the  
 8 year in which the deduction is claimed, except the deductions  
 9 provided by sections 1, 37, and 38 of this chapter.

10 (b) Except as provided in subsection (h), in the case of real property,  
 11 an individual's deduction under this section equals the lesser of:  
 12 (1) one-half (1/2) of the assessed value of the real property; or  
 13 (2) ~~six twelve thousand four hundred eighty dollars (\$6,000):~~  
 14 **(\$12,480).**

15 (c) Except as provided in subsection (h) and section 40.5 of this  
 16 chapter, in the case of a mobile home that is not assessed as real  
 17 property or a manufactured home which is not assessed as real  
 18 property, an individual's deduction under this section equals the lesser  
 19 of:  
 20 (1) one-half (1/2) of the assessed value of the mobile home or  
 21 manufactured home; or  
 22 (2) ~~six twelve thousand four hundred eighty dollars (\$6,000):~~  
 23 **(\$12,480).**

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

28 (e) For purposes of this section, if real property, a mobile home, or  
 29 a manufactured home is owned by:  
 30 (1) tenants by the entirety;  
 31 (2) joint tenants; or  
 32 (3) tenants in common;  
 33 only one (1) deduction may be allowed. However, the age requirement  
 34 is satisfied if any one (1) of the tenants is at least sixty-five (65) years  
 35 of age.

36 (f) A surviving spouse is entitled to the deduction provided by this  
 37 section if:  
 38 (1) the surviving spouse is at least sixty (60) years of age on or  
 39 before December 31 of the calendar year preceding the year in  
 40 which the deduction is claimed;  
 41 (2) the surviving spouse's deceased husband or wife was at least  
 42 sixty-five (65) years of age at the time of a death;

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1 (3) the surviving spouse has not remarried; and  
 2 (4) the surviving spouse satisfies the requirements prescribed in  
 3 subsection (a)(2) through (a)(6).  
 4 (g) An individual who has sold real property to another person  
 5 under a contract that provides that the contract buyer is to pay the  
 6 property taxes on the real property may not claim the deduction  
 7 provided under this section against that real property.  
 8 (h) In the case of tenants covered by subsection (a)(2)(B), if all of  
 9 the tenants are not at least sixty-five (65) years of age, the deduction  
 10 allowed under this section shall be reduced by an amount equal to the  
 11 deduction multiplied by a fraction. The numerator of the fraction is the  
 12 number of tenants who are not at least sixty-five (65) years of age, and  
 13 the denominator is the total number of tenants.  
 14 SECTION 3. IC 6-1.1-12-11, AS AMENDED BY P.L.291-2001,  
 15 SECTION 133, IS AMENDED TO READ AS FOLLOWS  
 16 [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except as provided in  
 17 section 40.5 of this chapter, an individual may have the sum of ~~six~~  
 18 **twelve thousand four hundred eighty** dollars (~~\$6,000~~) (**\$12,480**)  
 19 deducted from the assessed value of real property, mobile home not  
 20 assessed as real property, or manufactured home not assessed as real  
 21 property that the individual owns, or that the individual is buying under  
 22 a contract that provides that the individual is to pay property taxes on  
 23 the real property, mobile home, or manufactured home, if the contract  
 24 or a memorandum of the contract is recorded in the county recorder's  
 25 office, and if:  
 26 (1) the individual is blind or the individual is a disabled person;  
 27 (2) the real property, mobile home, or manufactured home is  
 28 principally used and occupied by the individual as the individual's  
 29 residence; and  
 30 (3) the individual's taxable gross income for the calendar year  
 31 preceding the year in which the deduction is claimed did not  
 32 exceed seventeen thousand dollars (\$17,000).  
 33 (b) For purposes of this section, taxable gross income does not  
 34 include income which is not taxed under the federal income tax laws.  
 35 (c) For purposes of this section, "blind" has the same meaning as the  
 36 definition contained in IC 12-7-2-21(1).  
 37 (d) For purposes of this section, "disabled person" means a person  
 38 unable to engage in any substantial gainful activity by reason of a  
 39 medically determinable physical or mental impairment which:  
 40 (1) can be expected to result in death; or  
 41 (2) has lasted or can be expected to last for a continuous period of  
 42 not less than twelve (12) months.

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1 (e) Disabled persons filing claims under this section shall submit  
2 proof of disability in such form and manner as the department shall by  
3 rule prescribe. Proof that a claimant is eligible to receive disability  
4 benefits under the federal Social Security Act (42 U.S.C. 301 et seq.)  
5 shall constitute proof of disability for purposes of this section.

6 (f) A disabled person not covered under the federal Social Security  
7 Act shall be examined by a physician and the individual's status as a  
8 disabled person determined by using the same standards as used by the  
9 Social Security Administration. The costs of this examination shall be  
10 borne by the claimant.

11 (g) An individual who has sold real property, a mobile home not  
12 assessed as real property, or a manufactured home not assessed as real  
13 property to another person under a contract that provides that the  
14 contract buyer is to pay the property taxes on the real property, mobile  
15 home, or manufactured home may not claim the deduction provided  
16 under this section against that real property, mobile home, or  
17 manufactured home.

18 SECTION 4. IC 6-1.1-12-13, AS AMENDED BY P.L.291-2001,  
19 SECTION 135, IS AMENDED TO READ AS FOLLOWS  
20 [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) Except as provided in  
21 section 40.5 of this chapter, an individual may have ~~twelve~~  
22 **twenty-four** thousand **nine hundred sixty** dollars ~~(\$12,000)~~ **(\$24,960)**  
23 deducted from the assessed value of the taxable tangible property that  
24 the individual owns, or real property, a mobile home not assessed as  
25 real property, or a manufactured home not assessed as real property  
26 that the individual is buying under a contract that provides that the  
27 individual is to pay property taxes on the real property, mobile home,  
28 or manufactured home, if the contract or a memorandum of the contract  
29 is recorded in the county recorder's office and if:

- 30 (1) the individual served in the military or naval forces of the  
31 United States during any of its wars;
- 32 (2) the individual received an honorable discharge;
- 33 (3) the individual is disabled with a service connected disability  
34 of ten percent (10%) or more; and
- 35 (4) the individual's disability is evidenced by:
  - 36 (A) a pension certificate, an award of compensation, or a  
37 disability compensation check issued by the United States  
38 Department of Veterans Affairs; or
  - 39 (B) a certificate of eligibility issued to the individual by the  
40 Indiana department of veterans' affairs after the Indiana  
41 department of veterans' affairs has determined that the  
42 individual's disability qualifies the individual to receive a

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1 deduction under this section.

2 (b) The surviving spouse of an individual may receive the deduction  
3 provided by this section if the individual would qualify for the  
4 deduction if the individual were alive.

5 (c) One who receives the deduction provided by this section may not  
6 receive the deduction provided by section 16 of this chapter. However,  
7 the individual may receive any other property tax deduction which the  
8 individual is entitled to by law.

9 (d) An individual who has sold real property, a mobile home not  
10 assessed as real property, or a manufactured home not assessed as real  
11 property to another person under a contract that provides that the  
12 contract buyer is to pay the property taxes on the real property, mobile  
13 home, or manufactured home may not claim the deduction provided  
14 under this section against that real property, mobile home, or  
15 manufactured home.

16 SECTION 5. IC 6-1.1-12-14, AS AMENDED BY P.L.272-2003,  
17 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
18 UPON PASSAGE]: Sec. 14. (a) Except as provided in subsection (c)  
19 and except as provided in section 40.5 of this chapter, an individual  
20 may have the sum of ~~six twelve~~ thousand **four hundred eighty** dollars  
21 (~~\$6,000~~) (**\$12,480**) deducted from the assessed value of the tangible  
22 property that the individual owns (or the real property, mobile home  
23 not assessed as real property, or manufactured home not assessed as  
24 real property that the individual is buying under a contract that  
25 provides that the individual is to pay property taxes on the real  
26 property, mobile home, or manufactured home if the contract or a  
27 memorandum of the contract is recorded in the county recorder's office)  
28 if:

- 29 (1) the individual served in the military or naval forces of the
- 30 United States for at least ninety (90) days;
- 31 (2) the individual received an honorable discharge;
- 32 (3) the individual either:
  - 33 (A) is totally disabled; or
  - 34 (B) is at least sixty-two (62) years old and has a disability of at
  - 35 least ten percent (10%); and
- 36 (4) the individual's disability is evidenced by:
  - 37 (A) a pension certificate or an award of compensation issued
  - 38 by the United States Department of Veterans Affairs; or
  - 39 (B) a certificate of eligibility issued to the individual by the
  - 40 Indiana department of veterans' affairs after the Indiana
  - 41 department of veterans' affairs has determined that the
  - 42 individual's disability qualifies the individual to receive a

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1 deduction under this section.

2 (b) Except as provided in subsection (c), the surviving spouse of an  
3 individual may receive the deduction provided by this section if the  
4 individual would qualify for the deduction if the individual were alive.

5 (c) No one is entitled to the deduction provided by this section if the  
6 assessed value of the individual's tangible property, as shown by the tax  
7 duplicate, exceeds one hundred thirteen thousand dollars (\$113,000).

8 (d) An individual who has sold real property, a mobile home not  
9 assessed as real property, or a manufactured home not assessed as real  
10 property to another person under a contract that provides that the  
11 contract buyer is to pay the property taxes on the real property, mobile  
12 home, or manufactured home may not claim the deduction provided  
13 under this section against that real property, mobile home, or  
14 manufactured home.

15 SECTION 6. IC 6-1.1-12-16, AS AMENDED BY P.L.291-2001,  
16 SECTION 138, IS AMENDED TO READ AS FOLLOWS  
17 [EFFECTIVE UPON PASSAGE]: Sec. 16. (a) Except as provided in  
18 section 40.5 of this chapter, a surviving spouse may have the sum of  
19 ~~nine eighteen~~ thousand ~~seven hundred twenty~~ dollars ~~(\$9,000)~~  
20 **(\$18,720)** deducted from the assessed value of ~~his or her~~ **the surviving**  
21 **spouse's** tangible property, or real property, mobile home not assessed  
22 as real property, or manufactured home not assessed as real property  
23 that the surviving spouse is buying under a contract that provides that  
24 ~~he~~ **the surviving spouse** is to pay property taxes on the real property,  
25 mobile home, or manufactured home, if the contract or a memorandum  
26 of the contract is recorded in the county recorder's office, and if:

27 (1) the deceased spouse served in the military or naval forces of  
28 the United States before November 12, 1918; and

29 (2) the deceased spouse received an honorable discharge.

30 (b) A surviving spouse who receives the deduction provided by this  
31 section may not receive the deduction provided by section 13 of this  
32 chapter. However, he or she may receive any other deduction which he  
33 or she is entitled to by law.

34 (c) An individual who has sold real property, a mobile home not  
35 assessed as real property, or a manufactured home not assessed as real  
36 property to another person under a contract that provides that the  
37 contract buyer is to pay the property taxes on the real property, mobile  
38 home, or manufactured home may not claim the deduction provided  
39 under this section against that real property, mobile home, or  
40 manufactured home.

41 SECTION 7. IC 6-1.1-12-17.4, AS AMENDED BY P.L.272-2003,  
42 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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1 UPON PASSAGE]: Sec. 17.4. (a) Except as provided in section 40.5  
2 of this chapter, a World War I veteran who is a resident of Indiana is  
3 entitled to have the sum of ~~nine~~ **eighteen** thousand **seven hundred**  
4 **twenty** dollars (~~\$9,000~~) (**\$18,720**) deducted from the assessed  
5 valuation of the real property (including a mobile home that is assessed  
6 as real property), mobile home that is not assessed as real property, or  
7 manufactured home that is not assessed as real property the veteran  
8 owns or is buying under a contract that requires the veteran to pay  
9 property taxes on the real property, if the contract or a memorandum of  
10 the contract is recorded in the county recorder's office, if:

- 11 (1) the real property, mobile home, or manufactured home is the
- 12 veteran's principal residence;
- 13 (2) the assessed valuation of the real property, mobile home, or
- 14 manufactured home does not exceed one hundred sixty-three
- 15 thousand dollars (\$163,000); and
- 16 (3) the veteran owns the real property, mobile home, or
- 17 manufactured home for at least one (1) year before claiming the
- 18 deduction.

19 (b) An individual may not be denied the deduction provided by this  
20 section because the individual is absent from the individual's principal  
21 residence while in a nursing home or hospital.

22 (c) For purposes of this section, if real property, a mobile home, or  
23 a manufactured home is owned by a husband and wife as tenants by the  
24 entirety, only one (1) deduction may be allowed under this section.  
25 However, the deduction provided in this section applies if either spouse  
26 satisfies the requirements prescribed in subsection (a).

27 (d) An individual who has sold real property, a mobile home not  
28 assessed as real property, or a manufactured home not assessed as real  
29 property to another person under a contract that provides that the  
30 contract buyer is to pay the property taxes on the real property, mobile  
31 home, or manufactured home may not claim the deduction provided  
32 under this section with respect to that real property, mobile home, or  
33 manufactured home.

34 SECTION 8. IC 6-1.1-12-18, AS AMENDED BY P.L.90-2002,  
35 SECTION 110, IS AMENDED TO READ AS FOLLOWS  
36 [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) If the assessed value of  
37 residential real property described in subsection (d) is increased  
38 because it has been rehabilitated, the owner may have deducted from  
39 the assessed value of the property an amount not to exceed the lesser  
40 of:

- 41 (1) the total increase in assessed value resulting from the
- 42 rehabilitation; or

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1 (2) ~~nine~~ **eighteen** thousand **seven hundred twenty** dollars  
2 ~~(\$9,000)~~ **(\$18,720)** per rehabilitated dwelling unit.

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

5 (b) For purposes of this section, the term "rehabilitation" means  
6 significant repairs, replacements, or improvements to an existing  
7 structure which are intended to increase the livability, utility, safety, or  
8 value of the property under rules adopted by the department of local  
9 government finance.

10 (c) For the purposes of this section, the term "owner" or "property  
11 owner" includes any person who has the legal obligation, or has  
12 otherwise assumed the obligation, to pay the real property taxes on the  
13 rehabilitated property.

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

17 (1) a single family dwelling if before rehabilitation the assessed  
18 value (excluding any exemptions or deductions) of the  
19 improvements does not exceed ~~eighteen~~ **thirty-seven** thousand  
20 **four hundred forty** dollars ~~(\$18,000);~~ **(\$37,440);**

21 (2) a two (2) family dwelling if before rehabilitation the assessed  
22 value (excluding exemptions or deductions) of the improvements  
23 does not exceed ~~twenty-four~~ **forty-nine** thousand **nine hundred**  
24 **twenty** dollars ~~(\$24,000);~~ **(\$49,920);** and

25 (3) a dwelling with more than two (2) family units if before  
26 rehabilitation the assessed value (excluding any exemptions or  
27 deductions) of the improvements does not exceed ~~nine~~ **eighteen**  
28 thousand **seven hundred twenty** dollars ~~(\$9,000)~~ **(\$18,720)** per  
29 dwelling unit.

30 SECTION 9. IC 6-1.1-12-22, AS AMENDED BY P.L.90-2002,  
31 SECTION 112, IS AMENDED TO READ AS FOLLOWS  
32 [EFFECTIVE UPON PASSAGE]: Sec. 22. (a) If the assessed value of  
33 property is increased because it has been rehabilitated and the owner  
34 has paid at least ten thousand dollars (\$10,000) for the rehabilitation,  
35 the owner is entitled to have deducted from the assessed value of the  
36 property an amount equal to fifty percent (50%) of the increase in  
37 assessed value resulting from the rehabilitation. The owner is entitled  
38 to this deduction annually for a five (5) year period. However, the  
39 maximum deduction which a property owner may receive under this  
40 section for a particular year is:

41 (1) ~~sixty one~~ **hundred twenty-four** thousand **eight hundred**  
42 dollars ~~(\$60,000)~~ **(\$124,800)** for a single family dwelling unit; or

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1 (2) three hundred thousand dollars (\$300,000) for any other type  
2 of property.

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

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

12 SECTION 10. IC 6-1.1-12.1-4.1 IS AMENDED TO READ AS  
13 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.1. (a) Section 4  
14 of this chapter applies to economic revitalization areas that are not  
15 residentially distressed areas.

16 (b) This subsection applies to economic revitalization areas that are  
17 residentially distressed areas. The amount of the deduction that a  
18 property owner is entitled to receive under section 3 of this chapter for  
19 a particular year equals the lesser of:

- 20 (1) the assessed value of the improvement to the property after the
- 21 rehabilitation or redevelopment has occurred; or
- 22 (2) the following amount:

23 TYPE OF DWELLING	AMOUNT
24 One (1) family dwelling . . . . .	<del>\$36,000</del> <b>\$74,880</b>
25 Two (2) family dwelling . . . . .	<del>\$51,000</del> <b>\$106,080</b>
26 Three (3) unit multifamily dwelling . . . . .	<del>\$75,000</del> <b>\$156,000</b>
27 Four (4) unit multifamily dwelling . . . . .	<del>\$96,000</del> <b>\$199,680</b>

28 SECTION 11. [EFFECTIVE UPON PASSAGE] (a) **IC 6-1.1-12-1,**  
29 **IC 6-1.1-12-9, IC 6-1.1-12-11, IC 6-1.1-12-13, IC 6-1.1-12-14,**  
30 **IC 6-1.1-12-16, and IC 6-1.1-12-17.4, all as amended by this act,**  
31 **apply only to property taxes first due and payable after December**  
32 **31, 2003.**

33 (b) **The amendments to IC 6-1.1-12-18, IC 6-1.1-12-22, and**  
34 **IC 6-1.1-12.1-4.1 by this act apply:**

- 35 (1) **to property taxes first due and payable after December 31,**
- 36 **2003; and**
- 37 (2) **regardless of whether a taxpayer's initial deduction in the**
- 38 **five (5) year deduction period under IC 6-1.1-12-18,**
- 39 **IC 6-1.1-12-22, or IC 6-1.1-12.1-4.1 applied to property taxes**
- 40 **first due and payable before January 1, 2004.**

41 SECTION 12. **An emergency is declared for this act.**

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