

HOUSE BILL No. 1003

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-12-44.

Synopsis: Farmstead property tax deduction. Establishes a farmstead property tax deduction.

Effective: Upon passage.

Chowning, Reske, Austin

December 4, 2003, read first time and referred to Committee on Ways and Means.



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.

HOUSE BILL No. 1003

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 6-1.1-12-44 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 44. (a) As used in this section, "agricultural
4 land" refers to land that is assessed as agricultural land under
5 IC 6-1.1-4-13.**
6 **(b) As used in this chapter, "farm" means one (1) or more tracts
7 of agricultural land with common ownership that are:**
8 **(1) devoted to an agricultural use;**
9 **(2) located in one (1) county; and**
10 **(3) contiguous, as determined without regard to any
11 intervening public, public utility, or transportation easements
12 or rights-of-way.**
13 **(c) As used in this section, "farm owner" means a person who:**
14 **(1) is an owner of a farm; and**
15 **(2) either is:**
16 **(A) an individual who:**
17 **(i) actively participates in; and**



- 1 (ii) alone or with one (1) or more other individuals
2 substantially owns and controls;
3 the use of the agricultural land; or
4 (B) a corporation (as defined in IC 6-3-1-10) or a
5 partnership (as defined in IC 6-3-1-19) that, directly or
6 indirectly, is substantially owned and controlled by one (1)
7 or more individuals who actively participate in and
8 substantially control the use of the agricultural land.
- 9 (d) As used in this section, "total farmland acreage" means total
10 farmland acreage, as determined for agricultural land under the
11 rules adopted by the department of local government finance.
- 12 (e) A farm owner is eligible for a farmstead deduction from the
13 assessed valuation of the farm owner's farm. A farm owner is
14 entitled to only one (1) farmstead deduction under this section,
15 regardless of the number of farms in which the farm owner has an
16 ownership interest.
- 17 (f) The amount of the farmstead deduction is equal to the lesser
18 of the following:
19 (1) The amount specified in section 37(b)(2) of this chapter
20 that is applicable to the year.
21 (2) Twenty percent (20%) of the assessed valuation of the
22 total farmland acreage in the farm.
- 23 If the farm consists of more than one (1) tract that receives
24 separate tax statements under IC 6-1.1-22-8, the farmstead
25 deduction shall be allocated among the tracts in conformity with
26 the rules adopted by the department of local government finance.
- 27 (g) To obtain the farmstead deduction under this section, a farm
28 owner must file a certified statement in duplicate:
29 (1) on forms prescribed by the department of local
30 government finance; and
31 (2) containing the information required by the department of
32 local government finance;
33 with the county auditor of the county in which the agricultural
34 land is subject to assessment. The statement must be filed before
35 May 10 of the year containing the assessment date for the first year
36 to which the farmstead deduction is to be applied. Upon
37 verification of the statement by the township assessor of the
38 township in which the agricultural land is subject to assessment,
39 the county auditor shall allow the farmstead deduction.
- 40 (h) A person who receives a farmstead deduction under this
41 section for a particular year and who remains eligible for the
42 farmstead deduction for the following year is not required to file



1 a statement to apply for the farmstead deduction for the following
 2 year.

3 (i) A person who receives a farmstead deduction provided under
 4 this section for a particular year and becomes ineligible for the
 5 farmstead deduction for the following year shall, before March 31
 6 of the year for which the person becomes ineligible, notify the
 7 county auditor of the county in which the agricultural land for
 8 which the person received the farmstead deduction is located of the
 9 person's ineligibility. The filing of an amended application under
 10 subsection (k) meets the requirements of this subsection.

11 (j) The county auditor of each county shall, in a particular year,
 12 apply a farmstead deduction provided under this section to each
 13 person who received the farmstead deduction in the preceding year
 14 unless the auditor determines that the person is no longer eligible
 15 for the farmstead deduction.

16 (k) The following do not terminate eligibility for a farmstead
 17 deduction under this section:

18 (1) A change in ownership or control of agricultural land if:
 19 (A) a person who is a farm owner after the change in
 20 ownership or control files, before March 31 after the
 21 change in ownership or control occurs, an amended
 22 application with the county auditor in the county in which
 23 the farm is located, in the form prescribed by the
 24 department of local government finance; and
 25 (B) the agricultural land otherwise continues to qualify for
 26 the farmstead deduction under this section after the
 27 change in ownership or control.

28 (2) A change in the ownership or control of a corporation (as
 29 defined in IC 6-3-1-10) or a partnership (as defined in
 30 IC 6-3-1-19) that owns agricultural land, if the corporation or
 31 the partnership:
 32 (A) files, before March 31 after the change in ownership or
 33 control occurs, an amended application with the county
 34 auditor in the county in which the agricultural land is
 35 located, in the form prescribed by the department of local
 36 government finance; and
 37 (B) otherwise continues to qualify for the farmstead
 38 deduction under this section after the change in ownership
 39 or control.

40 In applying subdivision (1) or (2) after the death of a farm owner
 41 or a shareholder, partner, member, or beneficiary of a farm owner,
 42 the person who is entitled to receive the property interest of the



1 deceased person shall be treated as an owner of the deceased
 2 person's interest while the interest is in the estate of the deceased
 3 person.

4 SECTION 2. [EFFECTIVE UPON PASSAGE] (a) The definitions
 5 in IC 6-1.1-1 and IC 6-1.1-12-44, as added by this act, apply
 6 throughout this SECTION.

7 (b) IC 6-1.1-12-44, as added by this act, applies only to property
 8 taxes first due and payable after December 31, 2003, for an
 9 assessment date after February 28, 2003.

10 (c) Notwithstanding IC 6-1.1-12-44, as added by this act, the
 11 time in which a person may file the initial application for a
 12 deduction under IC 6-1.1-12-44, as added by this act, for property
 13 taxes first due and payable in 2004 is extended from May 10, 2003,
 14 to the close of regular business hours for the office of the county
 15 auditor on January 9, 2004.

16 (d) The department of local government finance may adopt
 17 temporary rules in the manner provided for the adoption of
 18 emergency rules under IC 4-22-2-37.1 to implement this
 19 SECTION. A temporary rule adopted under this SECTION expires
 20 on the earliest of the following:

21 (1) The date another temporary rule is adopted under this
 22 SECTION to supersede the previously adopted temporary
 23 rule.

24 (2) The date that a permanent rule superseding the temporary
 25 rule is adopted and becomes effective under IC 4-22-2.

26 (3) January 1, 2005.

27 SECTION 3. An emergency is declared for this act.

